الواحة كابيتال
WAHA CAPITAL

ANNUAL REPORT 2014

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DELIVERING CONSISTENT VALUE

Waha Capital PJSC is an investment company based in Abu Dhabi, whose aim is to build sustainable and attractive returns for its shareholders by managing and deploying capital in areas where the company sees opportunity and can add value.

PRINCIPAL INVESTMENTS

CAPITAL MARKETS

INDUSTRIAL REAL ESTATE

FINANCIAL HIGHLIGHTS

1.733BN

Net profit (AED)

9.8BN

The Group's total assets (AED)

0.89

Earnings per share from continuing and discontinued operations (AED)

3.2BN

The Group's total funding capacity (AED)

ABOUT WAHA CAPITAL

Waha Capital is an Abu Dhabi-listed investment company with assets diversified across several sectors, including aircraft leasing, healthcare, financial services, energy, infrastructure, industrial real estate and capital markets.

Established in 1997, Waha Capital evolved from a leasing firm of high-value assets into a leading investment company that offers shareholders and co-investors exposure to high-potential opportunities in various asset classes.

Waha Capital has been consistently profitable - its investment teams are singularly focused on deploying capital efficiently, where they see and can add value, in order to deliver sustainable and attractive returns to shareholders and investment partners.

In its Principal Investments unit, Waha Capital looks to make acquisitions in sectors that display robust demand fundamentals and that have been prioritised by regional governments. By investing in key growth sectors, the company is a contributor to the ongoing development of a dynamic private sector – an important component of the region's economic diversification plans.

Meanwhile, the company has also built a strong capability in managing global and regional credit and equity portfolios, and is a key partner in a joint venture that manages infrastructure funds. While Waha Capital manages investments globally, the company remains deeply rooted in Abu Dhabi's economy and operates at the centre of influential business networks in the United Arab Emirates and the wider Middle East region.

The management team has extensive experience operating in the regional market, with expertise honed at leading international blue-chip corporations and financial institutions. Waha Capital also benefits from a roster of prominent local shareholders that includes Mubadala Development Company, and a distinguished board, chaired by H.E Hussain Jasim Al Nowais.

CHAIRMAN'S MESSAGE

Dear shareholders,

I am pleased to share with you our record performance in 2014, during which Waha Capital experienced its most successful year since the company's establishment nearly two decades ago. We are reaping the rewards of taking a patient, long-term view on our holdings and consequently delivering significant value to our shareholders.

Waha Capital recorded a net profit of AED 1,732.7 million in 2014, achieving a 51% return on average equity for shareholders.

The company has experienced strong performance across our diversified investment portfolio. AerCap Holdings has become the global leader in aircraft leasing through its acquisition of International Lease Finance Corporation (ILFC). Meanwhile, other key investments, such as Dunia Finance, Anglo Arabian Healthcare Group, and National Petroleum Services, also experienced significant growth.

These companies are in varying stages of development, and we are confident that in the coming years, our patient commitment to building quality, scale and resilience in high potential firms will continue to pay off.

Our strong financial position, as demonstrated by our decreased leverage ratio from 37.9% to 28.2% and available capital of AED 3.2 billion, now allows Waha Capital to increase its investments, particularly in the Middle East and North Africa region. We are specifically targeting priority sectors for policy makers such as energy, infrastructure, healthcare and education. In these areas, demand for quality products and services is high and private sector involvement is being actively promoted.

We continue to be highly encouraged by developments in our home market, Abu Dhabi and the wider United Arab Emirates. Healthy growth in recent years – particularly stemming from a strong fiscal position and current account balance – now helps the local economy weather external shocks well.

We believe investment in social and physical infrastructure will continue, as regional governments remain committed to economic diversification, and this will produce a sustained multiplier effect on private sector growth.

Waha Capital is in an excellent position to play a positive role in the regional economy. We have built a strong investment track record over the years, and our investment teams benefit from regional experience and proven credentials in value creation. We are taking the necessary steps and steadily advancing in order to become the premier investment company in the MENA region. On behalf of the Board and the management of the company, I would like to express my gratitude for the support and guidance of the Government of Abu Dhabi, and the visionary leadership of H.H. Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE and Supreme Commander of the UAE Armed Forces, and H.H. General Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, Deputy Supreme Commander of the UAE Armed Forces and Chairman of the Abu Dhabi Executive Council.

Furthermore, I would like to thank the Board of Directors for their guidance, which has contributed significantly to the success of the company in recent years. I would also like to express my appreciation and congratulate Waha Capital's management and employees for their continued dedication and hard work.

Hussain J. Al Nowais
Chairman of the Board

CEO AND MD MESSAGE

Dear shareholders,

I am delighted to report that 2014 was an exceptional year for Waha Capital, with the company reporting a net profit of AED 1,732.7 million, the highest yet in our history, compared to AED 306.4 million in 2013.

While our investment in AerCap was the major contributor to earnings growth, our other principal investments also performed very well, and our capital markets businesses has witnessed encouraging developments.

The most notable event for Waha Capital in 2014 was AerCap's acquisition of International Lease Finance Corporation, creating the largest aircraft leasing company in the world, with assets of approximately AED 162 billion (approx. $44 billion), resulting in a significant uplift in earnings per share, which is expected to continue.

Waha Capital subsequently took advantage of the new landscape to hedge our exposure to AerCap after a sharp increase in the company's stock price, and arranged approx. AED 4 billion ($1.1 billion) in long-term financing backed by the asset. The success of the hedging and funding transaction was a testament to our team's expertise and our prudent financial management. In addition, as a result of the two hedging transactions were able to reducing our average funding costs. Our leverage ratio has decreased to 28.2% as of 31 December 2014 from 37.9% a year earlier.

In our other principal investments, Dunia Finance recorded another year of rapid growth, with 61.5% growth in net income, and Anglo Arabian Healthcare Group reported a 108.7% revenue increase.
In June of 2014, we established a new unit to drive our investments in the energy sector, and participated in a consortium that invested in oil and gas services company National Petroleum Services. Our other investment in this sector, Stanford Marine Group, also continued to perform strongly in 2014.

Our industrial real estate development ALMARKAZ has also gained traction. By the end of the year, 80% of space in phase one was leased and we are on track for full occupancy in the first quarter of 2015.

With our balance sheet even stronger and available capital of AED 3.2 billion in place, Waha Capital is in an excellent position to expand our investment portfolio in the MENA region, particularly in the areas of energy, infrastructure, healthcare and education.

We are also making progress with our strategy to move into the management of third-party capital by bringing on co-investors into direct investments and establishing an investment management offering. We have a strong three-year track record in running global credit market portfolios and have added a capability in regional public equities. We have worked hard to put a talented team in place and are confident about making investment management a commercial proposition in 2015.
In summary, 2014 has been highly encouraging, and we believe that Waha Capital will continue to thrive in the years to come. We are in an excellent position to pursue our growth strategy, with an aim to continue to deliver shareholder value in the coming years.

I would like to take this opportunity to thank the Board of Directors for their valuable guidance as well as the management team for their hard work and commitment throughout the year.

Salem Rashid Al Noaimi
Chief Executive Officer and
Managing Director

BOARD OF DIRECTORS

Waha Capital's Board of Directors is comprised of some of the most distinguished public and private sector business leaders.

1. H.E. Hussain Jasim Al Nowais
Chairman

2. Abubaker Seddiq Al Khoori
Vice Chairman

3. Salem Rashid Al Noaimi
Chief Executive Officer and Managing Director

4. Ahmed Bin Ali Al Dhaheri
Director

5. Carlos Obeid
Director

6. Fahad Saeed Al Raqbani
Director

7. Mansour Mohamed Al Mulla
Director

BOARD OF DIRECTORS

H.E. Hussain Jasim Al Nowais
Chairman

His Excellency Mr. Al Nowais has over 25 years of experience in business management, banking, project finance, investment, as well as within the hospitality and real estate sectors. He has extensive experience in the development of industrial, infrastructure, and energy projects. Moreover, he has led the establishment of new businesses and acquisition of existing companies, primarily in the Gulf and wider Middle East region.

H.E. Al Nowais holds a number of board positions with large public and private companies. He is Chairman of Waha Capital, SENAAT, National Petroleum Construction Company (NPCC), Khalifa Fund for Enterprise Development, Al Nowais Investments and MENA Infrastructure Fund. He is also Vice Chairman of Abraaj Group and a board member of the Khalifa University of Science, Technology & Research.

H.E. Al Nowais holds a Bachelor of Arts degree in Business Administration with a major in Finance from Lewis & Clark College in Portland, Oregon, USA. He has since attended various Executive Management courses at INSEAD in France and London Business School in the UK.

Abubaker Seddiq Al Khoori
Vice Chairman

His Excellency Mr. Al Khoori is the Chairman of Aldar Properties. Previously, he was the Managing Director of Sorouh Real Estate, and worked as the Assistant Director of the Abu Dhabi Investment Authority.

Mr. Al Khoori has over 14 years of experience in the fields of finance and international investment and over 7 years in the real estate sector. He is currently the Vice Chairman of both Waha Capital PJSC and Senaat. He is also a board member in Abu Dhabi Ports Company (ADPC) and Abu Dhabi Airports Company (ADAC).

H.E. Al Khoori holds a degree in Finance from Linfield College in McMinnville, Oregon, USA, and is a certified Chartered Financial Analyst (CFA) and a member of AIMR.

Salem Rashid Al Noaimi
Chief Executive Officer & Managing Director

Mr. Al Noaimi is Waha Capital's Chief Executive Officer and Managing Director, responsible for leading the company's overall strategy across its business lines.

Mr. Al Noaimi has served as Waha Capital's CEO over the past 6 years, with previous roles including Deputy CEO of Waha Capital, and CEO of Waha Leasing.

Earlier in his career, Mr. Al Noaimi held various positions at Dubai Islamic Bank, the UAE Central Bank, the Abu Dhabi Fund for Development, and Kraft Foods. He chairs and sits on the board of a number of companies, including New York-listed AerCap (Netherlands), Abu Dhabi Ship Building, Dunia Finance, Siraj Finance, Anglo Arabian Healthcare, and Bahrain's Addax Bank.

Mr. Al Noaimi is a UAE national with a degree in Finance and International Business from Northeastern University in Boston, USA.

Ahmed Bin Ali Al Dhaheri
Director

Mr. Al Dhaheri is Chairman of Ali & Sons Group, Foodco Holding PJSC, Real Capita, and HQ Creative. He also serves on the boards of Syriatel, Al Wathba National Insurance Co PJSC and Abu Dhabi Aviation.

Mr. Al Dhaheri is a Certified Public Accountant and holds a degree in Accounting from Seattle Pacific University, Seattle, Washington, USA.

Carlos Obeid
Director

Mr. Obeid is the Group Chief Financial Officer of Mubadala Development Company. He is also Chairman of Mubadala GE Capital and Mubadala Infrastructure Partners Ltd (MIPL). He currently serves on the boards of several companies, including Mubadala Petroleum LLC, Abu Dhabi Future Energy (Masdar), Cleveland Clinic Abu Dhabi (CCAD), and GLOBALFOUNDRIES Inc.

Mr. Obeid holds a Bachelor of Science in Electrical Engineering from American University of Beirut, Lebanon and a Masters in Business Administration from INSEAD in Fontainebleau, France.

Fahad Saeed Al Raqbani
Director

His Excellency Mr. Al Raqbani is the Director General of Abu Dhabi Council for Economic Development. He previously held senior roles at Mubadala Development Company and UAE Offsets Group. In addition to Waha Capital, he serves on several boards including Senaat, Emirates Steel Company, Tabreed, Duke University and Future Centre for Special Needs.

H.E. Al Raqbani holds a degree in International Economics from the American University of Paris and a Master's degree in Finance and Risk Management from Lille Graduate School of Management.

Mansour Mohamed Al Mulla
Director

Mr. Al Mulla serves as the Head of Finance - Energy at Mubadala Development Company, in which he overlooks all financial matters relating to the Energy division's portfolio assets, comprising mainly oil and gas and renewable assets. In addition to Waha Capital, he serves on the boards of Aldar Properties PJSC and Anglo Arabian Healthcare. Mr. AlMulla has 14 years of work experience.

Mr. Al Mulla holds a Bachelor of Science in Business Administration from Portland State University, Portland, Oregon, USA.

FINANCIAL SUMMARY

In 2014, Waha Capital reported a record net profit and significantly strengthened its financial position. In a continuation of its focus on prudent financial management, the company increased its asset base, decreased the cost of capital, and reduced leverage.

Waha Capital recorded a net profit attributable to shareholders of AED 1,732.7 million for the year ended 31 December 2014, an increase of 465% from net profit of AED 306.4 million in 2013. This translated to earnings per share of AED 0.89 compared to AED 0.16 achieved the previous year.

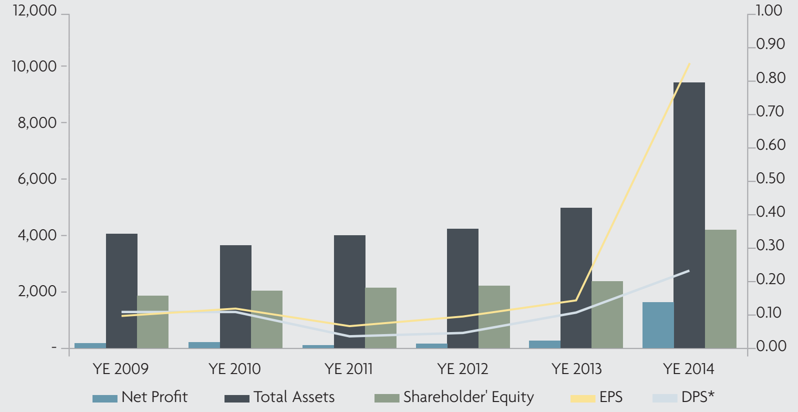
The company's total income amounted to AED 2,170.6 million in 2014, representing an increase of 270% from total income of AED 587 million in 2013.

Income from equity-accounted associates and joint ventures amounted to AED 527 million, with AerCap Holdings accounting for AED 498 million and Dunia Group accounting for AED 51 million in 2014. Meanwhile, capital markets transactions generated AED 224 million in income.

Waha Capital also recorded AED 72 million gain on disposal of a partial stake in AerCap Holdings, and a AED 1,307 million gain for deemed disposal resulting from the dilution of Waha Capital's ownership of AerCap Holdings following the aircraft leasing company's acquisition of International Lease Finance Corporation (ILFC).

Waha Capital's total assets increased to AED 9.8 billion as at 31 December 2014, from AED 5.2 billion a year earlier, with the debt leverage ratio decreasing to 28.2% from 37.9% in the same period.

The company recorded a return on average equity for 2014 of 51% and return on average assets of 23% in 2014, compared to 13% and 6% respectively a year earlier. Funding capacity has increased to AED 3.2 billion as at 31 December 2014 compared to AED 364 million a year earlier.



*Dividend per share. Based on the proposed dividend of 0.25 per share by the Board of Directors of the company, subject to the approval of the shareholders in the forthcoming Annual General Meeting. The amount has been calculated based on effective number of shares, net of share buyback, of 1,913.7 million, which may change at the time of dividend distribution.

CULTURE AND VALUES

Our Guiding Principles

At the heart of Waha Capital's brand is its guiding principle: 'Collaborate. Excel. Deliver'. This principle lies behind the company's approach to its business, which allows the company to make clear, concise and confident decisions. Its impact has been clearly demonstrated by Waha Capital's performance in 2014, not only in further boosting its earnings but also by the way it has unlocked the value of its existing assets for future investment.

Our Vision
Our aim is to be the premier investment company in the Middle East, setting the highest standards in investment expertise, professionalism and corporate governance.

Our Mission
Our mission is:
- To build & maintain long term shareholder value
- To promote sound financial management
- To provide quality financial products & services
- To foster a culture that attracts, empowers & rewards

Our Promise
We promise professionalism, clarity and to act in the interests of our shareholders and investment partners. We foster a corporate culture that attracts, empowers and rewards high-calibre employees and incentivises them to provide high-quality and competitive services.

Our Values
We have a passion for delivering excellence with integrity in our day-to-day work, showing respect to business partners and peers, and communicating transparently and directly to all stakeholders. We adhere to the following shared values:

- **Passion**
  Passion is the burning force that keeps us going no matter what happens. We have self-confidence and a firm belief in abilities.

- **Respect**
  We respect all people and the free exchange of ideas.

- **Integrity**
  We work in an open, honest, ethical, courteous and caring way.

- **Directness**
  We are direct and to the point, conveying information in a manner that is easily understood by all. We make dealing with us and our products and services as easy as possible.

- **Excellence**
  We are committed to achieving the highest standards in everything we do.

STRATEGY AND OPERATIONS

Waha Capital manages a diversified portfolio of investments through its Principal Investments and Capital Markets units. The company is open to entering into partnerships with co-investors and is evolving into a fee generating business by offering its expertise, networks and local knowledge to investors looking to capitalise on the rapid growth in the region.

Corporate Strategy
Waha Capital is pursuing a strategy focused on investing 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 has also built a three-year track record of investing in capital markets through proprietary portfolios, and will look to offer asset management services to high net worth and institutional investors.

Corporate Communications & Brand
Following a rebranding process in 2013, Waha Capital now has a strong corporate identity, and operates an effective communications function that collaborates closely with the company's business units and senior management.

During the year, Waha Capital continued to pursue its policy of clear and regular communication with key stakeholders, and in line with best practice in disclosure for a publicly listed entity.

The company carried out an active programme of direct engagement, through meetings with investors and research analysts, as well as indirectly, through interaction with the media.

Information Technology
During 2014, Waha Capital undertook a comprehensive assessment of its information technology needs across the group. The company is currently making significant investments in this area to deliver best-in-class digital and operational excellence and to simplify operations. This platform will allow the company to innovate and excel in the coming years.

Human Resources
With 75 employees hailing from 24 different countries, Waha Capital draws upon a wealth of professional backgrounds, experience and expertise.

The company believes in creating opportunity for continuous learning and development. In 2014, Waha Capital launched an 'Executive Leadership Development Plan' to ensure its employees continue to keep up to date with the skills and industry insight they needed to manage a world-class company. In order to promote diversity and empower women at all levels in the company, Waha Capital also hosted a leadership workshop for women in business.

Waha Capital also works in cooperation with local educational institutions and relevant Government organisations like the Abu Dhabi Tawteen Council in order to create long term employment opportunities for UAE Nationals.

RISK MANAGEMENT

Waha Capital has developed a strong and independent risk management platform which covers all areas of the business and which contributes to the company's success and stability.

The primary objective of risk management is to protect capital, safeguard reputation, promote risk transparency, and respond to changing business scenarios quickly and effectively.

The primary responsibility for risk management lies at the business level. The Risk Management Department independently analyses, responds to and reports on all material risks.

The Internal Audit Department independently reports on the efficiency and effectiveness of internal controls and audits the risk processes across the organization.

Risks are continuously assessed, controlled and managed through a comprehensive framework with clearly defined roles and responsibilities – starting at the board level and permeating through senior management and other levels within the organization.

Waha Capital has implemented an Enterprise Risk Management (ERM) platform for its Principal Investments based on international standards to help protect and create value for the company's stakeholders. The ERM process identifies, analyses and manages risks across the entire company. It also allows the company to successfully respond to a changing business environment and seize opportunities.

