الواحة كابيتال
WAHA CAPITAL

ANNUAL REPORT 2013

WAHA CAPITAL ANNUAL REPORT 2013

Waha Capital PJSC, P.O. Box 28922, Abu Dhabi, UAE
T: +9712 667 7343 F: +9712 667 7383

www.wahacapital.ae

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

306MN

Net profit of AED 306.4 million

5.2BN

The Groups total assets at AED 5.2 billion

192MN

Operating activities generated cash flow of AED 192 million

0.16

Basic and diluted earnings per share from continuing and discontinued operations were AED 0.16

ABOUT WAHA CAPITAL

Waha Capital is a publicly-listed Abu Dhabi investment company focused on creating and maximising shareholder value. The Company invests in economic sectors that offer high growth potential and that have been prioritised by the UAE government.

In 2013, Waha Capital reorganized its investments and is now active in principal investments, capital markets and industrial real estate.

The company's principal investment and co-investment interests span various sectors, including aircraft leasing, financial services, healthcare, offshore oil and gas services, and infrastructure. Waha Capital also has a strong track record in capital markets through its own proprietary credit portfolio which it is developing further along with its advisory services. In addition, the company is investing significantly in high quality industrial real estate through the ALMARKAZ project in Abu Dhabi.

Waha Capital's aim is to build sustainable and attractive returns for shareholders and investment partners by managing and deploying capital in areas where the company sees opportunity and can add value. The management team has extensive experience operating in the regional market, with expertise honed at leading international blue-chip corporations and financial institutions.

Initially established in 1997, Waha Capital continues to operate at the centre of influential business networks in the United Arab Emirates and the wider Middle East region. It enjoys close relationships with some of Abu Dhabi's key investment and financial institutions, and continues to build associations and explore co-investment opportunities with local and international partners.

Waha Capital underwent a brand rejuvenation exercise in 2013, emerging with a new corporate identity and a new brand that represents 'collective excellence', which is at the heart of its guiding principle. The new brand embodies the reputation, high standards, and corporate values that drive the company.

While Waha Capital manages assets globally, the company is deeply rooted in Abu Dhabi's economy. By investing in key growth sectors, the company is helping to develop a dynamic private sector – a central component of the government's economic diversification plans.

Waha Capital has 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,

It is my pleasure to inform you that Waha Capital achieved record profits in 2013, delivering AED 306.4 million in net profit and marking the company's highest profit since its establishment.

This year was a high point for Waha Capital, both in terms of performance as well as cementing the company's sound strategy. We are proud of our results and view this achievement as a small step towards attaining higher goals.

Waha Capital strengthened its position as a leading investment company in 2013. This was achieved by seizing a number of investment opportunities in the local and global markets and by the sound management of our existing assets, reflected in the company's profitability and financial indicators. Waha Capital's Board announced in December that it would vote in favour of the transaction of AerCap's acquisition of International Lease Finance Corporation (ILFC), expected to close in Q2 of 2014. Waha Capital expects to gain immediate shareholder value through the dramatic increase in scale and earnings at AerCap.

We have strived to continuously deliver strong returns to our stakeholders, while growing our business both organically and strategically. We are now leveraging our new structure to take the company to its next level, which aligns us even more closely to the diversification plans of the Abu Dhabi government, and have now started to reap the benefits of our new business model.

We are exploring new horizons for investment, in the healthcare sector initially, but also in sectors such as education and other areas we believe offer the highest potential for growth and returns to our stakeholders.

Abu Dhabi has demonstrated that it has the means and ability to deliver on its ambitious plans for the future. The challenges that the region faced around the global financial crisis have not entirely gone away, but they have helped international and regional investors fully appreciate the value and prospects of the UAE economy, and Abu Dhabi in particular.

The upgrading of the UAE in the MSCI index will enhance international investment in ADX and DFM; furthermore, the intention of the Abu Dhabi government to launch Abu Dhabi Global Market, a new global financial centre, coupled with the decision to award Dubai with the hosting of the EXPO 2020 event, all reinforce the message of confidence and expectation that is now beginning to emerge in the country as a whole.

