

**AL WAHA CAPITAL P.J.S.C.**

---

الواحة كابيتال  
WAHA CAPITAL

---

**Reports and interim  
financial information  
for the six-month period  
ended 30 June 2014**

<b>Contents</b>	<b>Page</b>
Company information	1
Management discussion and analysis report	2 - 10
Report on review of interim financial information	11
Condensed consolidated statement of financial position	12
Condensed consolidated statement of profit or loss	13
Condensed consolidated statement of profit or loss and other comprehensive income	14
Condensed consolidated statement of changes in equity	15
Condensed consolidated statement of cash flows	16
Notes to the condensed consolidated financial statements	17 - 29

# AL WAHA CAPITAL P.J.S.C.

---

## Company Information

### Board of Directors

<b>Chairman</b>	H.E. Hussain Jasim Al Nowais
<b>Vice chairman</b>	Mr. Abubaker Seddiq Al Khoori
<b>Directors</b>	Mr. Ahmed Bin Ali Al Dhaheri Mr. Carlos Obeid Mr. Fahad Saeed Al Raqbani Mr. Mansour Mohamed Al Mulla Mr. Salem Rashid Al Noaimi

**CEO & Managing Director** Mr. Salem Rashid Al Noaimi

**Head office** P O Box 28922  
Etihad Towers  
42<sup>nd</sup> floor, Tower 3  
Abu Dhabi  
UAE

**Auditors** Deloitte & Touche (M.E.)  
P O Box 990  
Al Sila Tower  
Al Sowwah Square  
Abu Dhabi  
UAE

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Performance Overview

Waha Capital recorded a net profit attributable to owners of the Company of AED 1,289.3 million during the six-month period ended 30 June 2014 compared to AED 123.7 million during the corresponding period in 2013.

This stellar performance is primarily attributable to a one-off gain on deemed partial disposal of AerCap – the New York-listed aircraft leasing company – the gain on disposal of AerLift – a joint venture between Waha Capital and AerCap – in addition to the strong operating performance of AerCap and Dunia Finance – the UAE consumer finance company – and the solid contribution from capital markets transactions.

### 2. Key Financial Highlights

#### Six-month period ended 30 June 2014

- The Group recorded profit attributable to owners of AED 1,289.3 million during the six-month period ended 30 June 2014, a nine-fold increase from the AED 123.7 million earned during the corresponding period in 2013.
- Operating activities generated a cash flow of AED 57.6 million during the six-month period ended 30 June 2014, compared to cash from operating activities of AED 2.1 million during the corresponding period in 2013.
- The Group's total assets stood at AED 6.5 billion as at 30 June 2014, compared to AED 5.2 billion as at 31 December 2013.
- Basic and diluted earnings per share from continuing and discontinued operations were AED 0.663 during the six-month period ended 30 June 2014, compared to AED 0.064 achieved during the corresponding period in 2013.

#### Three-month period ended 30 June 2014

- The Group recorded profit attributable to owners of AED 1,137.8 million during the three-month period ended 30 June 2014, an increase of AED 1,099.4 million from the AED 38.4 million earned during the corresponding period in 2013.
- Operating activities generated a cash flow of AED 13.4 million during the three-month period ended 30 June 2014, compared to cash used in operating activities of AED 1.6 million during the corresponding period in 2013.
- Basic and diluted earnings per share from continuing and discontinued operations were AED 0.585 during the three-month period ended 30 June 2014, compared to AED 0.020 achieved during the corresponding period in 2013.

### 3. Key Events

#### Closing of acquisition of ILFC by AerCap

On 14 May 2014, AerCap Holdings N.V. (AerCap) completed its previously announced acquisition of International Lease Finance Corporation (ILFC) from American International Group Inc (AIG) by issuing 97.6 million shares to AIG which resulted into a dilution of Waha Capital ownership from 26.3% to 14.1%.

As a result of the ownership dilution, Waha Capital recorded a gain on deemed partial disposal of AED 1,306.6 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 3. Key Events (continued)

#### Acquisition of National Petroleum Services (NPS)

On 26 June 2014, Waha Capital acquired a 20.56 percent stake in NPS, a UAE-headquartered oil and gas services company, for a consideration of AED 279.7 million. This investment is the first to be carried out by Waha Capital's recently established energy-focused investment unit, which forms part of its Principal Investments division. This unit is tasked with driving Waha Capital's future investments in the energy sector across the MENA region.

NPS is a leading oilfield services provider with approximately 1,300 employees and 20 subsidiaries operating in key MENA and Southeast Asian markets, including Saudi Arabia, United Arab Emirates, Qatar, Iraq, Libya, Algeria, Malaysia, Brunei, India and Turkmenistan. NPS specialises in well services, drilling and work-over services, well testing and wireline logging services.

### 4. Discussion of Results

#### Net Profit

Total income includes (a) revenue from principal activities of subsidiaries; (b) income from equity-accounted investees; (c) gain on disposal of equity-accounted associates and joint ventures; (d) income from capital markets transactions; and (e) other income/expense (net).

Income Statement (AED '000)	Six month period ended		Three month period ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Revenue from sales of goods and services	73,398	12,120	39,863	11,847
Income from equity-accounted investees	135,970	112,833	63,577	72,535
Gain on disposal of equity-accounted associates and joint ventures	1,326,901	0	1,306,629	0
Income from capital markets transactions	124,256	112,650	15,252	12,637
Other income/expense (net)	(131,640)	4,690	(143,802)	4,810
<b>Total income</b>	<b>1,528,885</b>	<b>242,293</b>	<b>1,281,519</b>	<b>101,829</b>
Cost of sales of goods and services	(18,930)	(3,824)	(10,079)	(3,519)
General and administrative expenses	(168,961)	(73,153)	(106,500)	(37,522)
Finance expenses	(49,880)	(42,616)	(26,186)	(21,896)
<b>Total Expenses</b>	<b>(237,771)</b>	<b>(119,593)</b>	<b>(142,765)</b>	<b>(62,937)</b>
Discontinued operations	(72)	1,521	(19)	(16)
Non-controlling interest	(1,727)	(540)	(974)	(512)
<b>Profit attributable to shareholders</b>	<b>1,289,315</b>	<b>123,681</b>	<b>1,137,761</b>	<b>38,364</b>
Basic and diluted earnings per share (in AED)	0.663	0.064	0.585	0.020

#### Six-month period ended 30 June 2014 performance

Total income increased by 5.3x to AED 1,528.9 million (six-month ended 30 June 2013: AED 242.3 million).

Revenue from sale of goods and services increased by 5.1x from the comparable period last year mainly due to the consolidation of revenue from Anglo Arabian Healthcare (AAH), a subsidiary we acquired in Q2 2013.

Gain on disposal of equity-accounted associates and joint ventures include the gain on disposal of AerLift amounting AED 20.3 million and gain on deemed partial disposal of AerCap resulting from the dilution of Waha Capital's ownership on acquisition of ILFC by AerCap, amounting to AED 1,306.6 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 4. Discussion of Results (continued)

#### Six-month period ended 30 June 2014 performance (continued)

Income from equity-accounted investees reflects the strong returns from AerCap and the Dunia Group (Dunia Finance and Dunia Services) amounting to AED 129.3 million and AED 22.0 million, respectively.

Income from capital markets transactions amounting to AED 124.3 million increased by 10% from the comparable period, mainly as a result of our public transactions activities.