Similarly, a comprehensive risk management platform has been developed for Waha Capital's Capital Markets business which applies tight compliance and risk monitoring policies and covers market risk, operational risk, credit risk and liquidity risk for all assets under its scope. It also includes Value-at-Risk analysis, soft and hard stop loss triggers, Interest Rates, FX, credit and macro hedging processes.

Roles and responsibilities within Capital Markets are clearly defined at each level - the Investment Committee (IC), the Risk Committee (RC) and Risk Management (RM) department. The IC approves investments and reviews periodic investment activity reports produced by the RM department. These reports summarise all investment activity, clearly illustrate investment portfolio risk and return, evaluate compliance with the investment policy and all risk limits, and list exceptions to internal policy and regulatory requirements. The RC approves new or amended risk policies and defines responsibilities of different parties in implementing the risk policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Waha Capital recognises its role as part of the wider community of organisations and individuals in the UAE. Accordingly, Waha Capital has supported, and will continue to support, worthwhile charitable organisations as part of its commitment to community development.

IN 2014, WAHA CAPITAL LAUNCHED VARIOUS COMMUNITY, HUMANITARIAN AND EDUCATION-RELATED INITIATIVES, AS DESCRIBED BELOW:

- **"Adopt a School" – Western Nepal**
In 2014, Waha Capital partnered with Dubai Cares and BuildOn to adopt a primary school in the underprivileged rural village of Sukumbase Tole, located in western Nepal. The company's donation helped construct and equip an elementary school, which will host 120 students, and provide the funds for two years of primary education and literacy classes for adults. In March 2014, Waha Capital volunteers travelled to Nepal to engage in community service and to help with the construction of the school.

- **Gulf Autism Center**
Waha Capital supported the Gulf Autism Center, a non-profit organisation in Abu Dhabi, which is dedicated to the education and rehabilitation of children from various nationalities, cultures and socioeconomic backgrounds with Autism and similar pervasive development disorders.

- **Emirates Red Crescent Ramadan Drive – Syrian Refugees**
In an effort to support the plight of displaced Syrian refugees, Waha Capital and its employees made charitable donations to help secure clothing, food and other forms of aid through the Emirates Red Crescent.

- **"Iftar Sa'em" Ramadan Initiative**
This five-day initiative in partnership with the Emirates Red Crescent was driven by the Waha Principal Investments team and involved the sponsorship of Iftar meals for 100 underprivileged construction workers in tents in Abu Dhabi's Mussafah area. Through this activity, Waha Capital employees worked closely with the Emirates Red Crescent team to manage event logistics and helped serve Iftar meals to workers, serving the local community during the holy month of Ramadan.

- **ADMAF**
In partnership with the Abu Dhabi Music and Arts Foundation (ADMAF), Waha Capital supported children with special needs during the year. Through a joint partnership with the Zayed Higher Organization for Humanitarian Care and Special Needs and Oily Cart, a leading UK theatre company, Waha Capital helped support programs and workshops targeting children with profound and multiple learning disabilities. Also in cooperation with ADMAF, Waha Capital supported the "Music in Hospitals" initiative aimed at integrating music in order to aid patient recovery and to lessen the distress of being in a hospital for a long duration.

- **Ataya**
Waha Capital partnered with Ataya, an event aimed at showcasing a wide range of distinctive fashion, jewellery and home accessories designed by local artists and innovators. The project donates its profits to charitable organisations, internationally and within the UAE. This year's proceeds were used to support UAE nationals serving prison sentences for financial debt, reuniting them with their families and providing them with a second chance.

- **SmallWorld UAE**
In 2014, Waha Capital supported SmallWorld, a UAE-based organization dedicated to raising awareness and supporting the work of over 20 charities combating child slavery around the globe through education. The aim of this two-day event is to raise funds to support charities dedicated to the liberation and education of children while celebrating the UAE's multicultural presence. Donations provided through SmallWorld are sent out on the behalf of the children of the UAE to the less fortunate children around the world.

MILESTONES AND TIMELINE

MILESTONES AND TIMELINE

Continuous and rapid progress into a global player

2008

Acquired 25% Stake in Dunia Finance

- Co-founded and acquired 25% Stake in Dunia Finance
- Acquired a 49% stake in Stanford Marine Group (SMG)

2009

Completed $1.2 billion Capital Raising Mandate

- Acquired a 50% stake in AerVenture
- Launched Waha Offshore Marine Services (WOMS)
- Completed $1.2 bn Capital Raising Mandate

2010

Acquired a 20% stake in AerCap

- Acquired a 20% stake in AerCap
- Commenced construction on ALMARKAZ development project

2011

Completed $1.9 billion Capital Raising Mandate

- Arranged a $505 million term and revolving credit facility
- Completed $1.9 bn Capital Raising Mandate

2012

Completed first phase of ALMARKAZ

- Increased stake in AerCap to 26.3%
- Completed first phase of ALMARKAZ light industrial real estate development

2013

Acquired Anglo Arabian Healthcare Group

- Launched New Waha Capital Brand
- Invested in Healthcare through Anglo Arabian Healthcare (AAH)
- Leasing of ALMARKAZ reaches 60%

2014

Acquired a 20.6% stake in National Petroleum Services (NPS)

- Sold 3 million shares in AerCap and completed two hedging and financing transactions on remaining shares (26.8 million shares)
- Launched share buy-back programme
- Acquired a 20.6% stake in National Petroleum Services (NPS)
- Secured New $750 million Credit Facility with 13 local and international banks
- Disposed of stake in AerLift

OUR OPERATIONS AND PORTFOLIO

Waha Capital is an investment company active in Principal Investments, Capital Markets and Industrial Real Estate.

PRINCIPAL INVESTMENTS

Waha Capital has a diverse portfolio of equity investments in a number of sectors, which include aircraft leasing, healthcare, financial services, energy and infrastructure.

30 AerCap
32 Anglo Arabian Healthcare
34 Dunia Finance
36 National Petroleum Services
38 Stanford Marine Group
40 Mena Infrastructure Fund

1,660
Aircraft owned and managed by AerCap

19
Healthcare facilities managed by Anglo Arabian Healthcare

61.5%
Growth in Dunia Finance in net income

AED 730MN
Total revenue reported by NPS

90%
SMG achieved an average utilisation 90% for its fleet

$300MN
The MENA Infrastructure Fund is a $300 million fund

CAPITAL MARKETS

Waha Capital offers a strong capital market capability, delivering additional liquidity to the company's asset mix and providing the potential for the development of fee-generating asset management business. The company has built a strong track record investing in capital markets through proprietary portfolios, predominantly in credit but also in equities more recently. The platform will look to provide fund management services to third-party investors in 2015, aimed at regional high net worth individuals and institutional investors.

AED 223.9MN
The capital markets team at Waha Capital generated AED 223.9 million of income in 2014

INDUSTRIAL REAL ESTATE

Waha Capital invests in light industrial real estate through its wholly owned subsidiary, Waha Land. ALMARKAZ development, the company's landmark project offers high quality and flexible warehousing facilities.

80%
The ALMARKAZ project closed 2014 with an impressive 80% occupancy rate

AT A GLANCE

PRINCIPAL INVESTMENTS

Waha Capital manages a portfolio of direct investments that are diversified across a number of sectors, including aircraft leasing, financial services, healthcare, energy, infrastructure and industrial real estate.

Current investments include AerCap, the world's leading independent aircraft leasing company; Dunia Finance, a fast-growing UAE-based consumer finance business; Anglo Arabian Healthcare, a fully-integrated healthcare provider based in the UAE; and energy companies National Petroleum Services and Stanford Marine Group.

Waha Capital is also a general partner and an investor in MENA Infrastructure Fund I, a $300 million fund, and is developing the ALMARKAZ project, a pioneering Abu Dhabi-based industrial real estate development. Waha Capital looks to take majority or significant minority stakes in businesses operating in high potential sectors, often in collaboration with co-investment partners.

PRINCIPAL INVESTMENTS

174%
Increase in net profit from previous year

$44BN
Total assets of $44 billion as a result of ILFC acquisition

AERCAP

Investment Overview
AerCap, the world's largest independent aircraft leasing company, has been part of Waha Capital's investment portfolio since 2010, and is its largest single investment.

The New York Stock Exchange-listed aircraft leasing company has a portfolio of approx. 1,660 aircraft that are either owned, managed, or under contract to purchase, and it serves over 200 customers in 90 countries with comprehensive fleet solutions.

In 2014, AerCap positioned itself for long-term growth and as the global leader in aircraft leasing with its acquisition of International Lease Finance Corporation (ILFC) from American International Group Inc (AIG). This landmark transaction created a company with approximately $44 billion of assets and which resulted in a strong uplift in earnings per share.

Waha Capital's stake in AerCap as an equity accounted investee was carried at AED 3,485.8 million as at 31 December 2014.

Operations in 2014
In an exceptional year for the company, AerCap recorded a net profit of $808.5 million in 2014, an increase of 174% on the previous year.

During the year the company signed lease agreements for 249 aircraft, delivered 81 under contracted leases, purchased 33 aircraft and executed the sale and part-out transactions for 83 more. AerCap also signed financing transactions for $11.8 billion in 2014.

Activity on AerCap shares
Following the significant value creation at AerCap, Waha Capital effectively locked in value on its entire stake through two hedging and financing transactions in 2014. The transactions formed part of a strategy to reduce risk and to lower Waha Capital's cost of capital. Furthermore, Waha Capital divested three million shares in December 2014, reducing its ownership in AerCap to 12.6% from 14.1%. The transactions generated additional funding of just over AED 4 billion for Waha Capital which was partially utilised to repay existing facilities and provided sufficient capital to pursue new investments.

AERCAP Aviation Solutions

PRINCIPAL INVESTMENTS

19

Healthcare facilities managed by Anglo Arabian Healthcare

76.6MN

AAH's net assets is AED 76.6 million as at 31 December 2014

ANGLO ARABIAN HEALTHCARE (AAH)

Investment Overview

With 19 healthcare assets including hospitals, clinics, pharmacies and and diagnostics centers and more than 450 employees serving 540,000 registered outpatients, Anglo Arabian Healthcare (AAH) was a significant acquisition for Waha Capital in mid-2013, signalling a new venture into the Healthcare sector for the company.

As of the end of the year, AAH owned and operated a hospital, seven clinics, five pharmacies, five diagnostics centres and one provider of Continuing Medical Education (CME) in the UAE . It is set to further expand its portfolio with the acquisition of three clinics and the opening of another hospital in early 2015.

Waha Capital's carrying value of AAH's net assets is AED 76.6 million as at 31 December 2014.

Operations in 2014

Waha Capital's investment in AAH has enabled the healthcare group to consolidate its various assets to improve efficiency through common branding and shared services, as well as to reduce costs and benefit from economies of scale.

The combination of Waha Capital's financial resources, its team of investors and AAH's healthcare expertise has created a burgeoning participant in the UAE's private healthcare sector with significant reach and effectiveness.

During the year ended 31 December 2014, the company achieved its forecasted revenue growth, with consolidated revenues of AED 128.6 million compared to AED 61 million for the corresponding period in 2013. It also expanded its total asset base to AED 144.3 million, from AED 107 million as at 31 December 2013. The company's equity base increased to AED 85.1 million compared to AED 47 million in 2013.

In addition to expanding its capacity from 16 to 19 clinical assets, notable achievements for AAH in 2014 included the doubling of its medical staff, a 15% increase in its number of patients and winning Global Brand Magazine's 'Best Healthcare Management Brand, UAE'. Additional accolades included their nomination for the second time for the 'Roche Best in Laboratory Award' at the Arab Health Innovation and Achievement Awards.

Strategy

Demand for efficient and state-of-the-art healthcare services is expected to continue its upward trajectory and become increasingly sophisticated, driven by high population growth rates, plateauing government healthcare capacity and the introduction of compulsory health insurance in Dubai and the Northern Emirates.

Building on its strong foundation for growth established in 2013, AAH is one of the fastest growing healthcare groups in the UAE and is set to expand both in scale and market reach through its four operating brands in addition to exploring new hospital projects in order to integrate its clinic patient base through a "hub-and-spoke" model. AAH will also look at potential expansion into the wider GCC region, with the aim of maintaining a market leadership position for each of its four main brands.

PRINCIPAL INVESTMENTS

61.5%

Growth in Dunia Finance in net income

164,000

Over 164,000 customers

DUNIA FINANCE

Investment Overview

Waha Capital owns a 25% stake in Dunia Finance and a 25% stake in Dunia Services. Dunia Finance offers a range of financial products and services including personal loans, auto and education loans, credit cards as well as working capital and other facilities for small businesses. Dunia Services offers its corporate clients advisory, knowledge and business process outsourcing services.

Since its inception, Dunia has consistently produced solid returns, primarily from its offerings to the salaried mass market and mass affluent segments as well as to self-employed individuals. This broad-ranged customer base has enabled it to grow its loan book by 54.1% CAGR from 2009 to 2014, with net interest margins consistently in the 20-35% range.

The company is considered one of Waha Capital's key principal investments and as an equity accounted investee, the stake was carried at AED 169.2 million as at 31 December 2014.

Dunia Finance was formed through a strategic partnership in 2008 between Waha Capital, A. A. Al Moosa Enterprises, Mubadala Development Company and Fullerton Financial Holdings (a subsidiary of Temasek, Singapore's Sovereign Wealth Fund).

Operations in 2014

Dunia Finance continued its impressive growth in 2014, achieving a 47% increase in its loan portfolio from the previous year whilst maintaining solid net interest margins and capital adequacy ratios and improving cost efficiencies. Customer deposits, comprising a mix of deposits and interbank sources, grew by 61% to AED 828.7 million in 2014.

Dunia Finance recorded a total net income of AED 191.3 million for the full year 2014, a 61.5% increase over 2013, and representing a return on equity of 35%. The company ended the year with a greater presence in the marketplace, with over 164,000 customers.

Over the course of the year, Dunia Finance managed to successfully increase productivity through strategic initiatives such as the reengineering of its business processes, exclusive focus on revenue-generating hires, a thorough re-evaluation of its relationships with vendors, landlords and suppliers and tighter control over its discretionary expenses. The end result was a reduction in its cost-to-income ratio to 31.6% by the end of 2014 – an impressive feat considering the strong growth it has seen in its customer base and related expenses in terms of transaction processing volumes.

Strategy

The company's strategy is to continue to widen its market reach and product range. Looking ahead, Dunia Finance is looking at widening its offering with the introduction of new business lines, increasing the cross-selling of its products whilst maintaining the high standard of service it has been providing to its customers over the years. The company will also look into strategic cost management initiatives through investments in technology and process infrastructure upgrades.

dunia
Your world of financial services

PRINCIPAL INVESTMENTS

1.5BN

NPS secured contacts totalling of approximately AED 1.5 billion

730MN

NPS reported total revenue of approximately AED 730 million for the full year in 2014

NATIONAL PETROLEUM SERVICES (NPS)

Investment Overview
National Petroleum Services (NPS) began operations three decades ago in Qatar as a provider of well support services for Qatar Petroleum. Since then, it has become one of the largest regionally-owned oilfield services provider operating in key markets in the Middle East, North Africa and Southeast Asia.

Recognised for both its product quality and service delivery, NPS is engaged by leading global oil and gas operators and is regarded as a proficient provider of well services, drilling and work-over services, well testing wireline logging and other services.

Operations in 2014
In May 2014, Waha Capital established a new unit to drive its future investments in the energy sector across the MENA region, and invested AED 274.1 million in a 20.15% stake in NPS, alongside a consortium which includes Fajr Capital and APICORP.

Waha Capital booked its first full quarter's earnings contribution from NPS in the third quarter of 2014 and its stake as an equity accounted investee was carried at AED 278.5 million as at 31 December 2014.

As at YE 2014, the company had secured contacts totalling of approximately AED 1.5 billion, and completed capital expenditure of approximately AED 212 million.

NPS reported total revenue of approximately AED 730 million for the full year in 2014.

Strategy
NPS continues to position itself for long-term growth, both geographically and through the expansion of its business lines and services.

NPS

PRINCIPAL INVESTMENTS

90%
Average utilisation rate

40
Total number of fleet vessels

STANFORD MARINE GROUP (SMG)

Investment Overview
Dubai-based Stanford Marine Group (SMG) has been a leading owner and operator of Offshore Support Vessels (OSVs) for the oil and gas industry since its establishment in 1997. The company also offers shipbuilding, ship repair and maintenance services through its subsidiary, Grandweld.

SMG's clients include industry leaders such as 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.

Waha Capital owns 45% stake in the company alongside Abraaj Capital. Since acquisition, SMG has grown its fleet of OSVs in operation from 21 in 2008 to 40 as at 31 December 2014.

Waha Capital's stake as an equity accounted investee was carried at AED 164.0 million as at 31 December 2014.

Operations in 2014
Over the course of the year, SMG focused on maintaining its average fleet in operation. The company achieved an average utilization of approximately 90% for its fleet.

In 2014, Grandweld delivered 16 ships and completed repairs and maintenance jobs on an additional 556.

Strategy
SMG's strategy is to continue its upward trajectory as the leader in its field, increasing its market share in the offshore exploration and production segment. The company plans to leverage its key strengths, which lie in its modern, versatile and high-specification fleet, as well as its long-standing relationships with blue-chip clients. SMG remains committed to honing its operational and safety track record and maintaining its leading position in the market.

PRINCIPAL INVESTMENTS

MENA INFRASTRUCTURE FUND

Investment Overview

Launched in 2007, the MENA Infrastructure Fund (MENA IF) is a specialist $300 million private equity infrastructure fund focusing on investments in the Middle East, and North Africa (MENA) region. The fund is managed by a General Partnership sponsored by Waha Capital, Fajr Capital and HSBC.

MENA IF is one of the largest and most successful infrastructure funds in the region. Its mandate is to invest in infrastructure development projects such as energy, which includes power generation, transmission and distribution; transport – in airports, rails, roads and ports; environmental services such as waste management and water desalination projects; and in social infrastructure projects which encompass education facilities, hospitals and social housing.

Since its inception, the fund has amassed an impressive collection of high-profile awards including the "Middle East Fund Manager of the Year" award every year between 2009 and 2013, and the "Best Infrastructure Fund" award for the MENA region in 2013.

As of 31 December 2014, Waha Capital carried its LP stake in the Fund at AED 132.4 million.

Operations in 2014

The fund counts four key assets amongst its portfolio: Alexandria International Container Terminals in Egypt; Hajr Electricity Production Company (Qurayyah IPP project) in Saudi Arabia; United Power Company in Oman; and Sohar Power Company in Oman, which it added in 2013.

$300MN

The MENA Infrastructure Fund is a $300 million private equity fund

4

Assets acquired since fund inception

Strategy

The target countries of MENA IF also happen to be home to some of the world's fastest growing economies, with an average of 4.5% growth rate compared to about 2.5% in more developed economies. Increasingly, this translates into deeper capital requirements which the public sector is no longer able to commit to on its own. The shift from public to private sector infrastructure investments is something MENA IF has and intends to further capitalise on in the coming years.

The General Partner's overarching strategy has remained the same: to manage the fund's investments to achieve maximum performance and to obtain best prices when ideal opportunities occur for exiting portfolio investments.

Having successfully invested its first generation fund, the firm is now seeking to raise MENA Infrastructure Fund II, targeting $500 million in commitments. This will allow it to leverage its reputation and connectivity, and to continue its proven strategy to capitalise on the increasing flow of attractive infrastructure opportunities generated by rapid development in the high growth MENA region and Turkey .