With the emergence of our new investment structure and our growing earnings capacity, Waha Capital is well placed to deliver increasing returns to its stakeholders. 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 significant contribution. Their experience has added great value to the company's development and strategy. I would also like to thank and congratulate Waha Capital's management and employees for their contribution and the diligence they have provided to the company in the past year.

Hussain J. Al Nowais
Chairman of the Board

CEO AND MD MESSAGE

Dear Shareholders,

I am pleased to inform you that 2013 was a milestone year for Waha Capital. We have successfully transitioned to become one of Abu Dhabi's leading investment companies, and are starting to reap the rewards of the new business structure we have put in place.

Our net profits of AED 306.4 million this year showed a 43% increase over results for the previous year, demonstrating the company's increasingly strong performance. The main contributors to our income in 2013 were our principal investments and the company's growing capital markets related capability.

Two transactions during the year are worthy of particular note. Waha Capital's acquisition of Anglo Arabian Healthcare (AAH), an experienced healthcare group set up to own and operate hospitals, clinics, pharmacies and diagnostic centres in the UAE. This acquisition enables us to tap into a very promising growth sector, which is a key part of our new investment strategy.

The other major development was the decision by AerCap, in which Waha Capital currently holds a 26.3% shareholding, to acquire International Lease Finance Corporation (ILFC). Once finalized, this transaction will make AerCap the leading global franchise in the aircraft leasing industry, and will consolidate our investment in a business which has traditionally provided us with very good and sustainable returns.
During 2013, AerCap continued to make significant enhancements to the quality of its fleet, and ended the year with a portfolio of 378 aircraft that were either owned, managed, or under contract to purchase. AerCap achieved a net profit growth rate of 79%, resulting in a significant contribution to Waha Capital's total income.

In our other principal investments, Dunia Finance continued to show impressive growth both in its customer base and in its earnings, maintaining solid net interest margins and capital adequacy ratios.
During the year, Dunia Finance achieved a 61% increase in net profit, with continued growth expected in the coming year.

SMG continued to perform strongly in 2013, with the delivery of 13 ships and the acquisition of 6 vessels, bringing its total fleet to 39 vessels, and achieving an average utilization of assets rate of 89%.

By the end of 2013, ALMARKAZ, the flagship asset managed by Waha Land which is a wholly owned subsidiary of Waha Capital, had leased 60% of its first phase of light industrial warehouses, with significant additional interest still being received. The development is likely to be fully leased in the coming year, with plans to initiate the next phase of its expansion.
The company's Capital Markets business contributed significant additional value to our shareholders over the year, delivering superior performance in 2013 against a challenging global markets backdrop.

The diligence with which we have structured Waha Capital is also reflected in how we manage our business on a day to day basis, and how we ensure that our corporate governance standards meet the highest standards of international best practice.

As we look ahead, our ambition combined with our prudent approach will underpin our success in continuing to effectively grow our existing investment portfolio as well as making fruitful new investments. This, in turn will help attract the right investment partners.

I would like to thank the Board of Director 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 Khalifa Al Daheri
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 PJSC, General Holding Corp (Senaat), National Petroleum Construction Company (NPCC) and the Khalifa Fund for Enterprise Development. He is also Vice Chairman of Abraaj Capital 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.

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 13 years of experience in the fields of finance and international investment. He is currently the Vice Chairman of both Waha Capital PJSC and Senaat. He is also a board member of the Abu Dhabi Securities Exchange, Abu Dhabi Chamber of Commerce and Industry, Khalifa Fund for Enterprise Development, Agthia Group, and Abu Dhabi Airports Company.

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 and 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 5 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 Khalifa Al Dhaheri
Director

Mr. Al Dhaheri is Vice-Chairman and Managing Director of Ali & Sons Group, and also Chairman of 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 Chief Financial Officer of Mubadala Development Company. He is also Chairman of Mubadala GE Capital, Viceroy Hotel Group, and Mubadala CapitaLand Real Estate. He currently serves on the boards of several companies, including Mubadala Infrastructure Partners, Mubadala Petroleum, Masdar, Cleveland Clinic Abu Dhabi, Advanced Technology Investment Company and Global foundries Inc.