Other income/expense includes decrease in fair value of our investment property amounting AED 125.1 million, resulting from the recently increased competition in the industrial real estate market.

Total expenses, comprising cost of sales, general and administrative and finance expenses, increased from AED 119.6 million to AED 237.8 million, representing an increase of 98.8%, mainly as result of higher cost of sales and general and administrative expenses, in line with the increase in total income as well as the consolidation of AAH's expenses.

#### Three-month period ended 30 June 2014 performance

Total income increased by 11.6x to AED 1,281.5 million (three-month ended 30 June 2013: AED 101.8 million).

Revenue from sale of goods and services increased by 2.4x from the comparable period last year mainly due to the increase the in the revenue from underlying assets of healthcare subsidiary, AAH.

Gain on disposal of equity-accounted associates and joint ventures include the gain on deemed partial disposal of AerCap resulting from the dilution of Waha Capital's ownership on acquisition of ILFC by AerCap, amounting to AED 1,306.6 million.

Income from equity-accounted investees reflects the strong returns from AerCap and the Dunia Group (Dunia Finance and Dunia Services) amounting to AED 68.3 million and AED 11.3 million, respectively.

Other income/expense includes decrease in fair value of our investment property amounting AED 125.1 million, resulting from the recently increased competition in the industrial real estate market.

Total expenses increased from AED 62.9 million to AED 142.8 million, representing an increase of 1.3x, mainly as result of higher cost of sales and general and administrative expenses, in line with the increase in total income as well as the consolidation of AAH's expenses.

#### Balance Sheet

Total assets increased from AED 5.2 billion as at 31 December 2013 to AED 6.5 billion as at 30 June 2014 mainly due to the strong performance of investments in equity-accounted investees and the increase in financial investments – mainly public capital markets instruments – financed partially through repurchase arrangements from a financial institution.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 4. Discussion of Results (continued)

#### Balance Sheet (continued)

Key balance sheet metrics are shown in the table below:

Balance Sheet (AED '000)	As at	
	30-Jun-14	31-Dec-13
Investment property	687,240	809,491
Loan investments	251,374	279,528
Investment in equity-accounted associates and joint ventures	3,943,066	2,493,478
Financial investments	823,400	789,168
Trade and other receivables	245,462	262,457
Cash and cash equivalents	230,772	271,283
Other assets	100,927	110,561
Assets held for sale	221,647	221,647
<b>Total assets</b>	<b>6,503,888</b>	<b>5,237,613</b>
Borrowings	2,512,811	2,379,768
Trade and other payables	339,052	311,544
Total equity	3,652,025	2,546,301
<b>Total Liabilities and Equity</b>	<b>6,503,888</b>	<b>5,237,613</b>

Investment in equity-accounted associates and joint ventures increased by a net AED 1,449.6 million due to (a) strong performance from AerCap and Dunia Group (b) gain on deemed partial disposal on the dilution of Waha Capital's ownership in AerCap resulting from acquisition of ILFC as discussed in the "Net Profit" section above, (c) acquisition of NPS amounting AED 279.7 million; offset by the disposal of AerLift, for which the carrying value was AED 274.0 million.

Financial investments increased by AED 34.2 million mainly due to an increase in investments in public securities financed partially through repo arrangements.

### 5. Corporate Strategy

Waha Capital's new strategy is to invest directly in high potential sectors of the regional economy, with a preference for acquiring majority stakes in companies where value can be added. The Company will also look at increasing exposure to capital markets to enhance liquidity in its portfolio.

Waha Capital is now structured to manage a diversified portfolio of investments through its business units: principal investments, capital markets and industrial real estate. The Company will consider taking on co-investment partners, evolving into a fee generating business by offering its expertise, networks and local knowledge to investors looking to capitalize on the rapid growth in the region. To project the strategy, Waha Capital recently refreshed its brand to reflect its dynamic and professional approach.

### 6. Business and Portfolio Companies Analysis

#### 6.1 Principal Investments

Waha Capital's Principal Investments business includes equity and loan investments in individual companies. Waha Capital has six key investments: (a) AerCap Holdings, (b) Dunia Finance, (c) Anglo Arabian Healthcare, (d) Stanford Marine Group, (e) MENA Infrastructure Fund; and (f) National Petroleum Services. In addition, the company has investments in other companies, which it classifies as legacy investments, and is focussed on divesting them over the next three to five years.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 6. Business and Portfolio Companies Analysis (continued)

#### 6.1 *Principal Investments (continued)*

##### AerCap

AerCap, a NYSE listed company, is a global aircraft leasing company. It acquires aircraft from aircraft manufacturers, airline operators, other aircraft-leasing companies and financial investors and leases them out, primarily on operating lease, to commercial airlines and cargo operators.

In 2010, Waha Capital acquired a 20% stake in AerCap. Waha Capital received 29.8 million shares of AerCap in exchange for cash, its 50% stake in AerVenture (a joint venture between Waha Capital and AerCap that had a fleet of 47 Airbus A320 aircraft at the time) and a 40% stake in Waha Capital's portfolio of 16 aircraft from Airbus, Boeing and Bombardier. During 2011-2013, AerCap repurchased 35.9 million shares at an average price of \$11.7 per share under its stock repurchase programme. Waha Capital did not participate in this stock repurchase program. As a result, Waha Capital's stake in AerCap increased to 26.3%.

On 14 May 2014, AerCap Holdings N.V. (AerCap) has completed its previously announced acquisition of International Lease Finance Corporation (ILFC) from American International Group Inc (AIG) by issuing 97.6 million shares to AIG, which resulted in a dilution of Waha Capital's ownership from 26.3% to 14.1%.

During the six-month period ended 30 June 2014, AerCap continued to position itself for long-term growth, particularly in emerging markets, and to make significant enhancements to the quality of its fleet. During the second quarter of 2014, AerCap completed the following transactions:

- Signed lease agreements for 36 aircraft
- Delivered 28 aircraft under contracted lease agreements
- Purchased 10 new aircraft under contracted lease agreements
- Closed the sale of 48 aircraft, including:
  - The sale of the Genesis Funding Limited portfolio of 37 aircraft with an average age of 13 years. AerCap continues to manage the Genesis Funding portfolio. The aircraft, which were classified as owned assets in previous transaction summaries, are now classified as managed assets
  - One Airbus A330-300, one Airbus A340-300, one Boeing B737 classic and one B767-300ER from AerCap's owned portfolio
  - Four Boeing 737 classics, one Boeing 757-200, one Boeing 767-300ER and one Airbus A320-200 from AerCap's managed portfolio.
- Signed financing transactions for \$3 billion including the previously announced private placement of \$2.6 billion in connection with the ILFC acquisition. The total financing transactions completed year-to-date amount to \$7.3 billion.

As of June 30, 2014, AerCap's portfolio consisted of 1,680 aircraft that were either owned, managed, or under contract to purchase.

For the six-month period ended 30 June 2014, AerCap has contributed 94% of total income and its carrying value of AED 3.5 billion represents 54% of total assets as at 30 June 2014.

##### Dunia Finance

Dunia Finance (Dunia) is a UAE Central Bank regulated finance company that offers a range of financial solutions including personal loans, auto loans, credit cards, guarantees and deposits to its customers in the UAE. Currently, the majority of its loan portfolio comprises credit cards and personal loans. Dunia targets the underserved salaried mass and mass affluent markets as well as the self-employed mass market for its lending products and the SME and Corporate markets for deposits and guarantees.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 6. Business and Portfolio Companies Analysis (continued)

#### 6.1 Principal Investments (continued)

##### Dunia Finance (continued)

Dunia Finance, based out of Abu Dhabi, was launched in 2008 through a strategic partnership between Fullerton Financial Holdings (a wholly owned subsidiary of Temasek Holdings in Singapore), Mubadala Development Company, Waha Capital and A. A. Al Moosa. Waha Capital owns a 25% stake in Dunia Finance.