MENA INFRASTRUCTURE FUND

AT A GLANCE

CAPITAL MARKETS

223.9MN

AED 223.9 million of income in 2014

Overview
The capital markets business of Waha Capital delivers additional liquidity to the company's asset mix and comprises private transactions and investments in the public capital markets.

In the area of public capital markets, Waha Capital has developed a three-year track record of investing in emerging market credit, a hard currency investment universe of $1.5 trillion, with a particular focus on Central and Eastern Europe, Middle East and Africa (CEEMEA) markets. In 2014, the capital markets team added Middle East and North Africa equities to its capability.

Since 2008 Waha Capital has arranged several private transactions, which 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.

Profile
Waha Capital's experienced capital markets team brings together highly skilled risk and portfolio managers as well as research analysts who have a proven history of outperformance in emerging and developed markets.

The division has built a consistent track record through the management of the company's proprietary credit and equities portfolios, and is expanding to provide fund management services to third-party investors.

The team employs a strategy that seeks to protect capital, provide liquidity and achieve above-average returns. The investment process is complemented by dedicated in-house research and robust risk management.

Operations in 2014
The capital markets division of Waha Capital generated AED 223.9 million of income in 2014, and its assets had a carrying value of AED 1.7 billion as at 31 December 2014.

During the year, the capital markets team continued to focus on credit investments, primarily comprising US dollar-denominated corporate bonds issued in emerging markets, particularly Central Europe, Middle East and Africa (CEMEA). But the team also invested in a range of securities, including convertibles, equities, as well as hybrids and IPOs.

The capital markets team delivered significant outperformance in 2014 against a challenging global markets backdrop. The CEEMEA credit portfolio gave a total return of 4.4%, compared to a -3.5% performance by the JP Morgan Emerging Bond Index (EMBI) Global Diversified – a benchmark for hard currency sovereign bonds. On the other hand, the MENA Equity portfolio achieved a total return of 34.5% vs the S&P GCC Index of -2.5%.

Strategy
Having built a three-year track record of capital markets investments and achieved consistent superior returns, Waha Capital plans to launch investment management products to third-party investors in 2015. The division plans to focus its marketing efforts on institutional investors, family offices and high-net-worth investors in the Middle East and North Africa region.

AT A GLANCE

INDUSTRIAL REAL ESTATE

6 KM²

The land bank

ALMARKAZ
Investment Overview

As governments in the Gulf invest increasingly in infrastructure projects to support their economic diversification initiatives, the region's industrial and logistics sectors are seeing strong growth both in capacity and demand.

Waha Capital's light industrial real estate project ALMARKAZ, has successfully tapped into this high potential market, offering high quality and flexible facilities to SMEs, logistics companies and businesses trading in light to medium manufacturing, warehousing and other industrial activities. The project is developed by Waha Land, a wholly owned subsidiary of Waha Capital.

The ALMARKAZ development embraces Abu Dhabi's economic diversification strategy and its growing demand for high quality industrial real estate. It also integrates with the emirate's development of multi-modal transportation infrastructure, including the development of Etihad Rail Network upgrading of the air and sea ports and expansion of road networks linking the emirate to trading partners in the Arabian Gulf and beyond.

The initial phase of ALMARKAZ comprises 90,000 sq. m of multi-purpose space aimed at providing businesses with flexible and affordable state-of-the-art warehousing, storage, and other light industrial facilities.

The project is located 25 km south of the city of Abu Dhabi, close to the Mussafah port and on the Tarif Highway, a main road linking the UAE's capital to the rest of the GCC. It also sits adjacent to a major terminal for the 1,200 km Etihad rail freight and passenger network, which will link major towns and cities in the UAE with neighbouring Saudi Arabia and Oman.

Operations in 2014

ALMARKAZ has been constructed on 6 KM² of land granted by the Abu Dhabi Government, and has attracted significant interest from tenants since the completion of Phase 1 in late 2012, largely due to the quality of its infrastructure, its strategic location and its flexibility and scale. As a result, the project closed the year with an impressive 80% occupancy rate.

ALMARKAZ continues to receive strong interest from local and international SMEs and industrial processing, manufacturing, storage and logistics companies as well as local entrepreneurs.

Strategy

Following the success of its first phase and the increasing demand for modern industrial and logistics space in Abu Dhabi, ALMARKAZ is exploring further growth opportunities. These include the expansion of its existing small industrial units (SIUs) as well as the development of new offerings including warehousing light industrial units (LIUs) small ready-to-occupy workshops and amenities for tenants such as local retail, and food outlets, and commercial offices within the remaining 0.8 sq. km of serviced land within Phase I.

CORPORATE GOVERNANCE SUMMARY

Commitment to Strong Corporate Governance
Waha Capital's commitment to a robust corporate governance framework is essential for its long-term prosperity. This lies at the centre of its mission to create value for its shareholders and provide them and the wider market with confidence that company affairs are being managed in a fair, responsible and transparent manner.

Accordingly, Waha Capital's comprehensive corporate governance framework is modeled on international best practice and complies with the requirements of the Emirates Securities and Commodities Authority (ESCA) and the Abu Dhabi Securities Exchange (ADX). This framework addresses the following key topics:

- Responsibilities of the Board and individual Directors;
- Terms of reference for each of the company's three Board Committees;
- Appropriate delegation of authority to Management;
- The Company's relationship with its shareholders;
- Internal controls, and compliance functions;
- Rules relating to the appointment of external auditors;
- The Company's Code of Conduct; and
- Share dealing policy applicable to Directors and employees.

Board of Directors
The Board is responsible for creating and delivering sustainable value to the company's shareholders, through the proper management of the company's businesses. Although day-to-day management of these businesses is delegated to the company's Management, the Board provides strategic direction, management supervision and adequate controls with the ultimate objective of promoting the success and long-term value of the company. The Board, comprising seven Directors, six of whom are non-executive and five of whom are independent, retains responsibility for the overall performance of the company, and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

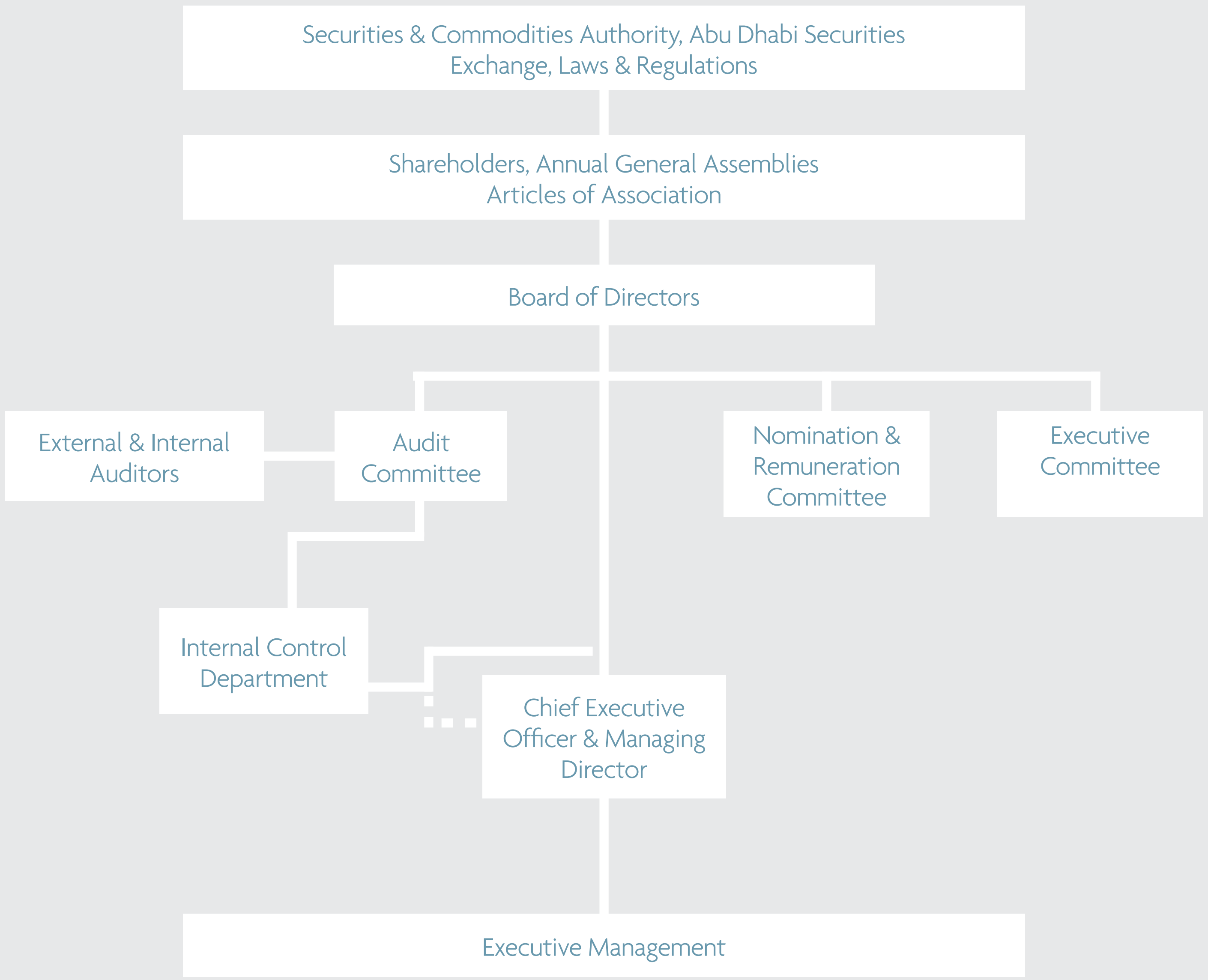
Board Committees
The Board has established three committees to support its work, namely, the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee. Each committee has terms of reference which set out its responsibilities, structure and composition, and operational and reporting frameworks. These terms of reference comply with the requirements of ESCA Ministerial Resolution (518) of 2009 (Corporate Governance Code).

Internal Control and Compliance
The company has established an Internal Control Department which is responsible for the internal controls, and compliance functions. The purpose of this department is to ensure that the company is able to achieve its business objectives in a prudent manner, safeguarding the interests of the company's shareholders and other stakeholders, while minimizing key risks such as fraud, unauthorised business activity, misleading financial statements, uninformed risk-taking, or breach of legal or contractual obligations. This Department is headed by a Head of Internal Control, who also serves as the company's Compliance Officer.

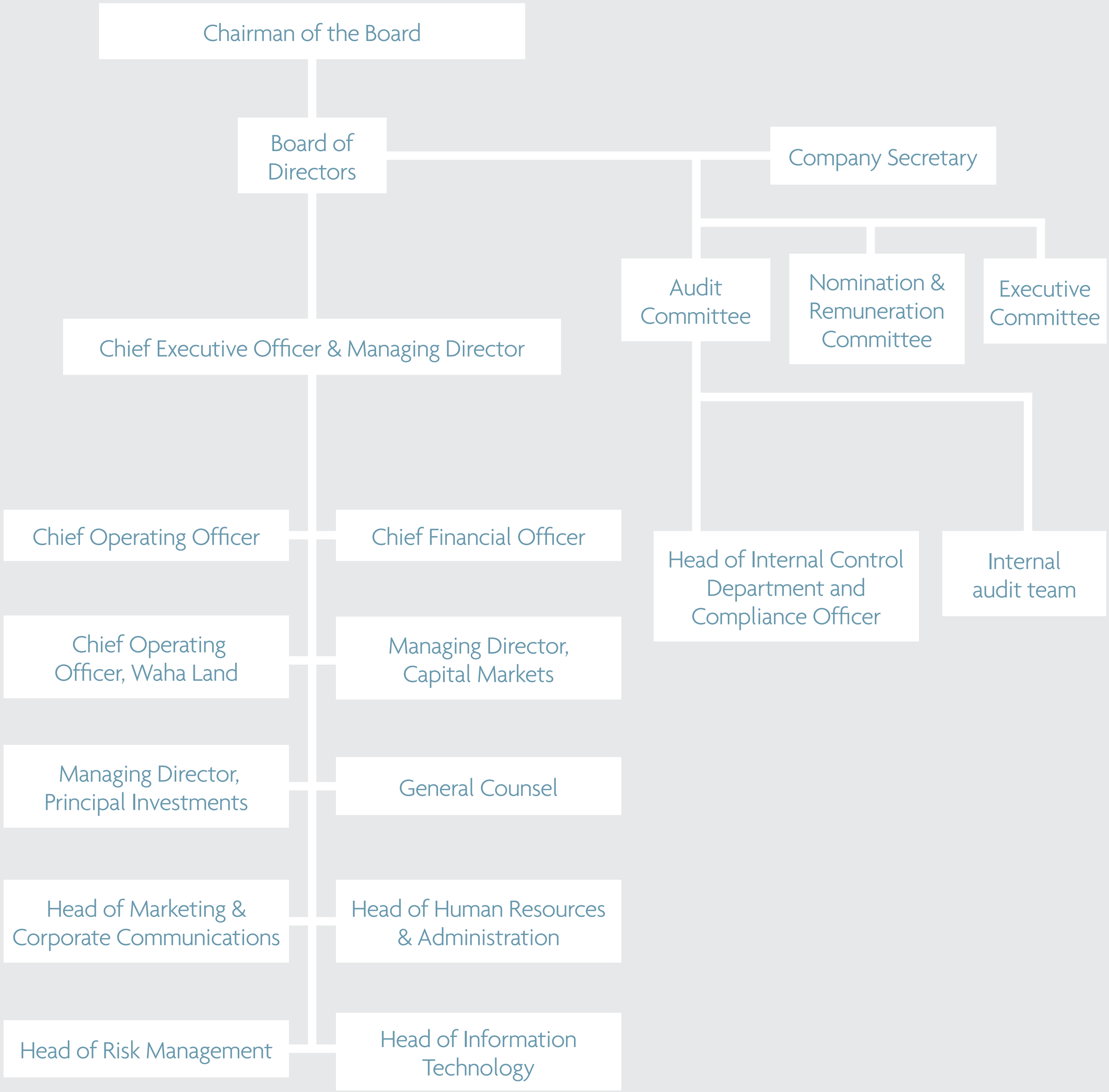
External and Internal Auditors
Waha Capital's external auditor is Deloitte, which was first appointed at the company's 2014 Annual General Assembly. The company has an internal audit team of three members whose role is to support Waha Capital's internal control, risk management and compliance functions, through regular internal audits and risk assessments.

Corporate Governance Report
Further information on the company's corporate governance framework and practices is set out in the company's Corporate Governance Report for 2014, which is available on the company's website www.wahacapital.ae.

CORPORATE GOVERNANCE STRUCTURE



ORGANISATIONAL STRUCTURE



EXECUTIVE MANAGEMENT TEAM

Salem Rashid Al Noaimi
Chief Executive Officer and Manager Director

Michael Raynes
Chief Operating Officer

Sana Khater
Chief Financial Officer

Hazem Saeed Al Nowais
Chief Operating Officer, Waha Land

Abdellah Sbai
Managing Director, Capital Markets

Hani Ramadan
Managing Director, Principal Investments

Safwan Said
General Counsel and Company Secretary

Dana Chehayeb
Head of Marketing and Corporate Communications

Ergham Albachir
Head of HR and Administration

Chakib Aabouche
Head of Risk Management

Fady Sleiman
Head of Information Technology

EXECUTIVE MANAGEMENT TEAM

Waha Capital's senior management team is comprised of talented professionals with significant regional and international experience.

1. Salem Rashid Al Noaimi
Chief Executive Officer and Manager Director
"2014 marked yet another record year for Waha Capital and our 12th consecutive year of profitability. We are in a strong position to push ahead with our growth strategy and to build further shareholder value."

2. Michael Raynes
Chief Operating Officer
"We have consistently surpassed our targets and are setting high standards within our industry. Our excellent track record in managing assets makes Waha Capital the ideal long-term partner to tap the growth opportunity in the region."

3. Sana Khater
Chief Financial Officer
"In 2014, we further strengthened our financial position, with a substantial increase in asset size and reduction in the debt leverage ratio. Our balance sheet is very strong and while our significant funding allows us to increase our investments in the coming years, we will continue to focus on the prudent management of our finances."

4. Hazem Saeed Al Nowais
Chief Operating Officer, Waha Land
"ALMARKAZ has witnessed continued strong demand, with almost the entire stock in phase one now leased out to tenants, and significant new interest still being received. We look forward to building further on this success."

5. Abdellah Sbai
Managing Director, Capital Markets
"Our capital markets business has gathered momentum over the last three years, and we now manage sizeable equities and credit market portfolios. We believe that our talented team and their strong performance track record put us in great stead for the launch of an investment management offering to third party investors."

6. Hani Ramadan
Managing Director, Principal Investments
"Our investment portfolio has performed strongly in 2014. A number of businesses continued to deliver encouraging growth and we were able to realise considerable value on key assets. Moreover, in 2014 we continued to diversify, establishing a new unit to drive our future investments in the energy sector across the MENA region, adding to our interests in areas such as healthcare, financial services and infrastructure."

7. Safwan Said
General Counsel and Company Secretary
"In 2014, we focused heavily on developing best practice corporate governance, legal risk management and compliance systems in order to support the company in its evolution to an investment management company."

8. Dana Chehayeb
Head of Marketing and Corporate Communications
"With a new brand identity in place, Waha Capital stepped up its communication programme in 2014, and will continue to engage actively with stakeholders, including the financial community, the media and business partners. We are also committed to playing a positive role in the socio-economic development of the local community through our CSR activities."

9. Ergham Albachir
Head of Human Resources and Administration
"Attracting and retaining talent remains our utmost priority and our biggest strength. We are committed to providing our team with the best leadership training and career development programmes to help them further their careers and excel in competitive business environments."

HOME MARKET

ABU DHABI

Waha Capital manages assets in the region and internationally, but is deeply rooted in Abu Dhabi's economy.

Abu Dhabi is the largest of the seven Emirates in the UAE, and the seat of the country's Federal Government.

The UAE economy has achieved an increasing level of diversification in recent years, having traditionally relied heavily on income from its hydrocarbons based wealth. The country still holds more than 8% of the world's proven crude oil reserves, and is among the top 10 oil producers globally. It also has the fifth largest natural gas reserves in the world and several current projects both onshore and offshore are expected to boost natural gas production significantly by the end of the decade.

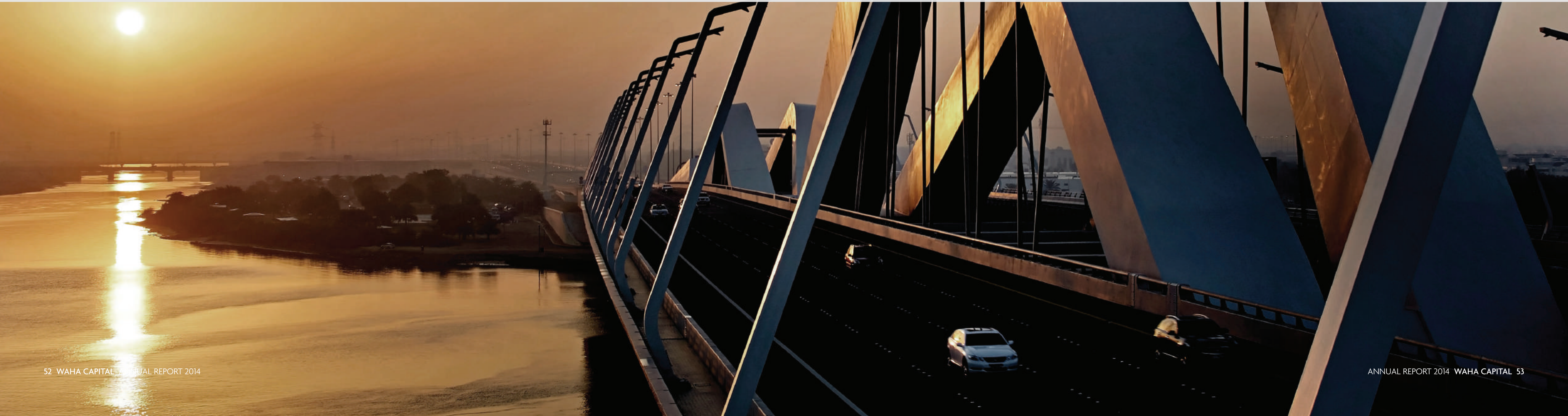
The Abu Dhabi Economic Vision 2030 is the framework for the government's strategy for economic diversification, through greater investment in knowledge-based industries such as aerospace, petrochemicals and pharmaceuticals, and encouraging private sector development in social infrastructure.