Mr. Obeid holds a degree 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, Tanqia, Addax Bank, Emirates Steel Company and Future Centre.

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

Mansour Mohamed Al Mulla
Director

Mr. Al Mulla serves as a Senior Advisor in the Structured Finance unit at Mubadala Development Company, in which he has led significant financings in a number of sectors, such as aerospace, real estate, oil and gas and infrastructure. In addition to Waha Capital, he serves on the boards of Abu Dhabi Finance PJSC, Aldar Properties PJSC, Dunia Finance LLC, Mesirow Investment Management Partners PrJSC and Anglo Arabian Healthcare.

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

FINANCIAL SUMMARY

Guided by a diversified and balanced investment strategy approach, Waha Capital has built a successful portfolio of investments and businesses across sectors and stages of development. Our strong balance sheet and prudent financial management has positioned us well to deliver attractive returns for our shareholders.

Waha Capital achieved a strong performance in 2013, reporting a record net profit attributable to shareholders of AED 306.4 million, an increase of 43% over the previous year. This result was driven primarily by increased returns from Waha Capital's key direct investments, including New York-listed aircraft leasing company AerCap Holdings and UAE consumer finance company Dunia Finance, as well as the strong performance of the company's capital markets division.

Waha Capital's total income grew by 33.4% to AED 587.3 million. The company's net profit translates into earnings per share of AED 0.16 in 2013, compared to AED 0.11 a year earlier, with return on equity rising to 12.6% from 9.4%.

Waha Capital's assets increased 18% as of December 31, 2013 to reach AED 5.24 billion.

Key Financial Highlights

(AED m)	YE 2013	YE 2012	YE 2011	YE 2010	YE 2009
Net Profit	306.4	214.4	155.3	249.1	216.8
Total Assets	5,237.6	4,435.1	4,202.9	3,800.5	4,253.6
Shareholders' Equity	2,526.4	2,329.7	2,231.9	2,141.3	1,937.8
EPS	0.16	0.11	0.08	0.13	0.11
ROE	12.6%	9.4%	7.1%	12.2%	11.6%
ROAA	6.3%	5.0%	3.9%	6.2%	4.8%
Total Dividend	189.7*	113.8	94.8	216.6	196.6

*Represents a dividend of AED 0.10 per share, as recommended by the Board of Directors and subject to shareholders approval at the next annual general meeting.

STRATEGY AND OPERATIONAL UPDATE

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

Corporate Strategy
Waha Capital is now structured to manage a diversified portfolio of investments through its business units, which are principal investments, capital markets and industrial real estate. The company will consider taking on co-investment partners and will look to evolve into a fee generating business by offering its expertise, networks and local knowledge to investors looking to capitalize on the rapid growth in the region.

Corporate Culture
In October 2013, Waha Capital refreshed its brand to reflect the corporate strategy's new dynamic and professional approach. As part of the process, the company articulated a new vision which is to be the pre-eminent investment management company in the region, setting the standard by which other institutions measure success. As the business evolves to achieve this goal, Waha Capital will continue to realign resources, strengthen relationships and enter into new beneficial partnerships.

At the heart of its brand's strategy is the company's Guiding Principle 'Collaborate; Excel; Deliver'. This principle unites Waha Capital behind a visible, common cause, allowing the company to make clear, concise and confident decisions.

In 2013, Waha Capital also relocated its offices to Tower 3 at the Etihad Towers in Abu Dhabi. The move reflected the planned expansion in Waha Capital's business and operations. The new premises offer improved facilities for employees and visitors with purpose-designed office space and an improved work environment in which to operate.

Human Resources
Waha Capital had a total of 66 employees as at 31 December 2013. With 24 different nationalities among the workforce, Waha Capital benefits from the diverse cultural, educational and professional backgrounds of each team member. The company aims to attract and retain the best talent by providing fulfilling careers.

We attract professionals with excellent educational backgrounds and relevant experience. New joiners include graduates from the Top 10 MBA Business Schools, and Waha Capital adheres to a robust recruitment process, in order to ensure that the best candidates are selected.