Dunia Finance has demonstrated impressive growth, stable net interest margins and rising profits over last few years. Net interest margins have consistently been in the 20-30% range. Serving the underserved low-income salaried mass and mass affluent market enabled Dunia to grow its loan book at a 56.0% CAGR over 2009-2013.

Dunia has undertaken several strategic cost management initiatives such as reengineering business processes, limiting new hiring to revenue-generating roles, renegotiating costs with vendors and landlords and maintaining tight control over discretionary expenses. These initiatives reduced its cost-to-income ratio to 35.3% for the quarter ended 30 June 2014 from around 299.4% in 2009, despite strong growth in its customer base and transaction processing volumes. Dunia's net income for the six-month period ended 30 June 2014 was AED 82.7 million which is an increase of 48.5% over the same period in 2013, while its expenses grew moderately to AED 79.6 million for the same period. In addition, customer deposits grew by 20.6 % from AED 515.1 million as at 31 December 2013 to AED 620.9 million as at 30 June 2014.

During the six-month period ended 30 June 2014, Dunia Finance continued the impressive growth of its loan book, and maintained solid net interest margins and capital adequacy ratios. During the same period, Dunia Finance achieved the following:

- Expanded its loan book at a healthy rate, with a customer base of 150.4 thousand as at 30 June 2014 and achieved a 20.3% growth in its loan portfolio versus 31 December 2013.
- Achieved net-interest-income of AED 171.8 million representing an increase of 45.5% compared to the same period in the previous year; and net income of AED 82.7 million representing an increase of 48.5% compared to the same period in the previous year.
- Improved its asset quality and as such its impairment reserve (as a percentage of loans and advances) reduced from 7.6% at the end of 2009 to 2.4% which is well above the minimum requirement of 1.5% as per the Central Bank of UAE guideline
- Maintained its non-performing loan cover of 2.07 which is sufficient, as it should protect the company not only from credit losses but also from unexpected stress situations.
- Funded the loan portfolio growth through customer deposits and retained earnings.
- Maintained a bank facility of AED 190 million and cash and equivalents of AED 43.4 million.

The Company's stake in Dunia was carried at AED 143.8 million as at 30 June 2014.

##### Stanford Marine Group

Stanford Marine Group (SMG) is a Dubai-based company that owns and operates offshore support vessels (OSVs) for the oil & gas industry, primarily in the Middle East, South East Asia and Africa. The company also offers shipbuilding and ship repair and maintenance services through its subsidiary, Grandweld. SMG's clients include BG Group, McDermott, ZADCO, Occidental Petroleum of Qatar, Dubai Petroleum, Maersk Oil of Qatar, Abu Dhabi National Oil Company, Total, Abu Dhabi Ports Company, Kuwaiti Oil Tanker Company, Kuwait Oil Company, Halul Offshore, Bourbon, National Marine Dredging Company, and Zamil Offshore. In 2008, Waha Capital acquired a 49% equity interest in SMG. Since acquisition, SMG has grown its fleet of Offshore Supply Vessels (OSVs) in operation from 21 in 2008 to 40 as at 30 June 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 6. Business and Portfolio Companies Analysis (continued)

#### 6.1 Principal Investments (continued)

##### Stanford Marine Group (continued)

SMG is one of the UAE's leading offshore support groups with interests in vessel ownership & operation, shipbuilding & repair, and crane leasing. SMG's chartering business, Stanford Marine, now generates c. 90% of the SMG's total EBITDA. The business owns and manages a diverse fleet of crew boats, anchor handlers and platform supply vessels operating across multiple geographies.

During the six-month period ended 30 June 2014, SMG has:

- Maintained a fleet of 40 owned Offshore Supply Vessels (OSVs) in operation. SMG's owned fleet comprises 12 platform supply vessels, 11 anchor handling tug and anchor handling tug supply, 15 crew/utility supply vessels, and 2 workboats with an average utilization of 91% and average age of 7.4 years (arithmetic) or 4.3 years (value weighted);
- Delivered 7 ships and completed 376 repair and maintenance jobs; and
- Took delivery of one anchor handling tug supply and one platform supply vessel.

Waha Capital is considering various strategic options for its investment in SMG, including a possible exit.

##### Anglo Arabian Healthcare

In 2013, the Company made its first investment in the healthcare sector by acquiring Anglo Arabian Healthcare (AAH), a new group established to deliver healthcare services throughout the United Arab Emirates. AAH owns and operates 17 business assets, employs more than 300 people and serves over 400,000 registered outpatients. Operating assets consist of 1 day hospital, 6 clinics, 5 pharmacies, 3 diagnostics centres and 1 provider of continuing medical education, with 1 hospital set to open in Q1 2015.

AAH plans to expand rapidly over the next few years, both organically and through further acquisitions. This acquisition is part of Waha Capital's strategy to invest at least AED 200 million in the healthcare segment over the next three to five years. This portfolio build-up strategy aims to increase visibility, enhance collective bargaining power, benefit from cross-referrals within the network and reduce costs through common branding and sharing of services. The investment broadens Waha Capital's asset mix, marking its entry into an area that holds high growth potential and is a priority for the UAE. The company is expected to be cash generative and benefit directly from the growth in the UAE healthcare market.

The value of AAH's net assets is AED 68.1 million as at 30 June 2014.

##### MENA Infrastructure Fund

MENA Infrastructure Fund (MIF) was founded in 2006 with Dubai International Capital (DIC), HSBC Bank Middle East and Waha Capital as General Partners (GP). In 2012, DIC sold its stake in MIF to Fajr Capital. MIF is a private equity fund that invests in infrastructure development projects across MENA. Within the infrastructure segment, the fund's mandate is to invest in areas such as energy (including power generation, transmission and distribution), transport (including airports, rail, roads and ports), environmental services (including waste management and water desalination) and social infrastructure (including education facilities, hospitals and social housing).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 6. Business and Portfolio Companies Analysis (continued)

#### 6.1 *Principal Investments (continued)*

##### MENA Infrastructure Fund (continued)

In 2007, MIF was launched with a total capital commitment of \$300 million from its Limited Partners (LP). Waha Capital originally committed to fund \$53.75 million (17.9% of total commitment), out of which \$40.0 million has been funded till date. Currently MIF is invested in four projects: a) Alexandria International Container Terminals in Egypt, b) Qurayyah Independent Power Project (IPP) in Saudi Arabia, c) United Power Company in Oman and d) Sohar Power Company in Oman. MIF is one of the largest and most successful infrastructure funds in the region and has received the Middle East Fund Manager of the Year award in each of the years over 2009-2013 and the Best Infrastructure Fund award for the MENA region in 2013.

As at 30 June 2014, Waha Capital carried its LP stake in the Fund at AED 135.2 million.

##### Other Assets

As at 30 June 2014, Waha Capital held non-core investments of around AED 123.8 million. Siraj Finance, which accounted for around 54% of this carrying value. Waha Capital is considering exiting all its legacy investments over the next five years.