Public Infrastructure
According to government data, Abu Dhabi's non-oil industries currently contribute around 50% of the Emirate's GDP, and this is expected to rise to 64% by 2030. Around $400 billion worth of infrastructural projects have been announced to date with property, social infrastructure and manufacturing feature prominently in Abu Dhabi's public expenditure in 2014.

Transportation infrastructure is also being developed at a rapid pace, to aid the process of regional integration and trade; notably, the Etihad Railway Project which will connect major commercial and residential centres throughout the Emirates by 2018.

Abu Dhabi International Airport is continuing to expand its capacity consistent with the demands on a major travel and tourism hub, with passenger traffic growing by 20% in 2014 alone. In anticipation of Expo 2020, tourism facilities are being developed across the Emirates, including in Abu Dhabi, with cultural and leisure developments progressing well on Saadiyat and Yas islands. Developments such as Waha Capital's ALMARKAZ have been established in response to the strong growth in such large-scale infrastructure projects.

Outlook
Despite a drop in oil prices that began in the second half of 2014, the International Monetary Fund estimates real GDP growth to continue at 3.5% for 2015. Analysts are largely optimistic about the capacity of the UAE to withstand any further falls due to low debt and significant financial reserves.



FINANCIAL STATEMENTS, 31 DECEMBER 2014

COMPANY INFORMATION

Board of Directors

Chairman
H.E. Hussain Al Nowais

Vice chairman
Mr. Abubaker Seddiq Al Khoori

Directors
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
42nd floor, Tower 3
Abu Dhabi
UAE

Auditor
Deloitte & Touche (M.E.)
P O Box 990
Al Sila Tower
Abu Dhabi Global Market Square
Abu Dhabi
UAE

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is my honour to present to you the 2014 financial results of Waha Capital, which set a new record in our long history of profitability.

Building on the Company's strong performance in recent years, Waha Capital delivered an exceptional year by achieving a net profit of AED 1,732.7 million, compared to AED 306.4 million in 2013. The remarkable increase of 466% in net profit was primarily driven by unlocking shareholders' value in our flagship investment AerCap, followed by healthy returns across all portfolio investments, mainly AerCap, Dunia Group, MENA Infrastructure Fund and NPS Bahrain; as well as the strong performance from our Capital Markets division.

With an outstanding return on average equity of 51%, compared to 13% in 2013, Waha Capital is reaping the benefits of taking a patient, long-term view on our investments, while focusing firmly on value creation and prudent financial management. Waha Capital is dedicated to delivering shareholder value, and this year's excellent results are a testament to that.

From our operational beginnings in 1997, and our strategic repositioning in 2011, the past 3 years have seen us make our mark as a vibrant and profitable investment management company in the UAE as well as the wider region. With funding capacity of AED 3.2 billion at 31 December 2014 and attractive deal pipelines, we will continue to expand our footprints in the UAE as well as in regional markets.

Building on the strong fundamentals, corporate structure and business strategy, the Company is in excellent shape to take advantage of the attractive investment opportunities into existing and new sectors, including healthcare, education, infrastructure, power, energy and oil & gas.

In May of 2014, Waha Capital established a new unit to drive its future investments in the energy sector across the MENA region, and invested approximately AED 279.7 million in a 20.6 percent stake in Dubai-based oil and gas services company National Petroleum Services (NPS).

During 2014, New York-listed AerCap Holdings N.V., in which Waha Capital is a significant shareholder, announced the successful completion of 100% acquisition of International Lease Financial Corporation (ILFC) from American International Group (AIG), making it the world's largest independent aircraft leasing company. Previously AerCap's largest shareholder with a 26.3% stake, Waha Capital became the second largest shareholder of the combined entity, after AIG. Post transaction, Waha Capital continues to retain two seats on AerCap's Board of Directors, as well as representations on the various Board sub-committees.

In the second half of 2014, Waha Capital divested three million shares and entered into hedging and financing transactions on its entire remaining stake in Aercap – approximately 26.8 million shares – with the aim to reduce risk and lower its cost of capital. The transactions effectively locked in the value of Waha Capital's stake in AerCap at an average minimum price of $40.04 per share, and up to an average cap price of $57.23 per share, subject to certain adjustments. They also generated aggregate funding of just over AED 4 billion for Waha Capital to partially repay existing debt and fund new investments.

With the company reporting record earnings, Waha Capital announced in September its intention to implement a share buy-back programme for up to 10 percent of its outstanding shares, to allow its shareholders to directly benefit from the company's continued profit generation. Following the approval from the UAE Securities and Commodities Authority in October 2014, the Company initiated the share buy-back programme and acquired 30.8 million shares (1.58 percent) as of 24 February 2015, for a total purchase price of AED 85.7 million.

Principal Investments

AerCap

AerCap, in which Waha Capital owns a 12.6 percent stake, contributed significantly to the Group's total income. In addition to acquiring ILFC from AIG in 2014, AerCap signed lease agreements for 249 aircraft, delivered 81 aircraft under contracted lease agreements, purchased 33 new aircraft, and closed the sale and part-out transactions of 83 aircraft. During the 2014 financial year, AerCap signed financing transactions for US$ 11.8 billion and closed the financial year with a portfolio consisting of approximately 1,660 aircraft that were either owned, managed, or under contract to purchase.

After acquisition of ILFC, the annual run-rate of earnings is expected to be c. US$ 1 billion with earnings per share of c. US$ 4.5, compared to net income of US$ 295.4 million with earnings per share of US$ 2.58 in year 2013. Waha Capital has benefited from higher earnings per share.

Dunia Group

The Dunia Group, comprised of Dunia Finance and Dunia Services, posted a net profit of AED 200.6 million, compared to AED 133.5 million in 2013; with an impressive RoE of 36% in 2014, compared to RoE of 32% in 2013. In addition, customer deposits grew by 61% to AED 828.7 million; its loan portfolio expanded at a healthy rate of 47% to AED 1,504.8 million, whereas, its cost-to-income ratio reduced to 31.6% for 2014 from 42.2% in 2013, despite strong growth in its customer base and transaction processing volumes.

Dunia Finance continued its prudent underwriting policies and maintained its asset quality and thus its impairment reserve (as a percentage of loans and advances) at 2.8%, which is well above the minimum requirement of 1.5% as per the Central Bank of UAE guideline. Further, it maintained its non-performing loan cover of 2.0x which is sufficient to protect the company from unexpected credit losses.

Anglo Arabian Healthcare (AAH)

In 2013, the Company made its first investment in the healthcare sector by acquiring AAH, which owns and operates 19 business assets, employs more than 450 people and serves over 540,000 registered patients. Operating assets consist of: 7 clinics, 5 pharmacies, 5 diagnostics centres, 1 medical education provider and 1 day-hospital. Further, 1 new hospital is set to open in 2015, which will increase its existing inpatient capacity of 1,872 per annum to 23,400 per annum.

AAH continues to expand its footprint by acquiring a controlling stake in Oras Medical Centre LLC – a clinic involved in providing obstetrics and gynaecology services; and recorded over 22,000 patient consultations during 2014. Further, AAH also signed a share purchase agreement following the year end for the acquisition of a policlinic in Dubai.

During the year ended 31 December 2014, AAH has achieved consolidated revenue of AED 128.6 million compared to AED 61.0 million in year 2013; expanded the total asset base to AED 144.3 million as at 31 December 2014 compared to AED 107.0 million as at 31 December 2013.

Offshore Oil and Gas Services

Stanford Marine Group (SMG), which charters and operates offshore supply vessels (OSVs), maintained a stable performance in the year 2014 with its fleet of 40 vessels, achieving an average utilisation rate of 90 percent. SMG achieved total revenue of AED 945.4 million, compared to AED 870.5 million in 2013. SMG delivered 16 ships, completed 556 repair and maintenance jobs, and took delivery of one anchor handling tug supply and one platform supply vessel.

MENA Infrastructure Fund (MIF)

Waha Capital co-founded the $300 million (AED 1,103.4 million) MIF in 2006 and has a 17.9 percent limited partner investment in it. The fund, whose other co-sponsors are Fajr Capital and HSBC Bank Middle East, is currently invested in four projects: Alexandria International Container Terminals in Egypt, Qurayyah Independent Power Project (IPP) in Saudi Arabia, United Power Company in Oman and Sohar Power Company in Oman.

MIF is generating a dividend yield of c. 6% on average. During 2014, Waha Capital received dividend distributions amounting to AED 12.2 million.

National Petroleum Services

In Q2 2014, Waha Capital made an investment of AED 279.7 million in the energy sector by acquiring a stake in NPS Holdings Limited alongside a consortium including Fajr Capital and APICORP. The transaction is a part of Waha Capital's broader strategy of investing across the energy supply chain. NPS Holdings Limited owns a controlling stake in NPS Bahrain.

During 2014, NPS Bahrain achieved revenue of AED 729.6 million and invested AED 211.9 million in capital expenditure.

As at 31 December 2014, NPS Bahrain reported a book value of property, plant and equipment of AED 1,220.0 million with total remaining contracts-in-progress amounting to AED 1,526.8 million.

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. By 2014, the Company has achieved a solid three-year track record of managing a portfolio of global credit market investments and one-year track record of managing a portfolio of regional equities.

During the period, the Company has outperformed its benchmarks for both portfolios – fixed income and equities. During 2014, it generated income of AED 223.9 million from capital markets transactions. In December 2013, Waha Investment PrJSC, a subsidiary of the Company, obtained a license from the Central Bank of the U.A.E. to conduct financial investment business and aims to grow its third-party funds dramatically in the next 3 to 5 years.

Industrial Real Estate

Waha Capital's industrial real estate development, ALMARKAZ, continued to see strong leasing demand of remaining space in Phase 1 of the development due to the project's high-quality infrastructure, strategic location, flexibility and scale. Leasing activity commenced in the second quarter of 2013 and 80 percent occupancy of the small industrial units was achieved by the end of 2014, with leasing rates based at current market levels.

I would like to take this opportunity to thank Abu Dhabi's leadership, represented by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE and His Highness General Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, Deputy Supreme Commander of the UAE Armed Forces, and Chairman of the Abu Dhabi Executive Council for their continuous support to all national companies.

I would also like to express my gratitude to all our shareholders, our partners, clients in the public and private sectors as well as the Board members, management team and staff at Waha Capital for their continued trust in us, and ongoing commitment, which has greatly contributed to the group's success.

Hussain Al Nowais
Chairman of the Board, Waha Capital PJSC

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Waha Capital achieved a net profit attributable to owners of the Company of AED 1,732.7 million for the year ended 31 December 2014 compared to AED 306.4 million during 2013.

1. PERFORMANCE OVERVIEW

Waha Capital (the Company) achieved a net profit attributable to owners of the Company of AED 1,732.7 million for the year ended 31 December 2014 compared to AED 306.4 million during the 2013 financial year; with a return on average equity (RoAE) of 51% and earnings per share (EPS) of AED 0.89 compared to the RoAE of 13% and EPS of AED 0.16 during the 2013 financial year.

This exceptional performance and record profitability is primarily due to a one-off gain on the partial deemed disposal of AerCap Holdings N.V. (AerCap) – the New York-listed aircraft leasing company.

Other contributors include the gain recorded on the disposal of AerLift – a joint venture between Waha Capital and AerCap, the strong operating performance from AerCap and Dunia Finance – the UAE consumer finance company in which Waha Capital owns a 25% stake and the solid contribution from the Company's Capital Markets division.

2. KEY FINANCIAL HIGHLIGHTS

- The Company recorded profit attributable to owners of AED 1,732.7 million for the year ended 31 December 2014, an increase of AED 1,426.3 million from AED 306.4 million earned during the year ended 31 December 2013.
- RoAE for FY 2014 stood at 51% vs. RoAE of 13% for FY 2013, whereas, Return on Average Assets (RoAA) for FY 2014 stood at 23% vs RoAA of 6% for FY 2013.
- Operating activities generated cash flow of AED 81.2 million during the year ended 31 December 2014, compared to AED 164.3 million generated during the year ended 31 December 2013.
- The Company's total assets stood at AED 9.8 billion as at 31 December 2014, compared to AED 5.2 billion as at 31 December 2013.
- The Company's debt leverage ratio decreased to 28.2% as at 31 December 2014 compared to 37.9% as at 31 December 2013.
- The Company's funding capacity increased to AED 3.2 billion as at 31 December 2014 compared to AED 364 million as at 31 December 2013.
- Earnings per share were AED 0.89 during the year ended 31 December 2014, compared to AED 0.16 achieved during the year ended 31 December 2013.

3. CORPORATE STRATEGY

Waha Capital's 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 its exposure to capital markets to enhance liquidity in its portfolio.

Waha Capital is structured to manage a diversified portfolio of investments through its business divisions: 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 capitalise on the rapid growth in the region.

In 2014, the Company started investing in regional equities and intends to roll out offerings to third-party investors in the coming year. Further, in May 2014 the Company established a new unit to drive energy investments across MENA, by acquiring a 20.15% stake in NPS Bahrain.

In the next 3 to 5 years, the Company is considering deploying up to AED 2 billion in the energy, oil and gas sector, up to AED 1 billion in the power and infrastructure sector, up to AED 500 million in the healthcare sector and up to AED 500 million in the education sector, for a total of AED 4 billion.

4. KEY EVENTS IN THE FOURTH QUARTER 2014

Hedging and financing transaction of 11.9 million shares and sale of 3 million shares in AerCap
In December 2014, Waha Capital entered into a second hedging and financing transaction, involving c. 11.92 million shares in AerCap, the world's largest independent aircraft leasing company. A similar transaction was executed in September 2014 involving c. 14.92 million shares in AerCap. Further, on disposing 3 million shares in December 2014, the Company's beneficial ownership in AerCap reduced to 12.6%.

The two hedging and financing transactions and the sale transaction (combined referred to as "the AerCap Transactions"), have yielded a minimum internal rate of return (IRR) of 30% with a potential of up to 35%, depending on AerCap's share price at the settlement of the hedging and financing transactions. The increase in potential IRR could generate additional funds of up to AED 1,691.9 million.

By entering into these hedging and financing transactions, the Company has effectively locked in the value of its entire remaining stake (c. 26.84 million shares) in AerCap at an average minimum price of $40.04 per share, up to an average cap price of $57.23 per share, subject to certain adjustments. The fair value of the Equity Price Collar, resulting from these hedging and financing transactions, was AED 629.5 million as at 31 December 2014.

The above AerCap Transactions generated cash proceeds of AED 4,071.9 million, as follows:

a) Hedging and financing transaction of 14.92 million shares in September 2014 – AED 2,116.5 million

b) Hedging and financing transaction of 11.92 million shares in December 2014 – AED 1,500.5 million

c) Sale of 3 million shares in December 2014 – AED 454.9 million

The funds generated were partially used to repay existing debt and will be used to fund new investment opportunities and corporate activities, including the share buy-back program.

Share buy-back program
The Board of Directors of the Company approved the plan to implement a share buy-back programme for up to 10% of the Company's outstanding shares, allowing for the repurchase of up to c. 194 million of the Company's shares from the market. The Securities & Commodities Authority (SCA) approved the programme on 20 October 2014.

On 8 December 2014, Waha Capital initiated the program and acquired 18.1 million shares (or 0.93% of outstanding shares) as of 31 December 2014 and 30.8 million shares (or 1.58% of outstanding shares) as of 24 February 2015 at a total purchase price of AED 49.1 million and AED 85.7 million respectively.

5. DISCUSSION OF RESULTS

FY 2014 performance
Total income of AED 2,170.6 million – which comprised of (a) revenue from principal activities of subsidiaries; (b) income from equity-accounted associates and joint ventures; (c) gain on disposal of equity-accounted associates and joint ventures; (d) income from capital markets transactions; and (e) other (expense) / income – is higher by AED 1,583.3 million, compared to the year ended 31 December 2013; representing an increase of 270%.

a) Revenue from sale of goods and services, amounting to AED 144.5 million, increased by 126% from the comparable period last year mainly due to: (i) the consolidation of revenue from Anglo Arabian Healthcare (AAH) – the healthcare subsidiary acquired by the Company in Q2 2013, and (ii) rental income from Waha Land (ALMARKAZ) – the industrial real estate subsidiary of the Company.

b) Income from equity-accounted associates and joint ventures, amounting to AED 527.0 million, reflects the strong performance from AerCap and the Dunia Group (Dunia Finance and Dunia Services) amounting to AED 497.7 million and AED 50.7 million, respectively; compared to AED 259.9 million and AED 33.1 million for AerCap and Dunia Group respectively during the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

Discussion of Results (continued)

FY 2014 performance (continued)

c) Gain on disposal of equity-accounted associates and joint ventures, amounting to AED 1,398.6 million, includes: a gain on disposal of a partial stake in AerCap amounting to AED 71.7 million, a gain on disposal of the full stake in AerLift amounting to AED 20.3 million and a 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.

d) Income from capital markets transactions amounting to AED 223.9 million, compared to AED 236.7 million for 2013.

e) Other (expense) / income amounting to AED (123.5) million include a revaluation adjustment related to ALMARKAZ, amounting to AED (126.1) million.

Total expenses – comprising cost of sales, general and administrative and finance costs – increased from AED 281.7 million to AED 438.1 million, representing an increase of 56%, mainly resulting from 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.