Waha Capital is a strategic investor in the development of UAE National talent. At the end of 2013, Emirati Nationals comprised 9% of our workforce. Waha Capital's Emiratization programs revolve around 4 main areas, namely Leadership Development, Career Development, our UAE Graduates Programme and Internships.

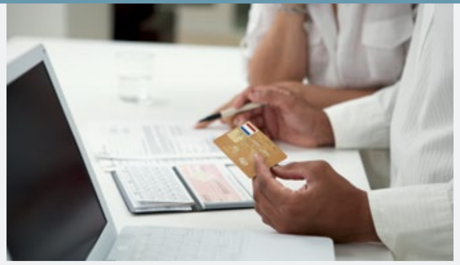
MILESTONES AND TIMELINE

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

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

Completed $1.2 billion Capital Raising Mandate

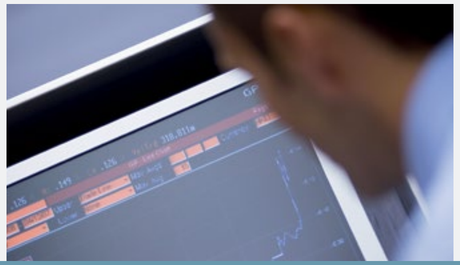
2010

Acquired a 20% stake in AerCap

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

2011

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



Completed $1.9 billion Capital Raising Mandate

2012

Completed first phase of ALMARKAZ

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

2013

Acquired Anglo Arabian Healthcare Group

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

OUR OPERATIONS AND PORTFOLIO

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

PRINCIPAL INVESTMENTS

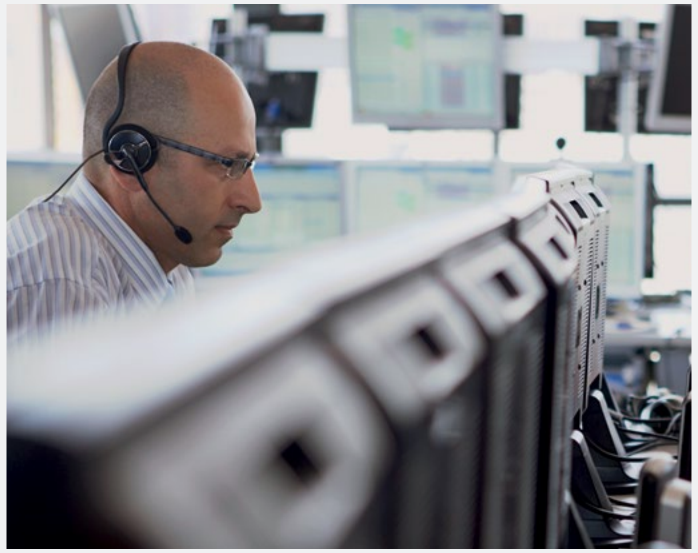
Waha Capital has a diverse portfolio of equity investments in a number of sectors, which include aircraft leasing, financial services, healthcare, offshore oil and gas service and infrastructure.

378
Aircraft owned and managed by AerCap

61.4%
Growth in Dunia Finance in net income

16
Healthcare facilities managed by Anglo Arabian Healthcare

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



CAPITAL MARKETS

Waha Capital offers a strong capital markets capability, delivering additional liquidity to the company's asset mix and providing the potential for the development of a fee-generating asset management business.

2013
The capital markets team at Waha Capital delivered significant outperformance in 2013

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.

650,000M²
Waha Land's land bank comprises 650,000m² of multi-purpose space

AT A GLANCE

PRINCIPAL INVESTMENTS

$300MN

$300 million fund with a strong track record

Waha Capital has a diverse portfolio of equity investments where it seeks to add significant value either directly or alongside co-investment partners. The company looks to take majority stakes in businesses operating in sectors that exhibit high growth potential.

Waha Capital's activities are spread across a number of sectors, which include aircraft leasing, financial services, healthcare, offshore oil and gas services, infrastructure and real estate development. Current equity investments include AerCap, a New York Stock Exchange-listed global aircraft leasing company; Dunia Finance, a fast-growing consumer finance business; Anglo Arabian Healthcare, a new healthcare group operating various assets; Dubai-based Stanford Marine Group, a leading operator of offshore supply vessels for the oil and gas sector; MENA Infrastructure Fund, a $300 million fund with a strong track record, and ALMARKAZ, a pioneering Abu Dhabi-based industrial real estate development.