Siraj Finance is an Abu Dhabi-based finance company with business interests in mortgage finance, consumer finance, trade finance, real estate and investment fund management. Waha Capital owns an 83.3% stake in the company.

#### 6.2 *Capital Markets*

The capital markets business of Waha Capital comprises private transactions and investments in the public capital markets. Waha Capital assembled a team of investment banking professionals to develop this business.

The Company generated AED 124.3 million from Capital Markets transactions during the six-month period ended 30 June 2014. The carrying value of Capital Market assets is AED 1,097.6 million as at 30 June 2014.

##### Private transactions

Since 2008 Waha Capital has arranged several private transactions. These transactions include a range of financial instruments usually secured on an underlying asset. The financial instruments typically include secured debt, mezzanine debt, junior debt, structured debt and selected options and derivatives. The target IRR hurdle rate for investments into private transactions is 15% and all investments are subject to fundamental research covering the macro, sector and issuer risks.

##### Public capital markets

Waha Capital has been developing its securities investments business to invest in capital market securities such as bonds, sukuks, convertibles, equities, hybrids, IPOs and pre-IPOs. We are initially focussed on credit investments primarily comprising USD-denominated corporate bonds issued in the emerging markets with a focus on Central Europe, Middle East and Africa (CEMEA). Our investment process is complemented by dedicated in-house research and robust risk management.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 6. Business and Portfolio Companies Analysis (continued)

#### 6.3 Industrial Real Estate

Waha Land was established to construct and manage master developments in Abu Dhabi including infrastructure, mixed use, industrial warehousing and logistics projects.

##### ALMARKAZ

ALMARKAZ is an integrated mixed use industrial park with Grade A industrial quality facilities and infrastructure owned, developed and operated by Waha Land, a wholly owned subsidiary of Waha Capital. The development is located in Al Dhafra, approximately 25 km from central Abu Dhabi, and is well connected to the multimodal industrial and logistics infrastructure (land, sea, air, and rail) of the UAE. ALMARKAZ benefits from its strategic location on major trade routes (E11 & E65) connecting UAE with Saudi Arabia, the Western Region (Al Gharbia) and major oil facilities (Ruwais and Habshan). ALMARKAZ is also close to Etihad Railway, which links Ghweifat to Dubai and will share infrastructure with the proposed Mussafah Junction Rail Depot and Marshalling Yard Facilities. Ample labor accommodation is available in the vicinity to service the project requirements.

The ALMARKAZ development is on 6 sq km of land, which was granted by the Government of Abu Dhabi. Waha Land is developing the initial phase of the project on 25% of the total area (1.5 sq km). Construction of the Phase I Infrastructure and 90,000 sq m of Small Industrial Units (SIUs) was substantially completed in December 2012. Leasing activity commenced in Q2 2013 with 79% occupancy of the SIU's achieved by end of quarter Q2 2014 with leasing rates based at current market levels. The project continues to receive growing interest from light industrial processing, manufacturing and logistics businesses attracted by the development's international standard infrastructure and warehouse facilities.

Following the success of the first 90,000 sq m of industrial space, ALMARKAZ is exploring a number of growth plans including (i) expansion of SIU space, and (ii) development of new products such as warehouses and light industrial units (LIUs) on the remaining 0.8 sq km of serviced land within Phase I.

Waha Capital owns a 100% stake in Waha Land and carries the investment of Phase I at fair market value of AED 687.2 million as at 30 June 2014.

### 7. Corporate Governance

Waha Capital has a highly proficient investment team in place and a strong pipeline of potential investments, where we believe we can add value and achieve attractive returns. Operationally, we will maintain our prudent approach to financial management and continue to focus on increasing our efficiency in the way we manage our assets. We will also look to further develop our relationships with key stakeholders in Abu Dhabi, the region, and with partners in the wider investment community.

Since our inception we have embraced a culture of strong corporate governance, risk management and transparency, which has earned us respect from our peers and stakeholders. It is our goal to create enduring value for our clients and deliver sustainable financial performance to our shareholders, while navigating challenging market conditions. We are confident we can build on our credentials, reputation and accomplished management team to create a position of leadership in the regional investment management space.

---

**Salem Rashid Al Noaimi**  
CEO & Managing Director, Waha Capital PJSC  
Date: 13 August 2014

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors  
Al Waha Capital PJSC  
Abu Dhabi  
United Arab Emirates

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Al Waha Capital PJSC (“the Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2014 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Deloitte & Touche (M.E.)



Georges F. Najem  
Registration No. 809  
Abu Dhabi  
13 August 2014



# AL WAHA CAPITAL P.J.S.C.

## Condensed consolidated statement of financial position

	Note	As at 30 June 2014 (Unaudited) AED '000	As at 31 December 2013 (Audited) AED '000
<b>ASSETS</b>			
Furniture and equipment		12,870	13,798
Investment property	8	687,240	809,491
Intangible assets		56,595	57,570
Investments in finance leases		26,318	28,915
Loan investments	17	251,374	279,528
Investments in equity-accounted associates and joint ventures	5	3,943,066	2,493,478
Financial investments	7	823,400	789,168
Inventories		5,144	10,278
Trade and other receivables	6	245,462	262,457
Cash and cash equivalents		230,772	271,283
		<b>6,282,241</b>	<b>5,015,966</b>
Assets held for sale		221,647	221,647
<b>Total assets</b>		<b>6,503,888</b>	<b>5,237,613</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	1,944,515	1,897,088
Reserves and surplus		1,685,690	629,323
<b>Equity attributable to the owners of the Company</b>		<b>3,630,205</b>	<b>2,526,411</b>
Non-controlling interests		21,820	19,890
<b>Total Equity</b>		<b>3,652,025</b>	<b>2,546,301</b>
<b>Liabilities</b>			
Borrowings	10	2,512,811	2,379,768
Trade and other payables	11	339,052	311,544
<b>Total Liabilities</b>		<b>2,851,863</b>	<b>2,691,312</b>
<b>Total equity and liabilities</b>		<b>6,503,888</b>	<b>5,237,613</b>

The notes numbered 1 to 18 are an integral part of these condensed consolidated financial statements.

These condensed consolidated financial statements were authorised for issue by the board of directors on 13 August 2014 and signed on their behalf by:

Chairman

CEO & Managing Director

# AL WAHA CAPITAL P.J.S.C.

## Condensed consolidated statement of profit or loss

	Note	Six-month period ended 30 June 2014 (Unaudited) AED '000	Six-month period ended 30 June 2013 (Unaudited) AED '000	Three-month period ended 30 June 2014 (Unaudited) AED '000	Three-month period ended 30 June 2013 (Unaudited) AED '000
<b>Continuing operations</b>					
Revenue from sale of goods and services	12	73,398	12,120	39,863	11,847
Cost of sale of goods and services		(18,930)	(3,824)	(10,079)	(3,519)
<b>Gross profit</b>		<b>54,468</b>	8,296	<b>29,784</b>	8,328
Income from equity-accounted associates and joint ventures, <i>net</i>	5	135,970	112,833	63,577	72,535
Gain on disposal of equity-accounted associates and joint ventures	5	1,326,901	-	1,306,629	-
Income from capital markets transactions	13	124,256	112,650	15,252	12,637
Other income / (expense), <i>net</i>	14	(131,640)	4,690	(143,802)	4,810
General and administrative expenses	15	(168,961)	(73,153)	(106,500)	(37,522)
Finance expense, <i>net</i>		(49,880)	(42,616)	(26,186)	(21,896)
<b>Profit for the period from continuing operations</b>		<b>1,291,114</b>	122,700	<b>1,138,754</b>	38,892
<b>Discontinued operations</b>					
(Loss) / profit for the period from discontinued operations		(72)	1,521	(19)	(16)
<b>Profit for the period</b>		<b>1,291,042</b>	124,221	<b>1,138,735</b>	38,876
<b>Profit attributable to:</b>					
Owners of the Company		1,289,315	123,681	1,137,761	38,364
Non-controlling interest		1,727	540	974	512
<b>Profit for the period</b>		<b>1,291,042</b>	124,221	<b>1,138,735</b>	38,876
<b>Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period (AED)</b>					
	9				
- from continuing operations		0.66	0.06	0.59	0.02
- from discontinued operations		-	-	-	-
		<b>0.66</b>	0.06	<b>0.59</b>	0.02

The notes numbered 1 to 18 are an integral part of these condensed consolidated financial statements.