A summary of the income statement is shown in the table below:

Income Statement (AED '000)	Year ended 31-Dec-14	Year ended 31-Dec-13
Revenue from sale of goods and services	**144,479**	64,001
Income from equity-accounted associates and joint ventures	**527,047**	265,601
Gain on disposal of equity-accounted associates and joint ventures	**1,398,638**	-
Income from capital markets transactions	**223,854**	236,679
Other (expense) / income, net	**(123,466)**	21,006
Total income	**2,170,552**	587,287
Cost of sale of goods and services	**(41,165)**	(20,263)
General and administrative expenses	**(281,947)**	(175,080)
Finance costs	**(114,964)**	(86,375)
Total expenses	**(438,076)**	(281,718)
Discontinued operations	**-**	1,749
Non-controlling interest	**195**	(967)
Profit attributable to shareholders	**1,732,671**	306,351
Earnings per share (in AED)	**0.89**	0.16

Discussion of Results (continued)

Statement of financial position

Total assets of AED 9,791.5 million as at 31 December 2014 – comprised of a) Investments in equity accounted associates and joint ventures, b) Investment Property, c) Financial Investments, d) Cash and cash equivalents, e) Investments in finance lease and loan and f) other assets - increased by AED 4,601.1 million, compared to AED 5,190.4 million as at 31 December 2013, representing an increase of 89%.

a) Investments in equity-accounted associates and joint ventures increased by AED 1,450.4 million due to a) share of profit aggregating to AED 527.0 million – mainly AerCap and Dunia Group amounting to AED 497.7 million and AED 50.7 million respectively, b) gain on deemed partial disposal on the dilution of Waha Capital's ownership in AerCap resulting from AerCap's acquisition of ILFC, amounting to AED 1,306.6 million, and c) acquisition of 20.6% stake in NPS Bahrain at a purchase consideration of AED 279.7 million; offset by d) the disposal of 3 million shares in AerCap and the full stake in AerLift, for which the carrying values were AED 383.2 million and AED 274.0 million respectively.

b) Investment property decreased by AED 117.5 million, mainly representing the fair value adjustment of AED 126.1 million; considering the recently increased competition in the industrial real estate market, and resultant increase in supply of similar market offerings by competitors.

c) Financial investments increased by AED 1,117.3 million, representing the purchase of an equity price collar on entering into the hedging and financing transactions amounting to AED 225.9 million, an increase in the fair value of this equity price collar by AED 403.6 million, and an increase of AED 493.7 million mainly due to the acquisition of investments in public securities – fixed income and equity.

d) Cash and cash equivalents increased by AED 2,189.1 million and borrowings were increased by AED 2,683.8 million mainly representing funds received from the AerCap Transactions and related financing offset by repayment of existing debt.

A summary of the statement of financial position is shown in the table below:

Statement of financial position (AED '000)	As at 31-Dec-14	As at 31-Dec-13
Investments in equity accounted associates and joint ventures	**4,118,227**	2,667,864
Investment property	**692,007**	809,491
Financial investments	**1,906,460**	789,168
Investments in finance leases and loan	**267,821**	308,443
Other assets	**346,534**	344,103
Cash and cash equivalents	**2,460,411**	271,283
Total Assets	**9,791,460**	**5,190,352**
Borrowings	**5,063,599**	2,379,768
Trade and other payables	**319,393**	311,544
Total equity	**4,408,468**	2,499,040
Total Liabilities and Equity	**9,791,460**	**5,190,352**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

6. Business and portfolio companies analysis

6.1 Principal Investments

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 AED 43.0 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 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%. Subsequently, on 1 December 2014, Waha Capital divested a partial stake in AerCap, which reduced its effective ownership from 14.1% to 12.6%. Waha Capital continues to retain two seats on AerCap's Board of Directors, as well as representations on the various Board sub-committees.

In 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 FY 2014, AerCap completed the following transactions:

- Signed lease agreements for 249 aircraft.
- Delivered 81 aircraft under contracted lease agreements.
- Purchased 33 new aircraft.
- Executed sale and part-out transactions for 83 aircraft.
- Signed financing transactions for $11.8 billion.

As of 31 December 2014, AerCap's portfolio consisted of approximately 1,660 aircraft that were either owned, managed, or under contract to purchase.

For the FY 2014, AerCap contributed 86% of total income and its carrying value of AED 3.5 billion represents 36% of total assets as at 31 December 2014.

Dunia Group
The Company owns a 25% stake in Dunia Finance and a 25% stake in Dunia Services (together "Dunia Group"). The carrying value of Dunia Group was AED 169.2 million as at 31 December 2014.

Dunia Finance
Dunia Finance 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 Finance targets the under-served 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.

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.

6. Business and portfolio companies analysis (continued)

6.1 Principal Investments (continued)

Dunia Finance (continued)
Dunia Finance demonstrated impressive growth, stable net interest margins and rising profits over the last few years. Net interest margins have consistently been in the 20-35% range. Serving the under-served salaried mass and mass affluent market enabled Dunia Finance to grow its loan book at a 54.1% CAGR over 2009 to 2014.

Dunia Finance undertook several strategic cost management initiatives such as reengineering business processes, productivity improvement initiatives, 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 31.6% for the year ended 31 December 2014 from around 42.2% in 2013, even in a period of strong growth in its customer base and transaction processing volumes.

Dunia Finance's net income for the year ended 31 December 2014 was AED 191.3 million which is an increase of 61.5% over the year ended 31 December 2013, while its expenses grew moderately by AED 10.6 million for the same period. In addition, customer deposits grew by 60.9% from AED 515.1 million as at 31 December 2013 to AED 828.7 million as at 31 December 2014 and comprised a mix of deposits pledged for the issue of guarantees, interbank sources and regular time deposits.

During 2014, Dunia Finance continued the impressive growth of its loan book, and maintained solid net interest margins and capital adequacy ratios and achieved the following:

- Achieved an RoAE of 35% compared to RoAE of 32% for the year ended 31 December 2013.
- Expanded its loan book at a healthy rate, with an end of period customer base of 164.6 thousand and achieved 46.8% growth in its loan portfolio versus 31 December 2013.
- Achieved net-interest-income of AED 387.5 million representing an increase of 49.3% compared to the previous year; and net income of AED 191.3 million representing an increase of 61.5% compared to the previous year.
- Continued its prudent underwriting policies and maintained its asset quality and thus its impairment reserve (as a percentage of loans and advances) at 2.8% which is well above the minimum requirement of 1.5% as per the guideline of the UAE Central Bank.
- Maintained its non-performing loan cover of 2.0x which is sufficient, as it should protect the company from unexpected credit losses.
- Funded the loan portfolio growth through customer deposits and retained earnings.
- Maintained a bank facility of AED 190 million and increased its cash and equivalents to AED 37.9 million.

Dunia Services
Dunia Services FZ LLC was established as a Limited Liability Company on 12 September 2012 under the Dubai Technology and Media Free Zone Authority. Dunia Services's principal activity is to offer a range of services including strategy and management consulting and knowledge and business process outsourcing. Dunia Services serves a range of customers including commercial banks, finance companies and insurance companies.

During 2014, Dunia Services recorded a net income of AED 9.3 million on a capital base of AED 300,000 only.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

6. Business and portfolio companies analysis (continued)

6.1 Principal Investments (continued)

Stanford Marine Group
Stanford Marine Group Inc. (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. SMG also offers shipbuilding and ship repair and maintenance services through its subsidiary, Grandweld. SMG's clients include BG Company, 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. Waha Capital owns a 45% equity interest in SMG. Since acquisition, SMG grew its fleet of Offshore Supply Vessels (OSVs) in operation from 21 in 2008 to 40 as at 31 December 2014.

SMG is one of the UAE's leading offshore support businesses with interests in vessel ownership & operation, shipbuilding & repair, and crane leasing. SMG's chartering business, Stanford Marine, now generates c. 90% of 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 year ended 31 December 2014, SMG has:

- Achieved a total revenue of AED 945.4 million, compared to AED 870.5 million in 2013;
- 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 vessels, 14 crew/utility supply vessels, and 3 workboats with an average utilization of 90% and average age of 6.6 years (arithmetic) or 4.1 years (value weighted);
- Delivered 16 ships and completed 556 repair and maintenance jobs; and
- Took delivery of one anchor handling tug supply vessel and one platform supply vessel.

Waha Capital is considering various strategic options for its investment in SMG, including a possible exit.
The Company's stake in SMG was carried at AED 164.0 million as at 31 December 2014.

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 19 business assets, employs more than 450 people and serves over 540,000 registered patients. Operating assets consist of: 7 clinics, 5 pharmacies, 5 diagnostics centres, 1 medical education provider and 1 day-hospital. Further, 1 new hospital is set to open in 2015. Currently, AAH has an inpatient capacity of 1,872 per annum which is expected to increase to c. 23,400 per annum subsequent to the launch of new hospital in 2015.

AAH continues to expand its footprint by acquiring a controlling stake in Oras Medical Centre LLC – a clinic, which recorded over 22,000 consultations during 2014.

AAH plans to expand rapidly over the next few years, both organically and through further acquisitions. The AAH platform is part of Waha Capital's strategy to invest at least AED 500 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.

6. Business and portfolio companies analysis (continued)

6.1 Principal Investments (continued)

Anglo Arabian Healthcare (continued)
During the year ended 31 December 2014, AAH has:

- Achieved consolidated revenue of AED 128.6 million compared to AED 61.0 million for the year ended 31 December 2013;
- Expanded the total asset base to AED 144.3 million as at 31 December 2014 compared to AED 107.0 million as at 31 December 2013;
- Increased the equity base to AED 85.1 million as at 31 December 2014 compared to AED 47.0 million as at 31 December 2013;
- Acquired a 60% stake in the share capital of an additional healthcare entity in the UAE, Oras Medical Centre LLC, which provides obstetrics and gynaecology related services;
- Opened 2 new diagnostic centres, in Dubai and Al Ain; and
- Signed a share purchase agreement for the acquisition of a policlinic in Dubai.

The value of AAH's net assets is AED 76.6 million as at 31 December 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 sponsors and co-shareholders in the MIF General Partner (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).

In 2007, MIF was launched with a total capital commitment of AED 1,103.4 million from its Limited Partners (LP). Waha Capital originally committed to fund AED 197.7 million (17.9% of total commitment), out of which AED 167.7 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 31 December 2014, Waha Capital carried its LP stake in the Fund at AED 132.4 million.

NPS Bahrain for Oil and Gas Wells Services W.L.L. (NPS Bahrain)
In Q2 2014, Waha Capital made an investment of AED 279.7 million in the energy sector by acquiring a stake in NPS Holdings Limited alongside a consortium; including Fajr Capital and APICORP. The transaction is a part of Waha Capital's broader strategy of investing across the energy supply chain.

NPS Holdings Limited holds a controlling stake in NPS Bahrain which was formed in 2007 through the merger of Qatari and Saudi oil field services providers with roots dating back to 1978. NPS Bahrain, through its various subsidiaries and joint ventures, has a significant presence in Saudi Arabia, Qatar, United Arab Emirates, Brunei, India, Libya, Bahrain, Iraq, Algeria and Malaysia. The Company is involved in oil well maintenance services which include cementing, coiled tubing, nitrogen and stimulation, well drilling, well testing and wireline services.

During 2014, NPS Bahrain continued to position itself for long-term growth, particularly in emerging markets, and to make significant enhancements to the quality of its services.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

6. Business and portfolio companies analysis (continued)

6.1 Principal Investments (continued)

NPS Bahrain (continued)
During 2014, NPS Bahrain completed the following transactions:

- Secured contracts worth AED 173.0 million in Q4 2014, with the total remaining contracts-in-progress amounting to AED 1,526.8 million.
- Invested AED 83.9 million in capital expenditure during the last quarter of 2014, taking the year to date capital expenditure to AED 211.9 million.
- Revenue of AED 200.3 million in Q4 2014, with full year revenue of AED 729.6 million.

NPS Bahrain reported a book value of property, plant and equipment as at 31 December 2014 of AED 1,220.0 million.

The Company's stake in NPS Bahrain was carried at AED 278.5 million as at 31 December 2014.

Other Assets
As at 31 December 2014, Waha Capital held non-core investments of around AED 119.6 million. Siraj Finance accounted for around 55% 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. By 2014, the Company has achieved a solid three-year track record of managing a portfolio of global credit market investments and one-year track record of managing a portfolio of regional equities. During the period, the Company has outperformed its benchmarks for both portfolios – fixed income and equities.

The Company generated AED 223.9 million from capital markets transactions – both private and public – during the year ended 31 December 2014. The carrying value of Capital Market assets is AED 1,718.9 million as at 31 December 2014. In December 2013, Waha Investment PrJSC, a subsidiary of the Company, obtained a license from the Central Bank of the U.A.E. to conduct financial investment business and aims to grow its third-party funds dramatically in the next 3 to 5 years.

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. The Company was initially focused on credit investments primarily comprising USD-denominated corporate bonds issued in the emerging markets with a focus on Central and Eastern Europe, Middle East and Africa (CEEMEA). During the year, the company's capital markets division invested in local and MENA equities and now manages two separate portfolios actively trading credit and equity products in the CEEMEA and MENA regions respectively. This investment process is complemented by dedicated in-house research and robust risk management.

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 development with Grade "A" industrial quality facilities and infrastructure owned, developed and operated by Waha Land, a wholly owned subsidiary of Waha Capital. The project is located in Al Dhafra, approximately 25 km from central Abu Dhabi, and is well located to access the industrial and logistics infrastructure (land, sea, air, and future rail) of the UAE. ALMARKAZ benefits from its strategic location on major trade routes (E11 & E65) connecting the UAE with Saudi Arabia, the Western Region (Al Gharbia) and major oil facilities (Ruwais and Habshan). ALMARKAZ is also close to the Etihad Rail Network routes that will link Ghweifat to Dubai and is located adjacent to the proposed Mussafah Junction Rail Depot and Marshalling Yard Facilities. Ample labour accommodation is available in the vicinity to meet the requirements of the tenants operating from ALMARKAZ.

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 completed in December 2012. Leasing activity commenced in Q2 2013 with 80% occupancy of the SIUs achieved by end of year 2014 with leasing rates based at current market levels. The project continues to receive strong interest from local and international SMEs for industrial processing, manufacturing, storage/logistics companies and local entrepreneurs attracted by the development's high quality of the units and supporting infrastructure.

Following the success of the first 90,000 sq m of industrial space, ALMARKAZ is exploring further growth plans including (i) expansion of SIUs, and (ii) development of new products such as dedicated warehouse/storage facilities, larger industrial units (LIUs) and fitted out small units, along with amenities for retail, restaurants, security and management offices 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 692.0 million as at 31 December 2014.

7. CORPORATE GOVERNANCE

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

Since inception, Waha Capital has embraced a culture of strong corporate governance, risk management and transparency, which has earned it respect from its peers and stakeholders. It is the Company's goal to create enduring value for its clients and deliver sustainable financial performance to its shareholders, while navigating challenging market conditions. Waha Capital is confident it can build on its 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

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al Waha Capital PJSC
Abu Dhabi
United Arab Emirates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Al Waha Capital PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company, and the contents of the Board of Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association of the Company having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or on its financial position.

Deloitte & Touche (M.E.)

Georges F. Najem

Registration No. 809
Abu Dhabi
24 February 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December

	Note	As at 31 December 2014 AED '000	2013 AED '000 Restated
ASSETS			
Furniture and equipment		**13,692**	13,798
Investment property	7	**692,007**	809,491
Goodwill and Intangible assets	8	**77,280**	57,570
Investments in finance leases	9	**23,600**	28,915
Loan investments	10	**244,221**	279,528
Investments in equity-accounted associates and joint ventures	11	**4,118,227**	2,667,864
Financial investments	12	**1,906,460**	789,168
Inventories		**6,232**	10,278
Trade and other receivables	13	**249,330**	262,457
Cash and cash equivalents	14	**2,460,411**	271,283
Total assets		**9,791,460**	5,190,352
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1,944,515**	1,897,088
Treasury shares	15	**(49,087)**	-
Retained earnings		**1,756,106**	433,838
Reserves		**728,822**	148,224
Equity attributable to the owners of the Company		**4,380,356**	2,479,150
Non-controlling interests		**28,112**	19,890
Total Equity		**4,408,468**	2,499,040
Liabilities			
Borrowings	16	**5,063,599**	2,379,768
Trade and other payables	17	**319,393**	311,544
Total liabilities		**5,382,992**	2,691,312
Total equity and liabilities		**9,791,460**	5,190,352

These consolidated financial statements were authorised for issue by the board of directors on 24 February 2015 and signed on their behalf by:

Chairman CEO & Managing Director

The notes numbered 1 to 25 are an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on page 68.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Note	2014 AED '000	2013 AED '000
Continuing operations			
Revenue from sale of goods and services	18	**144,479**	64,001
Cost of sale of goods and services	18	**(41,165)**	(20,263)
Gross profit		**103,314**	43,738
Income from equity-accounted associates and joint ventures, net	11	**527,047**	265,601
Gain on disposal of equity-accounted associates and joint ventures	11	**1,398,638**	-
Income from capital markets transactions	19	**223,854**	236,679
Other (expense) / income, net	20	**(123,466)**	21,006
General and administrative expenses	21	**(281,947)**	(175,080)
Finance cost, net	22	**(114,964)**	(86,375)
Profit for the year from continuing operations		**1,732,476**	305,569
Discontinued operations			
Profit for the year from discontinued operations		**-**	1,749
Profit for the year		**1,732,476**	307,318
Profit / (loss) attributable to:			
Owners of the Company		**1,732,671**	306,351
Non-controlling interests		**(195)**	967
Profit for the year		**1,732,476**	307,318
Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company during the year (AED)	15		
- from continuing operations		**0.891**	0.158
- from discontinued operations		**0.000**	0.001
		0.891	0.159

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Note	2014 AED '000	2013 AED '000
Profit for the year		**1,732,476**	307,318
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Share of effective portion of changes in fair value of cash flow hedges	12	**403,573**	-
Share of change in other reserves of equity-accounted associates and joint ventures	11.3	**5,873**	1,461
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of other financial assets at fair value through other comprehensive income		**(2,115)**	2,724
Total comprehensive income for the year		**2,139,807**	311,503
Total comprehensive income attributable to:			
Owners of the Company		**2,140,002**	310,536
Non-controlling interests		**(195)**	967
Total comprehensive income for the year		**2,139,807**	311,503

The notes numbered 1 to 25 are an integral part of these consolidated financial statements.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital AED '000	Treasury shares AED '000	Retained earnings AED '000	Statutory reserve AED '000	Revaluation reserve AED '000	Hedge reserve AED '000	Other reserves AED '000	Reserves AED '000	Equity attributable to owners AED '000	Non-controlling interest AED '000	Total equity AED '000
At 1 January 2013 (reported)	1,897,088	-	323,036	126,494	(5,893)	(3,828)	(7,197)	109,576	2,329,700	13,899	2,343,599
Assets held for sale restated (note 11)	-	-	(51,089)	-	-	3,828	-	3,828	(47,261)	-	(47,261)
At 1 January 2013 (restated)	1,897,088	-	271,947	126,494	(5,893)	-	(7,197)	113,404	2,282,439	13,899	2,296,338
Profit for the year	-	-	306,351	-	-	-	-	-	306,351	967	307,318
Other comprehensive income	-	-	-	-	2,724	-	1,461	4,185	4,185	-	4,185
Total comprehensive income	-	-	306,351	-	2,724	-	1,461	4,185	310,536	967	311,503
Transactions with the owners of the Company, recognised directly in equity											
Cash Dividend (note 15)	-	-	(113,825)	-	-	-	-	-	(113,825)	-	(113,825)
Transfer to statutory reserve	-	-	(30,635)	30,635	-	-	-	30,635	-	-	-
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	5,024	5,024
At 31 December 2013 (restated)	**1,897,088**	**-**	**433,838**	**157,129**	**(3,169)**	**-**	**(5,736)**	**148,224**	**2,479,150**	**19,890**	**2,499,040**
Profit for the year	-	-	1,732,671	-	-	-	-	-	1,732,671	(195)	1,732,476
Other comprehensive income	-	-	-	-	(2,115)	403,573	5,873	407,331	407,331	-	407,331
Total comprehensive income	-	-	1,732,671	-	(2,115)	403,573	5,873	407,331	2,140,002	(195)	2,139,807
Transactions with the owners of the Company, recognised directly in equity											
Cash dividend (note 15)	-	-	(189,709)	-	-	-	-	-	(189,709)	-	(189,709)
Bonus shares issued (note 15)	47,427	-	(47,427)	-	-	-	-	-	-	-	-
Shares bought back (note 15)	-	(49,087)	-	-	-	-	-	-	(49,087)	-	(49,087)
Transfer to statutory reserve	-	-	(173,267)	173,267	-	-	-	173,267	-	-	-
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	8,417	8,417
At 31 December 2014	**1,944,515**	**(49,087)**	**1,756,106**	**330,396**	**(5,284)**	**403,573**	**137**	**728,822**	**4,380,356**	**28,112**	**4,408,468**