PRINCIPAL INVESTMENTS

79%

Increase in net profit from previous year

378

Aircraft owned and managed in 2013

AERCAP

Investment Overview

Waha Capital owns a 26.3% stake in AerCap, a New York Stock Exchange-listed aircraft leasing company, in which it has been a major shareholder since 2010. AerCap acquires aircraft from manufacturers, airline operators, other aircraft-leasing companies and financial investors and leases them, primarily on an operating lease, to commercial airlines and cargo operators. As of the end of 2013, the company had a portfolio of 378 aircraft owned, managed and under purchase commitments, and is one of the youngest fleets in the industry.

Operations in 2013

AerCap recorded a net profit of $292.4 million in 2013, an increase of 79% from a year earlier, driven by an increase in its fleet and healthy utilisation rates.

The company continued to increase the size of its fleet, adding a net 45 aircraft during the year. The average age of the fleet stood at 5.4 years as at 31 December 2013, compared to 5.1 years a year earlier.

The most significant development for AerCap in 2013 was the company's announcement in December that it planned to acquire 100% of the common stock of International Lease Finance Corporation (ILFC) from American International Group (AIG).

Upon closing of the transaction, AIG will receive $3.0 billion in cash and 97.6 million newly issued AerCap shares. Existing AerCap shareholders will own approximately 54% of the combined company, while AIG will own approximately 46% of the combined company. Waha Capital's Board announced in December that it would vote in favour of the transaction. On the closing of the acquisition, the company will continue to own the same number of shares in AerCap; because of the newly issued shares, its shareholding will be reduced to approximately 14% through dilution. Waha Capital expects to gain immediate shareholder value through a substantial increase in scale and earnings at AerCap. The transaction will increase the number of aircraft owned by AerCap to 1,162 from the current 231, with aircraft managed by the company rising to 167 from 96.

The transaction is expected to close in the second quarter of 2014, subject to customary closing conditions.

Strategy

Upon closing of the ILFC acquisition, AerCap will focus on delivering value from the combination of the two companies.

This transaction presents a unique strategic opportunity to bring together outstanding and experienced personnel from both companies, along with a diverse portfolio of modern aircraft and customers, coupled with an attractive order book comprised of state-of-the-art aircraft. These resources along with a strong liquidity profile should provide the opportunity to drive high levels of stable long-term profitability and cash flows for the benefit of all AerCap's stakeholders.

The acquisition will be prudently capitalized with a combination of debt and equity, providing solid support for contracted orders and rapid deleveraging.

The combined portfolio of assets held by AerCap and ILFC will be concentrated in modern, fuel efficient aircraft with over 85% of the fleet by value consisting of A320, A330, Boeing 737NG and Boeing 777 family aircraft. Further, AerCap will benefit from over $25 billion of future aircraft deliveries presently in the combined order book. This represents substantial embedded future growth with attractive aircraft types, and favourable pricing and delivery dates.

As of the end of 2013, the company had a portfolio of 378 aircraft owned

PRINCIPAL INVESTMENTS

300
The company employs more than 300 people

16
Healthcare facilities owned and operated

ANGLO ARABIAN HEALTHCARE (AAH)

Investment Overview
In mid-2013, Waha Capital 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.

The company owns and operates 16 operating business assets, employs more than 300 people and serves over 400,000 registered outpatients. Operating assets consist of a day hospital, six clinics, five pharmacies, three diagnostics centres and a provider of continuing medical education, with a further hospital set to open in 2014.

Operations in 2013
Following Waha Capital's investment, Anglo Arabian Healthcare has focused on combining its various assets into an efficiently run, well-managed group, and has taken advantage of opportunities for economies of scale, with the aim of improving service, efficiencies, and beginning cross referral between the group's diagnostics centres, clinics and pharmacies.

Business growth was mainly driven by enhanced operating efficiency and a rise in patient numbers, due to the appointment of high-profile doctors and investment in upgraded healthcare facilities and provision.