## AL WAHA CAPITAL P.J.S.C.

### Condensed consolidated statement of profit or loss and other comprehensive income

	<b>Six- month period ended 30 June 2014 (Unaudited)</b>	Six- month period ended 30 June 2013 (Unaudited)	<b>Three- month period ended 30 June 2014 (Unaudited)</b>	Three- month period ended 30 June 2013 (Unaudited)
<b>Profit for the period</b>	<b>1,291,042</b>	124,221	<b>1,138,735</b>	38,876
<b>Other comprehensive income / (loss)</b>				
Net change in fair value of available-for-sale financial assets	<b>682</b>	2,157	<b>(5,052)</b>	851
Share of change in other reserves of equity-accounted associates and joint ventures	<b>3,506</b>	(1,266)	<b>3,275</b>	1,384
<b>Total comprehensive income for the period</b>	<b>1,295,230</b>	125,112	<b>1,136,958</b>	41,111
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>1,293,503</b>	124,572	<b>1,135,984</b>	40,599
Non-controlling interest	<b>1,727</b>	540	<b>974</b>	512
<b>Total comprehensive income for the period</b>	<b>1,295,230</b>	125,112	<b>1,136,958</b>	41,111

The notes numbered 1 to 18 are an integral part of these condensed consolidated financial statements.

## AL WAHA CAPITAL P.J.S.C.

### Condensed consolidated statement of changes in equity

For the six-month period ended 30 June

	Share capital	Statutory reserve	Revaluation reserve	Hedge reserve	Other reserves	Retained earnings	Reserves and surplus	Equity attributable to owners	Non-controlling interest	Total equity
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
At 1 January 2013	1,897,088	126,494	(5,893)	(3,828)	(7,197)	323,036	432,612	2,329,700	13,899	2,343,599
Profit for the period	-	-	-	-	-	123,681	123,681	123,681	540	124,221
Other comprehensive income	-	-	2,157	-	(1,266)	-	891	891	-	891
Total comprehensive income	-	-	2,157	-	(1,266)	123,681	124,572	124,572	540	125,112
<b>Transactions with the owners of the Company, recognised directly in equity</b>										
Dividend	-	-	-	-	-	(113,825)	(113,825)	(113,825)	-	(113,825)
Non-controlling interest arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	6,633	6,633
<b>At 30 June 2013 (unaudited)</b>	<b>1,897,088</b>	<b>126,494</b>	<b>(3,736)</b>	<b>(3,828)</b>	<b>(8,463)</b>	<b>332,892</b>	<b>443,359</b>	<b>2,340,447</b>	<b>21,072</b>	<b>2,361,519</b>
At 1 January 2014	1,897,088	157,129	(3,169)	(3,828)	(5,736)	484,927	629,323	2,526,411	19,890	2,546,301
Profit for the period	-	-	-	-	-	1,289,315	1,289,315	1,289,315	1,727	1,291,042
Other comprehensive income	-	-	682	-	3,506	-	4,188	4,188	-	4,188
Total comprehensive income	-	-	682	-	3,506	1,289,315	1,293,503	1,293,503	1,727	1,295,230
<b>Transactions with the owners of the Company, recognised directly in equity</b>										
Cash dividend (note 9)	-	-	-	-	-	(189,709)	(189,709)	(189,709)	-	(189,709)
Bonus shares issued (note 9)	47,427	-	-	-	-	(47,427)	(47,427)	-	-	-
Non-controlling interest arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	203	203
<b>At 30 June 2014 (unaudited)</b>	<b>1,944,515</b>	<b>157,129</b>	<b>(2,487)</b>	<b>(3,828)</b>	<b>(2,230)</b>	<b>1,537,106</b>	<b>1,685,690</b>	<b>3,630,205</b>	<b>21,820</b>	<b>3,652,025</b>

The notes numbered 1 to 18 are an integral part of these condensed consolidated financial statements.

# AL WAHA CAPITAL P.J.S.C.

## Condensed consolidated statement of cash flows

For the six-month period ended 30 June

	2014 (Unaudited) AED '000	2013 (Unaudited) AED '000
<b>Cash flows from operating activities</b>		
Profit for the period	1,291,042	124,221
<b>Adjustments for:</b>		
Depreciation	3,073	1,916
Interest on borrowings	49,880	43,006
Gain on valuation of financial assets at fair value through profit or loss	(3,710)	(4,840)
Interest on bank deposits	(299)	(393)
Income from equity-accounted associates and joint ventures	(135,970)	(112,833)
Gain on disposal of equity-accounted associates and joint ventures, net	(1,326,901)	-
Interest income from investments in finance leases	(1,281)	(1,509)
Decrease in fair value of investment property	125,075	4,242
Distribution from equity-accounted associates and joint ventures	2,200	2,200
Amortisation of Intangible assets	975	-
Provision for slow moving and obsolete inventories	5,724	-
Provision for doubtful debts	19,213	-
<b>Changes in working capital:</b>		
Change in inventories	(590)	439
Change in trade and other receivables	698	(54,066)
Change in trade and other payables	27,508	(237)
<b>Net cash from operating activities</b>	<b>56,637</b>	<b>2,146</b>
<b>Cash flows from investing activities</b>		
Purchase of an equity-accounted associate	(279,732)	-
Proceeds from disposal of an equity-accounted associate	294,321	-
Proceeds from disposal of asset held for sale	-	73,560
Acquisition of subsidiaries (net of cash)	-	(39,768)
Proceeds from loan investments	25,238	31,431
Proceeds from finance leases	3,878	3,878
Proceeds from sale / settlement / dividend received on financial assets at fair value through profit or loss	1,062,062	4,529
Purchase of investments at fair value through profit or loss	(1,194,536)	-
Purchase of investments held-to-maturity	(22,172)	-
Proceeds from investments available-for-sale	1,137	(24,032)
Payments made for development of investment property	(2,824)	(21,447)
Purchase of furniture and equipment	(2,145)	(3,416)
Interest received	299	393
<b>Net cash from investing activities</b>	<b>(114,474)</b>	<b>25,128</b>
<b>Cash flows from financing activities</b>		
Finance cost paid on borrowings	(43,345)	(41,194)
Loans repaid	(507)	(49,912)
Loans obtained	250,684	110,340
Dividends paid	(189,709)	(113,825)
Net movement in non-controlling interest	203	-
<b>Net cash used in financing activities</b>	<b>17,326</b>	<b>(94,591)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(40,511)</b>	<b>(67,317)</b>
Cash and cash equivalents at 1 January	271,283	219,635
<b>Cash and cash equivalents at 30 June</b>	<b>230,772</b>	<b>152,318</b>

*Non-cash transaction:* Issuance of bonus shares during the period through retained earnings (note 9).