The notes numbered 1 to 25 are an integral part of these consolidated financial statements.
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2014 AED '000	2013 AED '000
Cash flows from operating activities		
Profit for the period	**1,732,476**	307,318
Adjustments for:		
Depreciation	**6,397**	6,413
Finance cost	**117,975**	87,082
Gain on valuation of financial assets at fair value through profit or loss	**(14,164)**	(9,339)
Interest on bank deposits	**(3,011)**	(707)
Income from equity-accounted associates and joint ventures	**(527,047)**	(265,601)
Gain on disposal of equity-accounted associates and joint ventures, net	**(1,398,638)**	-
Interest income from loan investments	**(8,662)**	(11,089)
Interest income from investments in finance leases	**(2,441)**	(2,907)
Decrease in fair value of investment property	**126,083**	4,242
Distribution from equity-accounted associates and joint ventures	**6,119**	28,955
Amortisation of Intangible assets	**2,245**	-
Provision for slow moving and obsolete inventories	**5,724**	-
Provision for doubtful debts	**26,366**	-
Changes in working capital:		
Change in inventories	**(1,678)**	1,366
Change in trade and other receivables	**5,492**	(8,113)
Change in trade and other payables	**7,947**	26,721
Net cash from operating activities	**81,183**	164,341
Cash flows from investing activities		
Purchase of an equity-accounted associate	**(279,732)**	-
Proceeds from disposal of equity-accounted associates and joint ventures	**754,808**	-
Proceeds from disposal of asset held for sale	**-**	73,560
Acquisition of subsidiaries (net of cash)	**(21,663)**	(40,840)
Proceeds from partial disposal of a subsidiary	**8,417**	-
Proceeds from loan investments	**25,238**	36,856
Proceeds from finance leases	**7,756**	7,758
Purchase of intangibles	**(390)**	-
Proceeds from sale / settlement / dividend received on financial assets at fair value through profit or loss	**1,872,615**	8,508
Purchase of investments at fair value through profit or loss	**(2,329,846)**	(380,594)
Purchase of investments at amortised cost	**(27,086)**	(144,227)
Purchase of investments at FVTOCI, net	**(224,803)**	(24,032)
Payments made for development of investment property	**(8,599)**	(43,460)
Purchase of furniture and equipment	**(6,291)**	(5,778)
Interest received	**10,462**	707
Net cash used in investing activities	**(219,114)**	(511,542)

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December

	2014 AED '000	2013 AED '000
Cash flows from financing activities		
Finance cost paid on borrowings	**(239,061)**	(67,863)
Loans repaid	**(1,762,632)**	(51,408)
Loans obtained	**4,567,548**	631,945
Shares bought back	**(49,087)**	-
Dividends paid	**(189,709)**	(113,825)
Net cash from financing activities	**2,327,059**	398,849
Net increase in cash and cash equivalents	**2,189,128**	51,648
Cash and cash equivalents at 1 January	**271,283**	219,635
Cash and cash equivalents at 31 December	**2,460,411**	271,283

Non-cash transactions:

- Deemed disposal of Aercap holding (note 11)
- Issuance of bonus shares during the period through retained earnings (note 15).
- Repayment of existing credit facility and drawdown of new credit facility during the period, settled net (note 16).

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NOTES TO THE 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 consolidated financial statements 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 associates and joint ventures").

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.

2 Basis of preparation

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 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 are 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 inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Basis of preparation (continued)

(c) Functional currency and presentation currency
The functional currency of the Company is the US Dollar (USD). The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of these consolidated financial statements, the results and financial position of the Group are presented in United Arab Emirates Dirhams ("AED"), which is the Group's presentation currency. All financial information presented in AED has been rounded to the nearest thousand, unless otherwise stated.

(d) New and revised IFRS
(i) New and revised IFRSs adopted with no material effect on the consolidated financial statements:
The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2014, have been adopted in these consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 32 *Financial Instruments:* Presentation, relating to application guidance on the offsetting of financial assets and financial liabilities.

Amendments to IAS 36 *Impairment of Assets, relating to recoverable amount disclosures for non-financial assets:*
The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.

Amendments to IAS 39 *Financial Instruments,* relating to recognition and measurement, novation of derivatives and continuation of hedge accounting.
The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.

Amendments to IFRS 10 *Consolidated Financial Statements,* IFRS 12 Disclosure of Interests in Other Entities and IAS 27 *Separate Financial Statements,* relating to investment entities and exemption of consolidation of particular subsidiaries.
On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs

IFRIC 21 Levies, addresses the issue as to when to recognise a liability to pay a levy imposed by a government.

2 Basis of preparation (continued)

(d) New and revised IFRS (continued)

Adoption of IFRS 9
The Group has early adopted IFRS 9 Financial Instruments (2013) and the related consequential amendments (IFRS 7 and IAS 39) in advance of its effective date. The Group has chosen 1 July 2014 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities).

The table below illustrates the classification of financial instruments held by the Group under IFRS 9 and IAS 39. Adoption of IFRS 9 did not impact the measurement of financial instruments held by the Group.

Financial Instruments	Original measurement category under IAS 39	New measurement category under IFRS 9
Financial assets		
Investments in finance leases	Loans and receivables	Financial assets at amortised cost
Loan investments	Loans and receivables	Financial assets at amortised cost
Investments available-for-sale		
Unquoted fund	Available-for-sale investments	Financial assets at FVTOCI
Financial assets at FVTPL		
Derivative assets	Financial assets at FVTPL	Financial assets at FVTPL
Listed fixed income securities	Financial assets at FVTPL	Financial assets at FVTPL
Listed equity securities	Financial assets at FVTPL	Financial assets at FVTPL
Other investments	Financial assets at FVTPL	Financial assets at FVTPL
Financial assets held-to-maturity		
Listed fixed income securities	Held-to-maturity investments	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Financial liabilities		
Borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Trade and other payables – others	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Trade and other payables – derivative liabilities	Financial liabilities at FVTPL	Financial liabilities at FVTPL

However, the early adoption of IFRS 9 does not impact the consolidated financial statements of the current or prior reporting periods of the Group, except for the treatment of fair value changes in the time value element of the equity price collar instrument as stated in note 3 below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Basis of preparation (continued)

(d) New and revised IFRS (continued)
(ii) New and revised IFRSs in issue but not yet effective and not early adopted
The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments* (as revised in 2014)	1 January 2018
IFRS 15 *Revenue from Contracts with Customers*	1 January 2017
Amendment to IFRS 11 Joint Arrangements relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to equity method in separate financial statements	1 January 2016
Amendments to IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements relating to sale or contribution of assets between an investor and its Associate or Joint Venture	1 January 2016
Annual improvements 2010-2012 covering amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	1 July 2014
Annual improvements 2011-2013 covering amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	1 July 2014
Annual improvements 2012-2014 covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
Amendment to IAS 19 Employee Benefits relating to defined benefit plans and employee contributions	1 July 2014

Management anticipates that the adoption of these IFRSs in future periods will have no material impact on the consolidated financial statements of the Group in the period of initial application, with the exception of IFRS 9 (2014 version) and IFRS 15 which management is currently in the process of assessing the impact on the adoption of these Standards.

3 Significant accounting policies

(a) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

(i) Subsidiaries
Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and 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 into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

(iii) Investments in equity accounted associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Investments in equity accounted associates and joint ventures (continued)
The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)
(iii) Investments in equity accounted associates and joint ventures (continued)
When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(b) Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IFRS 9 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

When an investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(c) Furniture and equipment
Furniture and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss. The cost of furniture and equipment is the purchase cost plus any directly attributable cost of acquisition.

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 statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the assets' cost to their residual value over their estimated useful life, on the following basis:

Description	Estimated useful life
Leasehold improvements	3 to 5 years
IT equipment, furniture and fittings	3 years
Other equipment	5 to 7 years
Motor vehicles	3 years

3 Significant accounting policies (continued)

(c) Furniture and equipment (continued)
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 asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

(d) Investment property
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Cost includes all direct costs attributable to bringing the assets to the location and condition necessary for the asset to operate in the manner intended, including related staff costs, design, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, they are transferred from work-in-progress to completed properties. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(e) Goodwill and intangible assets
(i) Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at note 3 (a) (iii) above.

(ii) Other intangible assets acquired in a business combination
Other intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost), and include trademarks, licenses and contracts with useful lives of 5 years.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(e) Goodwill and intangible assets (continued)
(iii) De-recognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(h) Financial Instruments
Initial Recognition
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3 Significant accounting policies (continued)

(h) Financial Instruments (continued)
Financial Assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Debt Instruments
Debt instruments are classified and subsequently measured at either amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments are measured at amortised cost, net of any write down for impairment, only if (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest calculated using the effective interest method is recognised in profit or loss and is included in Finance cost. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group may choose at initial recognition to designate a debt instrument that otherwise qualifies to be measured at amortised cost or as at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch. All other debt instruments must be measured as at FVTPL.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Other Financial Assets measured at amortised cost
Trade and other receivables and cash and cash equivalents are measured at amortised cost less any impairment. Interest income is recognised on an effective interest basis, except for short term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents include cash on hand and deposits held with banks for working capital purposes (excluding deposits held under lien).

Equity Instruments
A financial asset is 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 evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments designated at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in other (expense) / income (note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(h) Financial Instruments (continued)

Financial Liabilities and Equity Instruments
Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial Liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.
A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing 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, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability 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 liability 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 the entire combined contract is designated as at FVTPL in accordance with IFRS 9.

3 Significant accounting policies (continued)

(h) Financial Instruments (continued)
Financial Liabilities (continued)
Financial liabilities designated at FVTPL are stated at fair value. Any gains or losses arising on remeasurement of held for trading financial liabilities are recognised in profit or loss. Such gains or losses that are recognised in profit or loss incorporate any interest paid on the financial liabilities and are included in the 'Income from capital markets transactions' line item in the consolidated statement of profit or loss.

However, for non-held for trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance cost, net' line item in the consolidated statement of profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Reclassification
For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost, if and only if the Group's business model objective for its financial assets changes so its previous model assessment would no longer apply.

If reclassification is appropriate, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. The Group does not restate any previously recognised gains, losses, or interest.

Reclassification is not allowed for:

- equity investments measured at FVTOCI, or
- where the fair value option has been exercised in any circumstance for a financial asset or financial liability.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in:

- Profit or loss, for securities measured at amortised cost or FVTPL, or
- Other comprehensive income, for investments at FVTOCI. At the time of derecognition of a FVTOCI investment any revaluation reserve is transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(h) Financial Instruments (continued)
Derecognition (continued)
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Foreign Exchange Gains and Losses
The fair value of financial assets and liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets and liabilities that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss; and
- for financial assets that are equity instruments and designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated financial assets and liabilities measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'Income from capital market transactions' line item in the consolidated statement of profit or loss.

Derivative Financial Instruments
The Group enters into a variety of derivative financial instruments, including equity price collars, foreign exchange forward contracts and interest rate swaps to manage its exposure to equity price, interest rate and foreign exchange rate risks. Further details of derivative financial instruments are disclosed in note 12.

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3 Significant accounting policies (continued)

(h) Financial Instruments (continued)

Hedge Accounting
The Group has designated its equity price collars in respect of its equity price risk, as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 12 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of revaluation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other (expense) / income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item. If a hedged forecast transaction subsequently results in the recognition of a non-financial item or becomes a firm commitment for which fair value hedge accounting is applied, the amount that has been accumulated in the revaluation reserve is removed and included directly in the initial cost or other carrying amount of the asset or the liability.

When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, the amount that has been accumulated in the cash flow hedge reserve remains there until the future cash flows occur; if the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

When the Group separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of the option, it recognises some or all of the change in the time value in other comprehensive income which is later removed or reclassified from equity as a single amount or on an amortised basis (depending on the nature of the hedged item) and ultimately recognised in profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group will adjust the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Impairment
Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(h) Financial Instruments (continued)
Impairment (continued)
For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(i) Foreign currencies
In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(j) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of goods and services
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services primarily represents the aggregate invoiced amount for medical services provided to patients (insured and non-insured) during the year and is stated net of any discounts allowed. Revenue is recognised in the accounting period in which services are provided.

3 Significant accounting policies (continued)

(j) Revenue recognition (continued)
(ii) Dividend and interest income
Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Rental income
The Group's policy for recognition of revenue from operating leases is described in note (k) below.

(iv) Capital markets transactions
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. Given the nature of the services, which are predominately event-driven, the fees do not accrue on a time-proportionate basis but are recognised entirely as and when they become due to the Group once the likelihood of occurrence of trigger events has been ascertained.

(k) Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between Finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 3(m) below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(l) Employee terminal benefits and pensions
The provision for employee terminal benefits, included in trade and other payables, is calculated in accordance with the UAE Federal Labour Law and are recognised as an expense in the consolidated statement of profit or loss on an accrual basis.

Pension contribution for UAE nationals are recognised as an expense in the consolidated statement of profit or loss on an accrual basis.

(m) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Government grants
The Group believes that, in most cases, when land is initially received through government grants, the probability that future economic benefits will flow to the Group is uncertain, since, until the Group has established plans to utilise the land, it is possible that such land may revert back to the government. In addition, in the absence of identified use of the land, the amount of future economic benefits cannot be determined with reasonable certainty. Accordingly, land so received is not initially recognised in the consolidated financial statements until certain events occur, which enable management to conclude that it becomes probable that future economic benefits will flow to the Group from its ownership of such land.

Land received as government grants that do not meet the criteria that future economic benefits will flow to the Group, are not recognised, but their existence is disclosed in the consolidated financial statements.

The determination of whether future economic benefits will flow to the Group is made by management using guidelines approved by the Board of Directors; each such determination is also approved by the Board of Directors. Once the determination is made, land is recognised in the financial statements at nominal value.

At the point of such initial recognition, and subsequently, at each reporting date, an assessment is made by the Group as to the ultimate use of the land, and based on such assessment, the land is transferred to the relevant asset category (such as investment property, property, plant and equipment or inventory) depending on its intended use, and is thereafter accounted for using the accounting policy in place for that relevant asset category.

(o) Statutory reserve
In accordance with the UAE Federal Law No. 8 of 1984 (as amended) and the Company's Articles of Association, 10% of the profit after tax is transferred at the end of each financial year to a non-distributable statutory reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid up share capital.

4 Critical accounting judgements and key sources of estimation uncertainty

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

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Key sources of estimation uncertainty
(i) Investment property valuation
The key estimates used in the fair valuation of the Group's investment properties are disclosed in note 7.

(ii) Impairment of equity-accounted associates and joint ventures
The investment in Abraaj Aqua SPV limited was tested for potential impairment by comparing its carrying amount and recoverable amount.
The recoverable amount was determined using level 3 valuation techniques, including the forward industry standard multiples applied to the investees' EBITDA and Enterprise Value. Based on estimates of recoverable amount developed in accordance with these assumptions, management concluded that the investment is not impaired.

(iii) Allowance for doubtful receivables
The Group has estimated the recoverability of trade and other receivables, and loan investments and has considered the allowance required for doubtful receivables. The Group has provided for the allowance for doubtful receivables on the basis of prior experience and the current economic environment.

(iv) Fair value of financial instruments
The Group has financial assets and liabilities that are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Information about the valuation techniques and inputs used in determining the fair value of various financial assets and liabilities are disclosed in note 25 (a).

(b) Critical accounting judgements
(i) Possibility of future economic benefits from land received as government grant
Refer to note 3(n) for a description of judgements used to ascertain the possibility of future economic benefits from land received as government grant.

(ii) Significant influence over Aercap Holdings NV
During the year, 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). Further, on 1 December 2014, the Group disposed 1.4% stake in Aercap. Also, on 2 September 2014 and 1 December 2014, the Group completed hedging and funding transactions for the remaining stake in AerCap. The Group retained its two seats on AerCap's Board of Directors, as well as representation on the various Board sub-committees on which it currently serves. Accordingly, the Group's investment in Aercap continued to be classified as an equity-accounted associate.

(iii) Reassessment of held for sale classification
The investment in Abraaj Aqua SPV limited, which was classified as held for sale under IFRS 5 in the prior year, has been reclassified as an associate in the current year, since the criteria for classification as held for sale was no longer deemed to be met following a change in management's intention with respect to its exit strategy.

(iv) Classification of financial investments
As described in Note 3 (h), investments are classified as either financial investments at fair value through profit or loss or fair value through other comprehensive income. In judging whether investments are either financial investments at fair value through profit or loss or fair value through other comprehensive income, the Group has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Composition of the Group

Subsidiaries
Details of the Group's material subsidiaries at the end of the reporting period are as follows.

Subsidiary	Country of incorporation	Principal activity	Group's shareholding 31 Dec 2014	Group's shareholding 31 Dec 2013
Principal Investments				
Anglo Arabian Healthcare Investments LLC [1]	UAE	Healthcare	**90.1%**	100%
Tamarind Lease Limited	Cayman Islands	Finance leasing	**100%**	100%
Waha AC Cooperatief U.A. [2]	Netherlands	Investment in AerCap NV	**100%**	100%
Al Waha Maritime LLC [3]	UAE	Maritime leasing	**100%**	100%
Siraj Finance PrJSC	UAE	Finance	**83.3%**	83.3%
Capital Markets				
Waha Capital Investments LLC	UAE	Financial investments	**100%**	100%
Middle East Securities Limited	Cayman Islands	Financial investments	**100%**	100%
Oasis Investment No 1 Limited	Cayman Islands	Private financial transactions	**100%**	100%
Oasis Investment No 2 Limited	Cayman Islands	Private financial transactions	**100%**	100%
Industrial Real Estate				
Al Waha Land LLC	UAE	Industrial Real Estate	**100%**	100%

[1] Anglo Arabian Healthcare Investments LLC, the holding company of the Group's 70% ownership interest in Proficiency Central Laboratories LLC, 70% in Sharjah Corniche Hospital LLC, 60% in Ibn Sina Medical Centre LLC, 60% in Oras Medical Center LLC and 100% in AAH Services FZ LLC. During the year, 9.9% of the Group's investment in Anglo Arabian Healthcare Investments LLC was disposed. (note 23)
[2] Holding Company of investment in AerCap
[3] Ultimate holding Company carrying an investment in Stanford Marine Group Inc. (SMG), through intermediate holding entities OL SPV Limited, Abraaj Aqua SPV Limited and Aqua Consortium Limited respectively (note 11)

Acquisition during the year
On 27 November 2014, the group acquired a 60% stake in the share capital of an additional healthcare entity in the UAE, Oras Medical Center LLC, which is engaged in providing Obstetrics and Gynaecology related services. The Group plans to generate synergies among the investees by cross-referral of services and costs reduction through economies of scale.

Post acquisition, the Group carried out a Purchase Price Allocation exercise to determine the fair value of net assets acquired, including the identification and recognition of intangible assets.