Strategy
Anglo Arabian Healthcare expects demand for professional healthcare services to increase dramatically following a decision by the Dubai authorities to introduce mandatory health insurance, particularly given a similar positive development in Abu Dhabi in recent years.

A large portion of the UAE's population – approximately 50% – is currently without health insurance, and the decision by Dubai is expected to exert pressure on many of the stand-alone medical facilities that lack the required quality, infrastructure and scale needed to operate efficiently in a market dominated by insured patients. Anglo Arabian Healthcare plans to expand rapidly over the next few years, both organically and through further acquisitions. This strategy to develop the portfolio 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 company is expected to benefit directly from the growth in the UAE healthcare market.

At the centre of the strategy is a drive to forge key strategic partnerships with insurers and corporate employers to allow the company to take full advantage of the introduction of mandatory health insurance.

The company owns and operates 16 operating business assets

PRINCIPAL INVESTMENTS

61.4%

Net profit grow by 61.4%

1.03

Billion size of loan book by the end of 2013

DUNIA FINANCE

Investment Overview
Waha Capital owns a 25% stake in Dunia, a UAE-based company that offers a range of financial solutions including personal loans, auto loans, credit cards, guarantees and deposits.

The company was co-founded in 2008 through a strategic partnership between Waha Capital, Fullerton Financial Holdings (a subsidiary of Temasek Holdings), A. A. Al Moosa Enterprises and Mubadala Development Company.

Dunia Finance targets the undeserved salaried mass and mass affluent market as well as the self-employed mass market for its lending products and the SME and corporate markets for deposits and guarantees. Through Dunia Services, a sister company with the same shareholding structure as Dunia Finance, corporate clients are offered advisory, knowledge and business process outsourcing (BPO) services. In the past few years, Dunia Finance has demonstrated impressive growth, stable net interest margins and rising profits. Net interest margins have consistently been in the 20-30% range and the loan book has grown at 56% CAGR in the last four years (2010-2013).

Operations in 2013
Dunia Finance continued on a strong growth trajectory in 2013, recording total net income of AED 118.5 million in 2013, an increase of 61.4% from the previous year, driven primarily by loan book growth and improved cost efficiency.

The finance company (Dunia Finance) increased its customer base by 21% to 137,800, with the loan book portfolio growing to AED 1.03 billion by the end of 2013, a 35.4% rise from a year earlier. Meanwhile, deposits grew 24.4% to reach AED 515 million. Dunia Finance has been continuously improving efficiency, and reduced its cost-to-income ratio in 2013 to 40.4%, compared to 48.3% a year earlier.

One of the company's major achievements during the year was obtaining a maiden BB-long-term debt rating from Fitch Ratings, on a standalone basis and without shareholder support. This is the highest rating awarded by Fitch to a finance company in the region, putting Dunia on par with major regional banks, only five years after the company's establishment.

Strategy
Dunia has been successful in establishing a stable position through a strong presence in the UAE.

The company's strategy is to continue to attract customers and widen its product range in order to take advantage of the country's increasingly robust economy. Dunia plans to create new business lines, increase cross-selling of products and maintain high quality service to retain and attract customers. It will also focus on strategic cost management – investing in technology and process infrastructure upgrades – while maintaining high standards of risk management.

dunia
Your world of financial services

Dunia Finance continued on a strong growth trajectory in 2013

PRINCIPAL INVESTMENTS

39
Total number of fleet vessels

90%
Fleet utilization rate

STANFORD MARINE GROUP (SMG)

Investment Overview
Waha Capital has held a 49% stake in Stanford Marine Group (SMG) since 2008. One of the leading operators of offshore supply vessels (OSVs) in the Middle East, Stanford Marine Group has almost doubled its fleet over the last five years. Headquartered in Dubai, the company caters primarily to the offshore oil and gas marine sector in the Middle East, Southeast Asia and Africa. In addition to OSV chartering, SMG has shipbuilding and crane hire operations.

Operations in 2013
In 2013, SMG continued to increase its OSV fleet and to focus on its core chartering, shipbuilding and repair operations.