The notes numbered 1 to 18 are an integral part of these condensed consolidated financial statements.

## Notes to the condensed consolidated financial statements

### 1 Legal status and principal activities

Al Waha Capital P.J.S.C. (the “Company”) is a public joint stock company with limited liability, formed in the Emirate of Abu Dhabi, United Arab Emirates, by Emiri Decree No. 10 dated 20 May 1997 and incorporated on 12 July 1997.

These condensed consolidated financial statements for the six-month period ended 30 June 2014 comprise the results and financial position of the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities (“equity-accounted investees”).

The Group invests in a wide range of sectors, including aviation leasing, financial services, capital markets, industrial real estate, infrastructure, healthcare and oil and gas.

The Group’s consolidated financial statements for the year ended 31 December 2013 are available on its website [www.wahacapital.ae](http://www.wahacapital.ae) and also upon request at the Company’s registered office at P.O. Box 28922, Etihad Towers, 42<sup>nd</sup> floor, Tower 3, Abu Dhabi, UAE.

### 2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2013.

### 3 Significant accounting policies

The significant accounting policies, risk management principles, methods of computation and estimates applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Group has applied, for the first time, several new standards and amendments in 2014, as stated below. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

#### New and revised IFRSs effective in 2014

- Amendments to IAS 32 *Financial Instruments: Presentation* relating to offsetting financial assets and liabilities
- IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 *Separate Financial Statements* – Amendments for Investments entities
- IAS 36 *Impairment of Assets* – Disclosures relating to recoverable amount for non-financial assets
- IAS 39 *Financial Instruments: Recognition and Measurement* - amendments for novation of derivatives and continuation of hedge accounting
- IFRIC 21 *Levies* – Guidance on when to recognize a levy imposed by a government

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Notes to the condensed consolidated financial statements (continued)

### 4 Fair values

#### (a) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities by valuation technique:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable for the asset or liability.

Notes to the condensed consolidated financial statements (continued)

4 Fair values (continued)

(a) Fair value hierarchy (continued)

As at the end of the reporting period, the Group held the following financial assets and liabilities at fair value:

	30 June 2014 (Unaudited) AED '000	31 December 2013 (Audited) AED '000	Fair value hierarchy	Valuation technique
<b>1. Financial assets at fair value through profit or loss</b>				
(a) Investment in equity securities	79,821	14,941	Level 1	Quoted bid prices in an active market
(b) Other investment in equity securities	6,035	5,766	Level 2	Quoted bid prices and discounted cash flow of the underlying investments.
(c) Investment in fixed income securities	326,389	381,191	Level 1	Quoted bid prices in an active market
(d) Derivative assets	109,643	107,475	Level 2	Discounted cash flow. Future cash flows are estimated based on a forward interest rate curve.
<b>2. Investments available-for-sale</b>	<b>135,184</b>	135,639	Level 3	Discounted cash flow
<b>3. Derivative liabilities</b>	<b>(82,023)</b>	(82,313)	Level 2	Discounted cash flow. Future cash flows are estimated based on a forward interest rate curve.

## AL WAHA CAPITAL P.J.S.C.

### Notes to the condensed consolidated financial statements (continued)

#### 4 Fair values (continued)

##### (a) Fair value hierarchy (continued)

	30 June 2014 (Unaudited) AED '000				31 December 2013 (Audited) AED '000			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>								
<b>Financial assets at FVTPL</b>								
Investment in equity securities	79,821	79,821	-	-	14,941	14,941	-	-
Other investment in equity securities	6,035	-	6,035	-	5,766	-	5,766	-
Investment in fixed income securities	326,389	326,389	-	-	381,191	381,191	-	-
Derivative assets	109,643	-	109,643	-	107,475	-	107,475	-
<b>Investments available-for-sale</b>	<b>135,184</b>	-	-	<b>135,184</b>	135,639	-	-	135,639
<b>Total</b>	<b>657,072</b>	<b>406,210</b>	<b>115,678</b>	<b>135,184</b>	<b>645,012</b>	<b>396,132</b>	<b>113,241</b>	<b>135,639</b>
<b>Financial liabilities</b>								
<b>Financial liabilities at FVTPL</b>								
Derivative liabilities	(82,023)	-	(82,023)	-	(82,313)	-	(82,313)	-
<b>Total</b>	<b>(82,023)</b>	-	<b>(82,023)</b>	-	<b>(82,313)</b>	-	<b>(82,313)</b>	-

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 4 Fair values (continued)

#### (a) Fair value hierarchy (continued)

##### Reconciliation of Level 3 fair value movements

	Six-month period ended 30 June 2014 (Unaudited) AED '000	Year ended 31 December 2013 (Audited) AED '000
Opening balance 1 January	135,639	108,883
Acquisitions of investments available for sale	-	24,032
Capital reduction	(1,137)	-
Total gains or losses in other comprehensive income	682	2,724
Closing balance	135,184	135,639

#### (b) Fair values of financial assets and liabilities

The fair values of financial assets and liabilities, together with their carrying amount, are as follows:

	30 June 2014 (Unaudited) AED '000		31 December 2013 (Audited) AED '000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Investments in finance leases	26,318	26,318	28,915	28,915
Loan investments	251,374	251,374	279,528	279,528
Investments available-for-sale				
• <i>Unquoted fund</i>	135,184	135,184	135,639	135,639
Financial assets at fair value through profit or loss				
• <i>Derivative assets</i>	109,643	109,643	107,475	107,475
• <i>Listed fixed income securities</i>	326,389	326,389	381,191	381,191
• <i>Listed equity securities</i>	79,821	79,821	14,941	14,941
• <i>Other investments</i>	6,035	6,035	5,766	5,766
Financial assets classified as held-to-maturity				
• <i>Listed fixed income securities</i>	166,328	171,222	144,156	147,111
Trade and other receivables	245,462	245,462	262,457	262,457
Cash and cash equivalents	230,772	230,772	271,283	271,283
<b>Financial liabilities</b>				
Borrowings	2,512,811	2,512,811	2,379,768	2,379,768
Trade and other payables	339,052	339,052	311,544	311,544

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 5 Investments in equity-accounted associates and joint ventures

The movement of investment in equity-accounted associates and joint ventures is presented below:

	<b>Six-month period ended 30 June 2014 (Unaudited) AED '000</b>	<b>Year ended 31 December 2013 (Audited) AED '000</b>
As at 1 January	<b>2,493,478</b>	2,255,370
Acquisitions	<b>279,732</b>	-
Disposals	<b>(274,049)</b>	-
Share of income, net	<b>135,970</b>	265,601
Deemed disposal gain on AerCap Holdings N.V.	<b>1,306,629</b>	-
Share of equity reserves	<b>3,506</b>	1,461
Distributions received	<b>(2,200)</b>	(28,954)
	<b>3,943,066</b>	2,493,478

During the period, the Group concluded the disposal of its entire investment in the joint venture, Aerlift Leasing Limited, to a third party for a consideration of AED 294,321 thousand (net of selling costs), resulting in a gain of AED 20,272 thousand.