Following is the relevant information regarding the healthcare entity acquired:

	AED '000
Total Consideration	21,663
Less: Total identifiable net assets	(97)
Less: Total identifiable intangible assets- exclusivity agreement (note 8)	(15,371)
Goodwill attributable to the Group (note 8)	**6,195**

6 Operating segments

During the prior year, the Group reorganized its primary activities into three major segments and adjusted the Group structure accordingly. Reflecting this development, the management of the Group revised their key responsibilities as did the internal reporting. The Principal Investments segment is now responsible to manage and operate the Group's investments in subsidiaries, joint ventures, associates and assets available for sale including investments in aviation, leasing, maritime, financial, infrastructure, healthcare and oil and gas sectors. The Capital Markets segment now comprises two business lines: (a) private transactions and (b) public capital markets. The Industrial Real Estate segment represents the Group's interest in light industrial real estate.

Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified according to the structure of investment activities and services to customer groups.

Principal Investments
The equity and loan investments in subsidiaries, associates, joint ventures and assets available for sale, spans a single line of business: "Principal Investments".

Capital Markets
The Capital Markets sector represents the Group's interest in private transactions and public capital markets investments.

Industrial Real Estate
Industrial Real Estate represents the Group's equity interest in light industrial real estate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Operating segments (continued)

Information related to the operating segments is mentioned below as at and For the year ended 31 December 2014:

	Principal Investments		Capital Markets		Industrial Real Estate		Corporate		Consolidated	
	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000
Revenue from sale of goods and services	**129,252**	62,192	**-**	-	**15,227**	1,809	**-**	-	**144,479**	64,001
Income from investment in equity-accounted investees, net	**527,047**	265,601	**-**	-	**-**	-	**-**	-	**527,047**	265,601
Gain on disposal of equity-accounted associates and joint ventures	**1,398,638**	-	**-**	-	**-**	-	**-**	-	**1,398,638**	-
Income from capital markets transactions	**-**	-	**223,855**	236,679	**-**	-	**-**	-	**223,855**	236,679
Other income / (expense)	**(9,889)**	14,605	**10,563**	10,593	**(125,622)**	(4,194)	**1,482**	2	**(123,466)**	21,006
General and administrative expenses – parent	**(19,828)**	(15,403)	**(21,179)**	(31,748)	**-**	-	**(128,382)**	(72,188)	**(169,389)**	(119,339)
General and administrative expenses - subsidiaries	**(102,775)**	(45,129)	**-**	-	**(9,783)**	(10,612)	**-**	-	**(112,558)**	(55,741)
Finance cost, net	**(1,770)**	(1,601)	**(14,629)**	(8,662)	**-**	-	**(98,565)**	(76,112)	**(114,964)**	(86,375)
Profit for the year	**1,879,509**	261,751	**198,610**	206,862	**(120,178)**	(12,997)	**(225,465)**	(148,298)	**1,732,476**	307,318
Other comprehensive income	**407,331**	4,185	**-**	-	**-**	-	**-**	-	**407,331**	4,185

Segment income reported above represents income generated from external customers. There was no inter-segment income during the year (2013: nil). All revenues are generated from sales of goods and services within the UAE. Included in revenue from sales of goods and services are revenues of approximately AED nil (2013: AED 12,282 thousand) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

During the year, the Group recognised an impairment loss of AED 31,803 thousand (2013: AED 36,780 thousand) in equity accounted investees in the Principal Investments segment and a loss in fair value of AED 126,083 thousand (2013: AED 4,242 thousand) in the Industrial Real Estate segment.

6 Operating segments (continued)

	Principal Investments		Capital Markets		Industrial Real Estate		Corporate		Consolidated	
	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000
Investment in equity-accounted associates and joint ventures	**4,118,227**	2,667,864	**-**	-	**-**	-	**-**	-	**4,118,227**	2,667,864
Other assets	**1,047,066**	455,690	**1,718,878**	1,025,387	**708,061**	814,214	**2,199,228**	227,197	**5,673,233**	2,522,488
Segment Assets	**5,165,293**	3,123,554	**1,718,878**	1,025,387	**708,061**	814,214	**2,199,228**	227,197	**9,791,460**	5,190,352
Segment liabilities	**83,738**	75,267	**1,008,665**	747,157	**18,596**	19,095	**4,271,993**	1,849,793	**5,382,992**	2,691,312
Capital expenditures*	**2,674**	10,048	**43**	-	**6,454**	37,990	**1,278**	6,041	**10,449**	54,079
Depreciation	**5,571**	2,166	**34**	32	**21**	19	**3,016**	4,193	**8,642**	6,410

* Capital expenditures mainly represent additions to investment properties.

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than corporate assets of AED 2,199,228 thousand (2013: AED 227,197 thousand)
- All liabilities are allocated to operating segments other than corporate liabilities of AED 4,271,993 thousand (2013: 1,849,793 thousand)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration cost amounting to AED 225,465 thousand (2013: AED 148,298 thousand). This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Investment property

	2014 AED '000	2013 AED '000
At 1 January	**809,491**	775,743
Additions	**8,599**	37,990
Fair value loss	**(126,083)**	(4,242)
At 31 December	**692,007**	809,491

The Group has recognised a portion of the land granted in the consolidated financial statements by applying the accounting policy with respect to government grants (refer to note 3(n)) and investment properties (refer to note 3(d)). At 31 December 2014, the fair value of the unrecognised portion of the land granted is estimated at AED 277,253 thousand (2013: AED 554,735 thousand).

No borrowing costs were capitalised during the current and prior year as substantially all the activities necessary to prepare the investment property for its intended use are complete.

Investment property is pledged as security against the Group's borrowings (note 16).

The fair value has been determined based on level 3 valuation methodologies accepted by the Royal Institute of Chartered Surveyors. The valuation, as of 31 December 2014, was performed by accredited independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. In estimating the fair value, the current use of the property was deemed to be its highest and best use. Valuation methodologies considered by the independent appraisers include:

- The Income Capitalisation Approach, used for small industrial units, where income receivable under comparable leases, existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation date.
- The Residual Value Method, used for serviced land, which requires the use of estimates such as selling and leasing rates, construction costs, professional fees, financing cost and targeted internal rate of return. These estimates are based on local market conditions existing at the end of the reporting period.

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 investment property within Phase 1 was reassessed from AED 809,491 thousand as at 31 December 2013 to AED 692,007 thousand as of 31 December 2014, reflecting a decrease in fair value of AED 126,083 thousand. The fair value loss is presented within "other (expense) / income, net" line on the consolidated statement of profit or loss.

For small industrial units, an increase/decrease of 10% in rental income would have increased/decreased the valuation by AED 17,361 thousand. Further a capitalisation rate of 9% was assumed, an increase/decrease of 1% of which would have (decreased)/increased the valuation by AED (26,120) thousand / AED 34,361 thousand respectively.

For serviced land, an increase/decrease of 10% in sale price would have increased/decreased the valuation by AED 42,893 thousand. Further a discount rate of 20% was assumed, an increase/decrease of 2% of which would have (decreased)/increased the valuation by AED (17,074) thousand / AED 17,907 thousand respectively.

8 Goodwill and intangible assets

	Goodwill AED '000	Trademarks AED '000	Licences AED '000	Contract AED '000	Other AED '000	Total AED '000
Cost						
Balance at 1 January 2013	-	-	-	-	-	-
Acquisitions through business combinations	48,391	3,456	5,723	-	-	57,570
Balance at 31 December 2013	48,391	3,456	5,723	-	-	57,570
Additions	-	-	-	-	390	390
Acquisitions through business combinations	6,195	-	-	15,371	-	21,566
Balance at 31 December 2014	54,586	3,456	5,723	15,371	390	79,526
Accumulated amortisation and impairment						
Balance at 1 January 2013	-	-	-	-	-	-
Amortisation expense	-	-	-	-	-	-
Balance at 31 December 2013	-	-	-	-	-	-
Amortisation expense	-	742	1,145	359	-	2,246
Balance at 31 December 2014	-	742	1,145	359	-	2,246
Net Carrying Amount						
As at 31 December 2014	**54,586**	**2,714**	**4,578**	**15,012**	**390**	**77,280**
As at 31 December 2013	48,391	3,456	5,723	-	-	57,570

Goodwill is allocated to distinct cash generating units within the healthcare businesses, namely Proficiency Healthcare Diagnostics Laboratories LLC, Sharjah Corniche Hospital LLC, Ibn Sina Medical Centre LLC, and Oras Medical Center LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Investments in finance leases

The Group has placed assets on finance leases for periods up to 4 years (2013: 5 years), with effective interest rate of 9.21% (2013: 9.21%). This rate is assessed on the risk associated with the asset and the credit rating of the customer.

Investment in finance leases comprise:

	2014 AED '000	2013 AED '000
Minimum lease payments/gross investment	**27,796**	35,552
Unearned finance income	**(4,196)**	(6,637)
	23,600	28,915

Gross investment in finance leases

	2014 AED '000	2013 AED '000
Within one year	**7,757**	7,757
Between one and five years	**20,039**	27,795
	27,796	35,552

Present value of minimum lease payments

	2014 AED '000	2013 AED '000
Within one year	**5,826**	5,315
Between one and five years	**17,774**	23,600
	23,600	28,915

Movement in net investment during the year:

	2014 AED '000	2013 AED '000
At 1 January	**28,915**	33,765
Payments received	**(5,315)**	(4,850)
At 31 December	**23,600**	28,915

The finance leases at the end of the reporting period are neither past due nor impaired.

10 Loan investments

	2014 AED '000	2013 AED '000
Loan to an equity accounted investee [1]	**23,541**	58,848
Loan portfolio [2]	**220,680**	220,680
	244,221	279,528

[1] The equity accounted investee is based in the Middle East region. The loan is secured by the investees' investments and properties (note 23).
[2] Loan portfolio is based outside UAE, carries an interest of 3.93% per annum and matures after one year.

11 Investments in equity-accounted associates and joint ventures

Carrying Value

	2014 AED '000	2013 AED '000 Restated
Associates	**3,928,288**	2,248,237
Joint Ventures	**189,939**	419,627
Total	**4,118,227**	2,667,864

11.1 Details of material associates

Details of each of the Group's material associates at the end of the reporting period are as follows.

Associate	Principal activity	Country of incorporation	Beneficial shareholding 2014	Beneficial shareholding 2013
AerCap Holdings NV	Aircraft leasing	Netherlands	**12.6%**	26.3%
National Petroleum Services (held indirectly through NPS Holdings limited)	Oil and gas services	Bahrain	**20.2%**	-
Abraaj Aqua SPV limited [(1)]	Maritime leasing	Cayman Islands	**45.0%**	45.0%

[(1)] Abraaj Aqua SPV limited, which was classified as held for sale under IFRS 5 in the prior year, has been reclassified as an associate in the current year, since the criteria for classification as held for sale was no longer deemed to be met following a change in management's intention with respect to its exit strategy. The Group's legal ownership in Abraaj Aqua SPV limited is 49%.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

	AerCap Holdings NV 2014 AED '000	AerCap Holdings NV 2013 AED '000	NPS 2014 AED '000	NPS 2013 AED '000	Abraaj Aqua SPV 2014 AED '000	Abraaj Aqua SPV 2013 AED '000
Statement of financial position						
Current assets	**12,638,384**	2,786,181	**511,977**	-	**404,177**	454,100
Non-current assets	**148,793,074**	31,975,116	**1,594,984**	-	**1,510,922**	1,452,482
Current liabilities	**8,649,895**	742,776	**147,528**	-	**427,075**	486,551
Non-current liabilities	**123,858,592**	25,098,003	**589,014**	-	**1,274,134**	1,164,151
	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000
Statement of profit or loss						
Revenue	**13,388,979**	3,862,143	**401,129**	-	**979,432**	904,866
Profit/(loss) for the year	**2,973,656**	1,086,489	**9,557**	-	**(23,241)**	(61,186)
Other comprehensive income for the year	**11,016**	16,591	-	-	**-**	-
Total comprehensive income for the year	**2,984,671**	1,103,080	**9,557**	-	**(23,241)**	(61,186)
Group's share of contingencies	**2,648**	7,661	**25,977**	-	**148,057**	172,107
Group's share of commitments	**11,593,856**	2,904,171	**7,619**	-	**-**	53,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Investments in equity-accounted associates and joint ventures (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the Group's material associates recognised in the consolidated financial statements:

	AerCap Holdings NV		NPS		Abraaj Aqua SPV	
	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000	2014 AED '000	2013 AED '000
Net assets of the associate	**28,922,972**	8,920,518	**1,370,419**	-	**213,890**	255,880
Proportion of the Group's ownership interest	**12.6%**	26.2%	**20.2%**	-	**45%**	45%
Group's share of net assets of the associate	**3,644,294**	2,339,852	**276,139**	-	**96,251**	115,146
Goodwill	**-**	-	**-**	-	**67,754**	67,754
Other adjustments	**(158,544)**	(281,176)	**2,394**	-	**-**	(8,514)
Carrying amount of associate	**3,485,750**	2,058,676	**278,533**	-	**164,005**	174,386

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 AED 11,034,000 thousand (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. Further, on 1 December 2014, the Group disposed 1.4% stake in Aercap and recognised a gain on disposal of AED 71,737 thousand.

On 2 September 2014 and 1 December 2014, the Group completed hedging and funding transactions for approximately 12.6% stake in AerCap (note 12). 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 these transactions.

On 26 June 2014, the Group's Principal Investments segment acquired 20.6% equity stake in National Petroleum Services (NPS), a Bahrain based oil and gas Services Company, for a consideration of AED 279,732 thousand (also refer to note 23). 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.

11.2 Details of material joint ventures

Details of each of the Group's material joint ventures at the end of the reporting period are as follows.

Joint venture	Principal activity	Country of incorporation	Group's shareholding	
			2014	2013
Dunia Finance [1]	Banking	UAE	**25.0%**	25.0%
Aerlift Leasing Limited	Aircraft Leasing	Isle of Man	**-**	60.4%

[1] Dunia Finance includes Dunia Finance LLC and Dunia Services FZ-LLC

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

	Dunia Finance	
Statement of financial position	2014 AED '000	2013 AED '000
Current assets	**93,906**	49,355
Non-current assets	**1,517,308**	1,036,503
Current liabilities	**118,294**	90,218
Non-current liabilities	**842,340**	523,688

11 Investments in equity-accounted associates and joint ventures (continued)

	Dunia Finance	
	2014 AED '000	2013 AED '000
Statement of profit or loss		
Revenue	**387,813**	259,653
Profit for the year	**200,628**	133,490
Statement of cash flows		
Dividends received during the year	**5,500**	4,400
Group's share of contingencies	**317,209**	189,031
Group's share of commitments	**3,964**	5,725

Reconciliation of the above summarised financial information to the carrying amount of the interest in the Group's material joint ventures recognised in the consolidated financial statements:

	Dunia Finance	
	2014 AED '000	2013 AED '000
Net assets of the joint venture	**650,580**	471,952
Proportion of the Group's ownership interest	**25%**	25%
Group's share of net assets of the joint venture	**162,645**	117,988
Goodwill	**6,405**	6,405
Other adjustments	**150**	(359)
Carrying amount of joint venture	**169,200**	124,034

During the year, 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.

11.3 Movement of investment in equity-accounted associates and joint ventures

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

	2014 AED '000	2013 AED '000 Restated
As at 1 January (as reported)	**2,667,864**	2,255,370
Restatement due to the reclassification of held for sale assets	**-**	174,386
Acquisitions	**279,732**	-
Disposals	**(662,799)**	-
Share of income, net	**527,047**	265,601
Deemed disposal gain on Aercap Holdings N.V.	**1,306,629**	-
Share of equity reserves	**5,873**	1,461
Distributions received	**(6,119)**	(28,954)
At 31 December (as restated)	**4,118,227**	2,667,864

The Group's investments with a carrying amount of AED 3,764,284 thousand (2013: 2,332,800 thousand) are collateralised against the Group's borrowings (note 16). The Group recognised an impairment loss of AED 15,974 thousand (2013: AED 36,780 thousand) in equity-accounted associates and joint ventures during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Investments in equity-accounted associates and joint ventures (continued)

Investment in equity-accounted associates and joint ventures domiciled outside UAE amount to AED 3,770,105 thousand (31 December 2013: AED 2,354,596 thousand).

The fair value of publicly listed equity-accounted associates and joint ventures based on quoted market price is AED 3,833,158 thousand (2013: 3,880,576 thousand), carried at AED 3,485,750 thousand (2013: 2,058,676 thousand)

12 Financial investments

	2014 AED '000	2013 AED '000
Financial assets at FVTOCI		
Unquoted fund [1]	**132,387**	135,639
Equity price collar [2]	**629,513**	-
Financial assets at amortised cost		
Listed fixed income securities [3]	**163,791**	144,156
Financial assets at fair value through profit or loss		
Derivative assets [5]	**93,229**	115,833
Listed fixed income securities [3]	**652,930**	372,833
Listed equity securities [4]	**228,575**	14,941
Other investments	**6,035**	5,766
	1,906,460	789,168

Financial investments held outside the UAE amount to AED 1,534,794 thousand (31 December 2013: AED 636,883 thousand).

[1] The fund is registered in the UAE and managed by the Group. During the year, the Group recognised a fair value loss of AED 2,115 thousand (31 December 2013: gain of AED 2,724 thousand).

[2] On 2 September 2014 and 1 December 2014, the Group completed hedging and funding transactions for approximately 12.6% stake in AerCap, investing AED 225,940 thousand in equity price collars at floor and cap prices in the range of US$ 37.11 - 42.39 and US$ 51.54 - 61.23 per share respectively. The equity price collars have been designated as cash flow hedging instruments, hedging the cash proceeds on a highly probable future sale of the shares, and accounted for as at fair value through OCI (note 16). During the year the Group recognised an amount of AED 403,573 thousand (2013: nil) as fair value gain on cash flow hedges through other comprehensive income.

[3] The Group holds a portfolio of listed fixed income securities that carry variable interest rates. The fixed income securities have an average yield to maturity of 10.43% (2013: 4.63%). As at 31 December 2014, the securities have maturity dates ranging between 2 to 22 months. None of these assets are past due or impaired.

Listed fixed income securities totalling AED 816,721 thousand (31 December 2013: AED 477,081 thousand) are pledged as security against the Group's borrowings under repurchase agreements (note 16). The repurchase agreements are subject to a master netting agreement.

[4] The Group's portfolio of listed equity securities includes UAE equities amounting to AED 111,873 thousand and other GCC equities amounting to AED 104,547 thousand.

[5] Derivative assets held by the Group, have a notional value of AED 1,422,650 thousand (31 December 2013: AED 1,577,862 thousand).