Early in the year, the company acquired 3 offshore support vessels from Waha Offshore Marine Services, an owner and operator of offshore support vessels that had been wholly owned by Waha Capital. The acquisition served to consolidate Waha Capital's marine assets and added three anchor handling tug (AHT) supply vessels to Stanford Marine Group's fleet.

The company also acquired 2 platform supply vessels (PSV) deployed in Southeast Asia and West Africa, and one utility vessel, bringing its total fleet to 39 vessels. Over the year, the fleet recorded a steady utilisation rate of 89%, and a vessel was deployed in the Gulf of Mexico – a new market for the company.

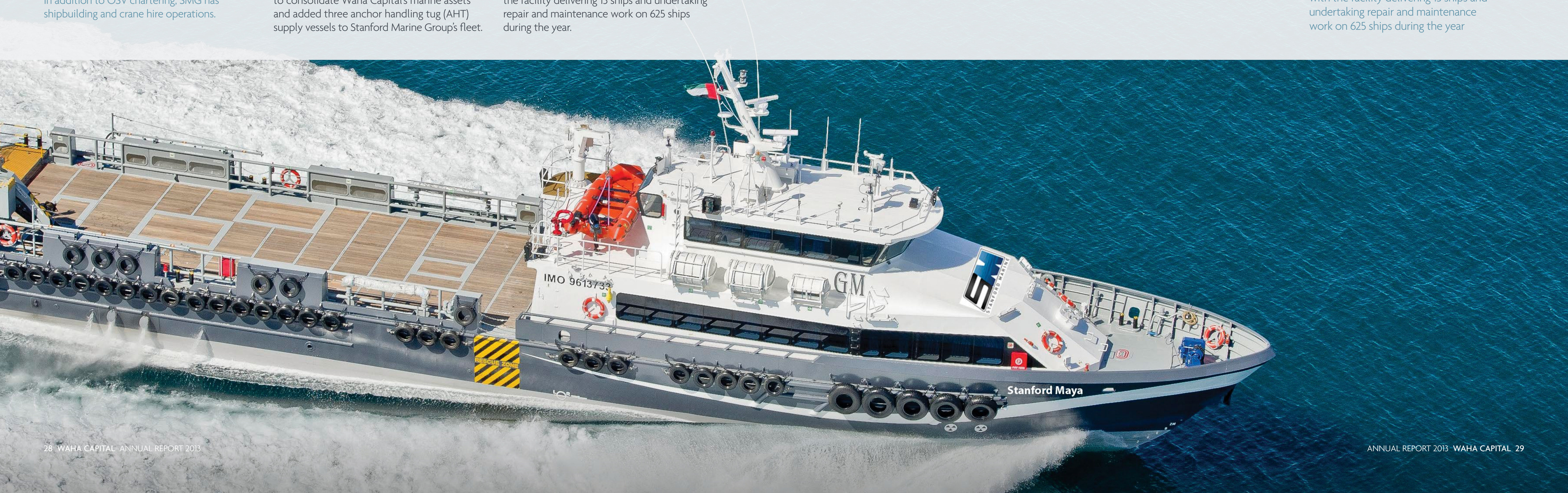
In addition, SMG transitioned its shipbuilding and repair works to Dubai Maritime City, with the facility delivering 13 ships and undertaking repair and maintenance work on 625 ships during the year.

Key Strengths
Stanford Marine Group continues to retain its strong position in the Middle East market, a region where offshore hydrocarbon exploration and production spending is growing at a fast pace, while continuing to look for opportunities in emerging markets, such as Africa. SMG maintains a modern, versatile and high-specification fleet, as well as long-standing relationships with a blue-chip customer base.

The company is focused on maintaining a resilient operating model with a strong safety track record, as well as employing a disciplined investment approach to produce robust financial performance.

STANFORD MARINE GROUP

SMG transitioned its shipbuilding and repair works to Dubai Maritime City, with the facility delivering 13 ships and undertaking repair and maintenance work on 625 ships during the year



PRINCIPAL INVESTMENTS

MENA INFRASTRUCTURE FUND

Investment Overview
The MENA Infrastructure Fund is a $300 million private equity fund that invests in infrastructure development projects across the MENA region. The fund was established in 2007 with Dubai International Capital (DIC), HSBC Bank Middle East and Waha Capital as shareholders in the Fund's General Partner (GP) In 2012, DIC sold its stake to Fajr Capital. Waha Capital is also one of the Limited Partner (LP) investors in the fund, having committed $53.75 million of capital, 17.9% of the fund's total capital commitments.