On 14 May 2014, the Group's equity accounted associate investment in AerCap Holdings N.V. ("AerCap") was diluted from 26.2% to 14.1% following AerCap's acquisition of 100% common stock of International Lease Finance Corporation (ILFC) from American International Group, Inc (AIG) for a combined consideration of US\$ 3 billion in cash and 97.6 million new shares in AerCap. The dilution of the Group's stake was accounted as a deemed disposal resulting in the recognition of gain on disposal of AED 1,306,629 thousand. The Group will retain its two seats on AerCap's Board of Directors, as well as representation on the various Board sub-committees on which it currently serves. The Group's investment in AerCap continues to be classified as an equity-accounted associate following this transaction.

On 26 June 2014, the Group's Principal Investments segment acquired 20.56% equity stake in National Petroleum Services (NPS), a Bahrain based oil and gas Services Company, for a consideration of AED 279.7 million. The investment is held through NPS Holdings Limited, a company incorporated in DIFC, Dubai. The principal business activities of NPS are providing oilfield services, such as well services, drilling and work-over services, well testing and wireline logging services. The key geographies of its operations are MENA and Southeast Asia, including Saudi Arabia, United Arab Emirates, Qatar, Iraq, Libya, Algeria, Malaysia, Brunei, India and Turkmenistan. The allocation of the purchase price is ongoing as of the end of the reporting period.

Investment in equity-accounted associates and joint ventures domiciled outside UAE amount to AED 3,783,691 thousand (31 December 2013: AED 2,354,596 thousand).

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 6 Trade and other receivables

	<b>30 June 2014 (Unaudited) AED '000</b>	31 December 2013 (Audited) AED '000
Trade receivables	<b>90,430</b>	109,455
Allowance for doubtful debts	<b>(16,297)</b>	(4,107)
Prepayments and advances	<b>4,205</b>	3,907
Accrued interest	<b>50,481</b>	45,650
Amounts set aside for prior year dividends and rights issue refunds	<b>26,146</b>	18,204
Deposits under lien	<b>70,000</b>	70,000
Other receivables	<b>20,497</b>	19,348
	<b>245,462</b>	262,457

### 7 Financial investments

	<b>30 June 2014 (Unaudited) AED '000</b>	31 December 2013 (Audited)
<b>Available for sale financial assets</b>		
Unquoted fund	<b>135,184</b>	135,639
<b>Financial assets classified as held-to-maturity</b>		
Listed fixed income securities	<b>166,328</b>	144,156
<b>Financial assets at fair value through profit or loss</b>		
Derivative assets	<b>109,643</b>	115,833
Listed fixed income securities	<b>326,389</b>	372,833
Listed equity securities	<b>79,821</b>	14,941
Others investments	<b>6,035</b>	5,766
	<b>823,400</b>	789,168

Derivative assets held by the Group, have a notional value of AED 1,509,451 thousand (31 December 2013: AED 1,577,862 thousand).

Listed fixed income securities classified as held to maturity and at fair value through profit or loss totalling AED 441,881 thousand (31 December 2013: AED 477,081 thousand) are pledged as security against the Group's borrowings under repurchase agreements (note 10).

Financial investments held outside the UAE amount to AED 444,627 thousand (31 December 2013: AED 627,708 thousand).

## Notes to the condensed consolidated financial statements (continued)

### 8 Investment property

During the period, management reviewed the fair value of the Al Markaz project. The fair value has been determined based on valuation methodologies accepted by the Royal Institute of Chartered Surveyors. The valuation, as of 30 June 2014 was performed by accredited independent appraisers having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

Considering the recently increased competition in the industrial real estate market, and resultant increase in supply of similar market offerings by competitors, the valuation of the serviced land within Phase 1 of Al Markaz project was reassessed from AED 809,491 thousand as at 31 December 2013 to AED 687,240 thousand as of 30 June 2014, reflecting a decrease in fair value of AED 125,075 thousand.

### 9 Share capital and dividend

On 20 March 2014, the Company held its Annual General Meeting which, among other things, approved a 10% cash dividend amounting to AED 189,709 thousand (representing AED 0.10 per share), and issuance of 47,427,187 bonus shares (representing 2.5% of the outstanding shares). Consequent to the issuance of the bonus shares, the total number of issued, subscribed and fully paid up shares of the Company increased to 1,944,514,687.

The basic and diluted earnings per share of the comparative six month period ended 30 June 2013 have been recomputed by assuming 1,944,514,687 issued, subscribed and fully paid up shares outstanding during the comparative period.

### 10 Borrowings

On 27 March 2014, the Group completed the refinancing of its secured loan replacing it with a 5 year secured borrowing totalling to AED 2,758,500 thousand, comprising a term loan of AED 1,379,250 thousand and a revolving loan of the same amount. The increase in borrowings is mainly due to draw-downs from the facility during the reporting period.

## Notes to the condensed consolidated financial statements (continued)

### 11 Trade and other payables

	<b>30 June 2014 (Unaudited) AED '000</b>	31 December 2013 (Audited) AED '000
Trade payables	10,408	26,167
Interest accrued on borrowings	49,224	33,293
Derivative liabilities	82,023	82,313
End of service benefit provision	15,693	14,004
Dividends payable	28,864	20,922
Other payables and accruals	152,840	134,845
	<b>339,052</b>	<b>311,544</b>

Derivative liabilities held by the Group, have a notional value of AED 1,493,967 thousand (31 December 2013: AED 1,601,917 thousand).

### 12 Revenue from sale of goods and services

	<b>Six-month period ended 30 June 2014 (Unaudited) AED '000</b>	Six-month period ended 30 June 2013 (Unaudited) AED '000	<b>Three-month period ended 30 June 2014 (Unaudited) AED '000</b>	Three-month period ended 30 June 2013 (Unaudited) AED '000
Sales of services	67,014	-	36,629	-
Rental income	6,020	25	3,008	10
Sale of inventory	364	12,095	226	11,837
	<b>73,398</b>	<b>12,120</b>	<b>39,863</b>	<b>11,847</b>

The revenue from sales of services relates to the Group's business in the healthcare sector, which it acquired in Q2 2013. Accordingly, there were no comparable amounts.

### 13 Income from capital markets transactions

The Group's capital markets business comprises private transactions and investments in the public capital markets. The Group has arranged debt capital financing on behalf of its clients for the acquisition of high value items, such as vessels and aircraft. The Group earns income from arranging, advising on and administering such transactions.

Private transactions may include a range of investments into financial instruments usually secured by an underlying asset. The financial instruments typically include secured debt, mezzanine debt, junior debt, structured debt and selected options and derivatives. Public capital market securities may include financial instruments such as bonds, sukus, convertibles, equities, hybrids, IPOs and pre-IPOs.

The income from private capital market transactions is predominantly event-driven; therefore, such income does not accrue on a time-proportionate basis but is recognized entirely as and when it becomes due to the Group.