12 Financial investments (continued)

The contractual maturities of derivative assets/liabilities based on net undiscounted cash flows are as follows:

	2014 AED '000	2013 AED '000
Within one year	**5,180**	5,831
Between one year and five years	**14,147**	16,924
More than five years	**1,464**	2,317
	20,791	25,072

13 Trade and other receivables

	31 December 2014 AED '000	31 December 2013 AED '000
Trade receivables	**77,613**	109,455
Allowance for doubtful debts	**(22,192)**	(4,107)
Prepayments and advances	**13,394**	3,907
Accrued interest	**56,482**	45,650
Amounts set aside for prior year dividends and rights issue refunds	**23,762**	18,204
Deposits under lien	**70,000**	70,000
Other receivables	**30,271**	19,348
	249,330	262,457

The maximum exposure to credit risk for trade receivables as at 31 December by geographic region is:

	2014 AED '000	2013 AED '000
Middle East and Asia Pacific	**55,421**	30,161
Other regions	**-**	75,187
	55,421	105,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Trade and other receivables (continued)

The ageing of trade receivables as at 31 December is:

	2014 AED '000	2013 AED '000
Not past due	**8,069**	8,925
Within 90 days	**18,799**	45,458
91 days - 180 days	**12,682**	11,617
181 days - 365 days	**10,185**	7,315
> 365 days	**27,878**	36,140
	77,613	109,455

Movement in allowance for doubtful debts

	2014 AED '000	2013 AED '000
Balance at the beginning of the year	**4,107**	-
Provision for doubtful debts recognised as a result of an acquisition	**-**	1,647
Impairment losses recognised during the year	**18,085**	2,460
Balance at the end of the year	**22,192**	4,107

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Deposits under lien represent cash collateral for letters of guarantee issued by commercial banks in favour of the Central Bank of the UAE on behalf of the Group. The interest rate on deposits under lien ranges between 0.50% and 0.68% (2013: 0.50% and 0.68%) per annum. All deposits under lien are placed with UAE banks.

14 Cash and cash equivalents

	2014 AED '000	2013 AED '000
Short term deposits held with banks	**2,031,271**	45,000
Cash at bank	**428,977**	226,197
Cash in hand	**163**	86
	2,460,411	271,283

The interest rate on short term deposits ranges between 0.70% and 1.15% (2013: 0.68% and 1.26%) per annum. All short term deposits are placed with UAE banks.

15 Share capital

Authorised and fully paid up capital:	2014 AED '000	2013 AED '000
1,944,514,687 shares (2013: 1,897,087,500 shares) of AED 1 each	**1,944,515**	1,897,088

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 (2013: cash dividend 113,825 thousand), 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.

A cash dividend of AED 486,129 for 2014 is proposed by the Board of Directors of the Company subject to the approval of the shareholders in the upcoming Annual General Meeting.

On 17 September 2014, the Company's Board of Directors approved the implementation of a share buy-back programme for up to 10% of the outstanding shares of the Company. The Securities & Commodities Authority (SCA) approved the programme on 20 October 2014. As of 31 December 2014, the Company had bought 18,075,075 shares at AED 49,087 thousand and carried the same as treasury shares.

The basic and diluted earnings per share for the year ended 31 December 2013 have been recomputed by assuming 1,944,514,687 issued, subscribed and fully paid up shares outstanding during the comparative period. Further the basic and diluted earnings per share for the current year has been calculated using the weighted average number of shares outstanding during the year after considering the effect of treasury shares.

	2014 AED '000	2013 AED '000
Profit for the year attributable to owners of the Company	**1,732,671**	306,351
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,943,902**	1,944,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Borrowings

	31 December 2014 AED '000					31 December 2013 AED '000				
	Effective Interest Rate	‹ 1 year	1 – 3 years	› 3 years	Total	Effective Interest Rate	‹ 1 year	1 – 3 years	› 3 years	Total
Funding against collared assets [1]	**0.6% to 1.2%**	**-**	**3,326,731**	**525,571**	**3,852,302**	-	-	-	-	-
Secured term loans [2]	**LIBOR+3%**	**306,979**	**10,496**	**4,226**	**321,701**	LIBOR+3.5%	930,781	9,873	9,621	950,275
Repurchase liabilities	**1m LIBOR**	**663,566**	**-**	**-**	**663,566**	1m LIBOR	374,485	-	-	374,485
Secured revolving loans [2]	**-**	**-**	**-**	**-**	**-**	LIBOR+3.5%	833,718	-	-	833,718
Unsecured loans [3]	**3.93%**	**5,350**	**-**	**220,680**	**226,030**	3.93%	605	5	220,680	221,290
		975,895	**3,337,227**	**750,477**	**5,063,599**		2,139,589	9,878	230,301	2,379,768

[1] On 2 September 2014 and 1 December 2014, the Group completed hedging and funding transactions for approximately 12.6% stake in AerCap, whereby an amount of AED 3,843,025 thousand was raised (net of AED 110,961 thousand prepaid interest cost) as interest bearing financing (note 12).

[2] On 27 March 2014, the Group completed the refinancing of its secured corporate term and revolving loan facility 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. As at 31 December 2014, the Group had AED 1,379,250 thousand (2013: AED 453,801 thousand) of un-drawn banking facilities.

The investments and assets pledged to lenders as security are the Group's interests in equity accounted investees (refer to note 11), investment property (refer to note 7), listed equity securities (refer to note 12) and listed fixed income securities (refer to note 12).

[3] These represent commercial loans and other banking facilities obtained by the Group, denominated in US Dollars.

16 Borrowings (continued)

The movement of borrowings is presented below:

	2014 AED '000	2013 AED '000
At 1 January	**2,379,768**	1,786,502
Loans drawn-down	**8,112,472**	631,945
Loans acquired through business combinations	**-**	1,310
Loan arrangement and prepaid interest costs, net of amortisations	**(115,609)**	11,103
Loans repaid	**(9,267,018)**	(51,092)
Funding against collared assets	**3,953,986**	-
At 31 December	**5,063,599**	2,379,768

17 Trade and other payables

	31 December 2014 AED '000	31 December 2013 AED '000
Trade payables	**24,512**	26,167
Interest accrued on borrowings	**41,163**	33,293
Derivative liabilities[1]	**69,860**	82,313
End of service benefit provision	**18,236**	14,004
Dividends payable	**26,671**	20,922
Other payables and accruals	**138,951**	134,845
	319,393	311,544

Trade and other payables are stated at amortised cost except for derivative liabilities which are stated at fair value through profit or loss. The average credit period for the trade payables is 60 days. The Group has financial risk management policies in place to ensure that all the payables are paid within the agreed credit period. The contractual maturities for trade payables are within one year.

[1] The derivative liabilities held by the Group have a notional value of AED 1,386,573 thousand (2013: AED 1,601,917 thousand).

The derivative liabilities mainly represent interest rate swaps with the following maturity profiles:

	2014 AED '000	2013 AED '000
Due within 1 year	**34,232**	39,188
Due between 1 to 3 years	**31,131**	51,192
More than 3 years	**4,497**	(8,067)
	69,860	82,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Revenue and costs from sales of goods and services

	31 December 2014			31 December 2013		
	Revenue AED '000	Cost of Sale AED '000	Gross Profit AED '000	Revenue AED '000	Cost of Sale AED '000	Gross Profit AED '000
Sales of services	**128,601**	**(40,514)**	**88,087**	60,816	(18,887)	41,929
Rental income	**15,227**	**-**	**15,227**	1,809	-	1,809
Sale of inventory	**651**	**(651)**	**-**	1,376	(1,376)	-
	144,479	**(41,165)**	**103,314**	64,001	(20,263)	43,738

Revenue and cost of sales of services are mainly attributable to the healthcare operations.

Costs directly attributable to rental income from the investment properties amounted to AED 9,783 thousand (2013: AED 9,284 thousand) and are included in the general and administrative expenses.

19 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, sukuks, 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 recognised entirely as and when it becomes due to the Group.

20 Other (expense) / income, net

	2014 AED '000	2013 AED '000
Dividend income from investments at FVTOCI	**12,168**	-
Interest income from loan investments at amortised cost	**10,706**	11,089
Interest income from finance leases	**2,441**	2,907
Fair value gain on derivatives designated at FVTPL	**1,286**	1,325
Fair value loss on investment property	**(126,083)**	(4,242)
Provision for slow moving and obsolete inventories	**(5,437)**	-
Provision for doubtful debts	**(26,366)**	-
Other	**7,819**	9,927
	(123,466)	21,006

21 General and administrative expenses

	31 December 2014			31 December 2013		
	Company AED '000	Subsidiaries AED '000	Total AED '000	Company AED '000	Subsidiaries AED '000	Total AED '000
Staff costs	**123,747**	**64,412**	**188,159**	82,427	33,980	116,407
Legal and other professional expenses	**20,354**	**5,910**	**26,264**	14,936	2,614	17,550
Depreciation and amortisation	**3,063**	**5,579**	**8,642**	4,231	2,179	6,410
Other	**22,225**	**36,657**	**58,882**	17,745	16,968	34,713
	169,389	**112,558**	**281,947**	119,339	55,741	175,080

22 Finance cost, net

	2014 AED '000	2013 AED '000
Interest on borrowings	**78,887**	75,281
Amortisation of loan arrangement costs	**39,088**	11,801
Interest earned on time deposits	**(3,011)**	(707)
	114,964	86,375

23 Related party transactions and balances

Related parties may include major shareholders of the Group, directors or officers of the Group, enterprises that are in a position to exercise significant influence over the Group or those enterprises over which the Group can exercise significant influence or has joint control. Transactions with related parties are at terms agreed by management and are in the ordinary course of business.

Significant balances with related parties

	2014 AED '000	2013 AED '000
Loan investments provided to an associate	**23,541**	58,848
Trade and other receivables from an associate	**-**	12,719

Significant transactions with related parties

During the current year, 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 22,788 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.

During the year, the Group disposed of 9.9% out of its 100% investment holding in Anglo Arabian Healthcare Investments LLC, and 0.41% out of its 20.6% investment holding in NPS to its key management personnel under a co-investment plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Related party transactions and balances (continued)

Key management personnel compensation:

	2014 AED '000	2013 AED '000
Salary and benefits	**22,689**	21,908
End of service benefits	**629**	563
	23,318	22,471

24 Commitments and Contingencies

Capital Commitments
As at 31 December 2014, the Group has capital commitments of AED 13,570 thousand (2013: AED 48,683 thousand) with respect to the development of Phase 1 of Al Markaz project.

Operating lease arrangements

The Group as lessee
The Group has entered into operating lease arrangements for office and healthcare space. Annual lease payments are paid in advance. Following is the future lease payment schedule:

	2014 AED '000	2013 AED '000
Due within 1 year	**7,668**	4,863
Due between 2 to 5 years	**27,094**	6,278
More than 5 years	**53,550**	-
	88,312	11,141

Payments recognised as an expense

	2014 AED '000	2013 AED '000
Minimum lease payments	**8,193**	4,098
	8,193	4,098

The Group as lessor
Operating leases relate to the investment property owned by the Group with lease payments between 3 to 10 years.
Rental income earned by the Group on its investment property is set out in note 18.

The non-cancellable operating lease receivables are set out below:

	2014 AED '000	2013 AED '000
Within one year	**25,967**	11,395
Between 2 and 5 years	**81,869**	38,787
More than 5 years	**30,961**	36,863
	138,797	87,045

25 Financial Instruments

Overview
The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management has established a committee comprising of senior management, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by an internal audit team. The Internal audit team undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customer, derivative assets, cash and cash equivalents, loan investments and finance leases.

(i) Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The characteristics of the Group's customer base including default risk of the industry and country in which the Group's customers operate are some of the factors which influence credit risk.

The Group has established various policies and procedures to manage credit exposure, including initial financial assessment and appraisal, collateral and guarantee requirements and continual credit monitoring. The Group establishes an allowance for impairment on a case by case basis that represents its estimate of incurred losses in respect of trade and other receivables. There is no collateral held by the Group against trade receivables.

(ii) Cash and cash equivalents
Cash is placed with commercial banks and financial institutions that have a credit rating acceptable to the Group.

(iii) Loan investments
The Group limits its exposure to credit risk by investing in counterparties whose credit ratings are within the limits prescribed by the Group's financial risk management guidelines.

(iv) Derivative assets
The Group limits its exposure to credit risk on derivative assets by dealing with financial institutions and commercial banks that have credit rating acceptable to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Financial Instruments (continued)

Credit risk (continued)

(v) Finance leases
The Group mitigates any credit risk associated with finance lease receivables as they are secured over the leased equipment.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which provides appropriate liquidity risk management guidance to the management for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 16 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Refer to notes 16 and 17 for the maturity profile of borrowings and trade and other payables respectively.

Market risks
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

(i) Currency risk
The Group may be exposed to currency risk on financial investments that are denominated in a currency other than the respective functional currencies of Group entities. In respect of the Group's transactions denominated in US Dollars, the Group is not exposed to the currency risk as the UAE Dirham (AED) is currently pegged to the US Dollar. The Group's exposure to currencies other than AED or US Dollars is summarised in the table below:

Financial assets at fair value through profit or loss	2014 AED '000	2013 AED '000
Listed fixed income securities		
Great British Pound	**55,280**	-
Euro	**21,378**	-
Listed equity securities		
Saudi Arabian Riyal	**66,686**	-
Kuwaiti Dinar	**20,609**	-
Great British Pound	**12,155**	-
Others	**15,144**	-
	191,252	-

Had the respective exchange rates in foreign currency of the assets listed above been 2% higher or lower as at 31 December 2014, the fair value on the profit or loss, as well as the respective investment carrying amounts would have been higher or lower by AED 3,825 thousand.

(ii) Interest rate risk
In the normal course of business, the Group has entered into fixed interest rate swaps, where appropriate, to hedge against the variable interest rate exposure of their borrowings except where matching lease rentals also vary in line with the changes in interest rates, thereby creating a natural hedge or where the risk of the interest rate exposure is deemed to be immaterial or acceptable in relation to the cost of entering into a hedge. The Group had a net floating rate liability position of AED 985,267 thousand (2013: AED 2,158,478 thousand). Had the relevant interest rates been higher/lower by 100 basis points, the profit for the year would have been lower/higher by AED 21,478 thousand (2013: AED 17,894 thousand).

25 Financial Instruments (continued)

Market risks (continued)

(iii) Equity and fixed income price risk
Equity and fixed income price risk arises from investments in equity and fixed income securities. Management of the Group monitors the mix of securities in its investment portfolio based on market indices to reduce the exposure on account of share prices (refer to note 25 (a) for sensitivity analysis).

Operational risks
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.
The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Financial Instruments (continued)

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's leverage ratio as at 31 December is as follows:

	2014 AED '000	2013 AED '000
Borrowings	**5,063,599**	2,379,768
Less: Cash and cash equivalents	**(2,460,411)**	(271,283)
Less: Non-recourse debt	**(884,246)**	(595,165)
Net debt	**1,718,942**	1,513,320
Net debt	**1,718,942**	1,513,320
Total equity attributable to owners of the Company	**4,380,356**	2,479,150
	6,099,298	3,992,470
Leverage ratio as at 31 December	**28.2%**	37.9%

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.

25 Financial Instruments (continued)

Fair values (continued)
(a) Fair value hierarchy (continued)
Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. As at 31 December, the Group held the following financial assets and liabilities at fair value:

	2014 AED '000	2013 AED '000	Fair value hierarchy	Valuation technique	Sensitivity Analysis
Financial assets at fair value through profit or loss					
(a) Listed equity securities	**228,575**	14,941	Level 1	Quoted bid prices in an active market.	+/- 5% change in quoted bid prices, impacts fair value by AED 11,429 thousand.
(b) Other investment in equity securities	**6,035**	5,766	Level 2	Discounted cash flow of the underlying investments.	
(c) Listed fixed income securities	**652,930**	381,191	Level 1	Quoted bid prices in an active market.	+/- 5% change in quoted bid prices, impacts fair value by AED 32,647 thousand respectively.
(d) Derivative assets	**93,229**	107,475	Level 2	The valuation is based on broker quotes which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.	+/- 5% change in quoted bid prices, impacts fair value by AED 4,661 thousand respectively.
Financial assets at fair value through other comprehensive income					
(a) Unquoted Fund	**132,387**	135,639	Level 3	Valuation is based on Net Asset Values (NAV) of the fund calculated by the fund manager, in accordance with International Private Equity and Venture Capital Valuation Guidelines, discounted cash flow analysis or other valuation models.	+/- 5% change in NAV, impacts fair value by AED 6,619 thousand.
(b) Equity Price Collar	**629,513**	-	Level 2	Black-Scholes model with market observable inputs, mainly share price and market volatilities of the underlying shares.	+/- 10% change in share price would result in AED (288,079) / 283,611 thousand change in fair value respectively.
Financial liabilities at fair value through profit or loss					
(a) Derivative Liabilities	**(69,860)**	(82,313)	Level 2	The valuation is based on broker quotes which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.	+/- 5% change in broker quotes, impacts fair value by AED 3,493 thousand.

25 Financial Instruments (continued)

Fair values (continued)

(a) Fair value hierarchy (continued)

Financial assets	2014 AED '000 Total	Level 1	Level 2	Level 3	2013 AED '000 Total	Level 1	Level 2	Level 3
Financial assets at FVTPL								
Investment in equity securities	**228,575**	**228,575**	**-**	**-**	14,941	14,941	-	-
Other investment in equity securities	**6,035**	**-**	**6,035**	**-**	5,766	-	5,766	-
Investment in fixed income securities	**652,930**	**652,930**	**-**	**-**	381,191	381,191	-	-
Derivative assets	**93,229**	**-**	**93,229**	**-**	107,475	-	107,475	-
Financial assets at FVTOCI								
Unquoted fund	**132,387**	**-**	**-**	**132,387**	135,639	-	-	135,639
Equity price collar	**629,513**	**-**	**629,513**	**-**	-	-	-	-
Total	**1,742,669**	**881,505**	**728,777**	**132,387**	645,012	396,132	113,241	135,639
Financial liabilities	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial liabilities at FVTPL								
Derivative liabilities	**(69,860)**	**-**	**(69,860)**	**-**	(82,313)	-	(82,313)	-
Total	**(69,860)**	**-**	**(69,860)**	**-**	(82,313)	-	(82,313)	-

There have been no transfers between levels 1 and 2 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Financial Instruments (continued)

(a) Fair value hierarchy (continued)

Reconciliation of Level 3 fair value movements

	2014 AED '000	2013 AED '000
At 1 January	**135,639**	108,883
Acquisitions of financial assets at FVTOCI	**-**	24,032
Capital reduction	**(1,137)**	-
Total gains or losses in other comprehensive income	**(2,115)**	2,724
At 31 December	**132,387**	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:

	2014 AED '000 Carrying Value	Fair Value	2013 AED '000 Carrying Value	Fair Value
Financial assets				
Financial assets at FVTOCI				
• *Unquoted fund*	**132,387**	132,387	**135,639**	135,639
• Equity price collar	**629,513**	629,513	**-**	-
Financial assets at FVTPL				
• *Derivative assets*	**93,229**	93,229	**107,475**	107,475
• *Listed fixed income securities*	**652,930**	652,930	**381,191**	381,191
• *Listed equity securities*	**228,575**	228,575	**14,941**	14,941
• *Other investments*	**6,035**	6,035	**5,766**	5,766
Financial assets at amortised cost				
• *Listed fixed income securities*	**163,791**	164,953	**144,156**	147,111
• *Investments in finance leases*	**23,600**	23,600	**28,915**	28,915
• *Loan investments*	**244,221**	244,221	**279,528**	279,528
• *Trade and other receivables*	**249,330**	249,330	**262,457**	262,457
• *Cash and cash equivalents*	**2,460,411**	2,460,411	**271,283**	271,283
Financial liabilities				
Financial liabilities at amortised cost				
• *Borrowings*	**5,063,599**	5,063,599	**2,379,768**	2,379,768
• *Trade and other payables - others*	**249,533**	249,533	**229,231**	229,231
Financial liabilities at FVTPL				
• *Trade and other payables - derivative liabilities*	**69,860**	69,860	**82,313**	82,313