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 14 Other income / (expense), net

	Six-month period ended 30 June 2014 (Unaudited) AED '000	Six-month period ended 30 June 2013 (Unaudited) AED '000	Three-month period ended 30 June 2014 (Unaudited) AED '000	Three-month period ended 30 June 2013 (Unaudited) AED '000
Dividend income from available for sale investment	8,544	984	982	984
Interest income from loan investments	5,374	5,664	2,641	2,734
Interest income from finance leases	1,282	1,509	626	741
Fair value gain on derivatives	700	617	301	193
Fair value loss on investment property	(125,075)	(4,242)	(125,075)	-
Provision for slow moving and obsolete inventories	(5,724)	-	(5,724)	-
Provision for doubtful debts	(19,213)	-	(19,213)	-
Other	2,472	158	1,660	158
	<b>(131,640)</b>	<b>4,690</b>	<b>(143,802)</b>	<b>4,810</b>

### 15 General and administrative expenses

	Six months ended 30 June 2014			Three months ended 30 June 2014		
	Company AED '000	Subsidiaries AED '000	Total AED '000	Company AED '000	Subsidiaries AED '000	Total AED '000
Staff costs	94,296	30,063	124,359	63,732	16,374	80,106
Legal and other professional expenses	7,628	2,214	9,842	5,668	1,279	6,947
Depreciation and amortisation	1,547	2,501	4,048	748	1,149	1,897
Other	12,627	18,085	30,712	7,629	9,921	17,550
	<b>116,098</b>	<b>52,863</b>	<b>168,961</b>	<b>77,777</b>	<b>28,723</b>	<b>106,500</b>
	Six months ended 30 June 2013			Three months ended 30 June 2013		
	Company AED '000	Subsidiaries AED '000	Total AED '000	Company AED '000	Subsidiaries AED '000	Total AED '000
Staff costs	47,977	4,595	52,572	20,532	2,286	22,818
Legal and other professional expenses	2,916	95	3,011	1,763	47	1,810
Depreciation and amortisation	1,904	9	1,913	1,035	5	1,040
Other	7,480	8,177	15,657	3,885	7,969	11,854
	<b>60,277</b>	<b>12,876</b>	<b>73,153</b>	<b>27,215</b>	<b>10,307</b>	<b>37,522</b>

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 16 Operating segments

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2014 and 2013, respectively:

Six-month period ended 30 June (Unaudited)	Principal Investments		Capital Markets		Industrial Real Estate		Corporate		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>AED '000</b>										
Revenue from sale of goods and services	<b>67,378</b>	12,095	-	-	<b>6,020</b>	25	-	-	<b>73,398</b>	12,120
Income from equity-accounted associates and joint ventures, net	<b>135,970</b>	112,833	-	-	-	-	-	-	<b>135,970</b>	112,833
Income from capital markets transactions	-	-	<b>124,256</b>	112,650	-	-	-	-	<b>124,256</b>	112,650
(Loss) / Profit for the period from discontinued operations	<b>(72)</b>	1,521	-	-	-	-	-	-	<b>(72)</b>	1,521
Profit / (loss) for the period	<b>1,440,912</b>	112,390	<b>113,645</b>	97,801	<b>(123,341)</b>	(9,167)	<b>(140,174)</b>	(76,803)	<b>1,291,042</b>	124,221

Segment income reported above represents income generated from external customers. There was no inter-segment income during the period (2013: nil).

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2014 and 31 December 2013, respectively:

	Principal Investments		Capital Markets		Industrial Real Estate		Corporate		Consolidated	
	30 June 2014 (Unaudited) AED '000	31 Dec 2013 (Audited) AED '000								
Total assets	<b>4,574,553</b>	3,170,815	<b>1,097,603</b>	1,025,387	<b>698,681</b>	814,214	<b>133,051</b>	227,197	<b>6,503,888</b>	5,237,613
Total liabilities	<b>83,753</b>	75,267	<b>682,049</b>	747,157	<b>15,391</b>	19,095	<b>2,070,670</b>	1,849,793	<b>2,851,863</b>	2,691,312

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 17 Related parties

Significant transactions with related parties during the six-month period ended 30 June:

	<b>Six-month period ended 30 June 2014 (Unaudited) AED '000</b>	Six-month period ended 30 June 2013 (Unaudited) AED '000	<b>Three-month period ended 30 June 2014 (Unaudited) AED '000</b>	Three-month period ended 30 June 2013 (Unaudited) AED '000
<b>Key Management Compensation:</b>				
Salary and benefits	5,087	5,047	2,230	2,317
End of service benefits	314	265	157	132
	<b>5,401</b>	<b>5,312</b>	<b>2,387</b>	<b>2,449</b>

During the current reporting period, loan investment to an associate was repaid by an amount of AED 25,238 thousand. Subsequently, management carried out a reassessment of the recoverable value of its loan and equity accounted investment in the associate and its related interest receivable. Consequently, an amount of AED 15,635 thousand was recognised as impairment of the loan investment and its related interest receivable, as well as an amount of AED 15,175 thousand was recognised as impairment of the equity accounted investment. The major driver of the impairments was management's expectation of the delayed exit horizon for certain collateralised assets carried by the associate, which are expected to generate cash flows to be collected by the Group in recovery of its investment.

Significant balances with related parties at the end of the reporting period include:

	<b>30 June 2014 (Unaudited) AED '000</b>	31 December 2013 (Audited) AED '000
Loan investments provided to an associate	<b>30,693</b>	58,848
Trade and other receivables from an associate	-	12,719

### 18 Comparatives

Certain reclassifications have been made to the comparative amounts for the six-month period ended 30 June 2013 to comply with the current period classification. This reclassification did not have any impact on net profit, earnings per share or retained earnings of the current or prior periods. These reclassifications were mainly to account for the revenue from sale of goods and services and the cost of sale of goods and services from the acquisition of the Group's investment in the healthcare sector.

The main reclassifications are as follows:

#### Condensed consolidated statement of profit or loss:

- Income from sale of inventory is now disclosed in a separate line 'Revenue from sale of goods and services' instead of being classified under 'Operating income'.
- Income from Transaction service fees is now disclosed in a separate line 'Income from capital markets transactions' instead of being classified under 'Operating income'.
- Cost of sale of inventory has been reclassified to a separate line item 'Cost of sale of goods and services' from 'Operating expenses'.

# AL WAHA CAPITAL P.J.S.C.

## Notes to the condensed consolidated financial statements (continued)

### 18 Comparatives (continued)

Condensed consolidated statement of profit or loss (continued):

- d) 'Finance expense' has been reclassified from 'Operating expenses' into a separate line item.
- e) 'Fair value gain on derivatives', 'Other operating income', 'Interest income from finance lease', 'Interest income on loan investments', 'Provision for slow moving and obsolete inventories' and 'Provision for doubtful loans and receivables' have been reclassified from 'Operating income' and 'Operating expenses' into 'Other income'.
- f) 'Administrative and other expenses' line item has been renamed as 'General and administrative expenses'.

### Condensed consolidated statement of profit or loss for the six months ended 30 June 2013

		As previously reported <i>(Unaudited)</i> AED '000	Reclassifications <i>(Unaudited)</i> AED '000	As reclassified <i>(Unaudited)</i> AED '000
<b>Continuing operations</b>				
Revenue from sale of goods and services	(a)	-	12,120	12,120
Cost of sale of goods and services	(c)	-	(3,824)	(3,824)
<b>Gross profit</b>		-	8,296	8,296
Operating income	(a), (b) & (e)	125,079	(125,079)	-
Operating expenses	(c), (d) & (e)	(46,923)	46,923	-
Income from equity-accounted associates and joint ventures, net		112,833	-	112,833
Income from capital markets transactions	(b)	-	112,650	112,650
Other income	(e)	4,771	(81)	4,690
General and administrative expenses	(f)	(73,060)	(93)	(73,153)
Finance expense	(d)	-	(42,616)	(42,616)
<b>Profit for the period from continuing operations</b>		122,700	-	122,700
<b>Discontinued operations</b>				
Profit for the period from discontinued operations		1,521	-	1,521
<b>Profit for the period</b>		124,221	-	124,221