The fund is one of the largest and most successful infrastructure funds in the region and has consecutively received the 'Middle East Fund Manager of the Year' award in each of the years from 2009 to 2012, as well as the 'Best Infrastructure Fund' award for the MENA region in 2012. MENA IF has also been awarded the 'Middle Eastern Infrastructure Fund Manager of the Year 2013' and the 'Middle Eastern Infrastructure Deal of the Year 2013' (for the Sohar deal) by Infrastructure Magazine.

Operations in 2013
The fund is invested in four assets: 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.

In mid-2013, the MENA Infrastructure Fund added a fourth asset to its portfolio, acquiring a 2% shareholding in Sohar Power Company SAOG, a Muscat-listed company that operates a power plant and a water desalination plant in the Sohar industrial port area of Oman.

$300MN
The Mena Infrastructure Fund is a $300 million private equity fund

4
Assets acquired since fund inception

The acquisition involved sale of a 10% stake by GDF Suez Group and 5% each by WJ Towell & Co. and Zubair Corporation. GDF Suez Group remains the largest shareholder with 35%, while Oman's Ministry of Defence Pension Fund holds 5%, Sogex Oman holds 5% and the remaining 35% is freely floated on the Muscat Securities Market.

Meanwhile, progress continued at one of the fund's other major assets, the Qurayyah IPP project in Saudi Arabia – the largest ever combined cycle gas fired power plant construction project. By the end of 2013, the project was 90% completed and on track for final completion in 2014.

Strategy
The MENA Infrastructure Fund has so far invested 74% of its committed capital in four assets and expects to be fully invested during 2014.
The General Partner's strategy is to manage the fund's investments to achieve maximum performance and to obtain best prices when ideal opportunities occur for exiting portfolio investments. Building on its successful track record, MENA Infrastructure plans to raise a second fund within the coming two to three years.

MENA INFRASTRUCTURE FUND

The fund is one of the largest and most successful infrastructure funds in the region

AT A GLANCE

CAPITAL MARKETS

Overview
Waha Capital has developed a strong capital markets capability, which delivers additional liquidity to the company's asset mix and provides the potential for the development of a fee-generating asset management business. The company has been 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. CEEMEA hard currency bond markets have grown at an average rate of 12% over the last 15 years to around $500 billion, and an estimated $150 billion of new issuance is expected in 2014.

Profile
Waha Capital's experienced investment team has built a consistent track record through the management of the company's proprietary credit portfolio, 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 while maintaining low correlation to the market – a key strength of the team is its focus on risk management. Waha Capital has brought together a team of highly skilled risk and portfolio managers as well as research analysts who have a proven history of outperformance in emerging and developed markets.

Operations in 2013
The capital markets team at Waha Capital delivered significant outperformance in 2013 against a challenging global markets backdrop. The emerging markets credit portfolio produced a total return of 11%, while the CEEMEA credit portfolio gave a total return of 15%, compared to a negative 5.25% performance by the JP Morgan Emerging Bond Index (EMBI) Global Diversified – a benchmark for hard currency sovereign bonds. After a couple of years of strong performance, emerging market credit saw a sell-off in the second half of 2013, with yield spreads widening by over 150 basis points, as the U.S. Federal Reserve raised the prospect of tapering its bond-buying programme. Waha Capital produced positive returns and strong outperformance through proactive management of its capital markets portfolios, reducing duration rapidly and selectively adding risk at the appropriate times.

Strategy
Waha Capital continues to enhance its capital markets division, with the addition of equities to the asset mix planned for 2014. This will complement the company's portfolios in emerging market credit, and is a further step to developing a business that also manages third-party assets. Global markets are likely to witness further volatility in 2014 as the U.S. Federal Reserve tapers its bond buying programme amid a still uncertain global economic climate. Against this backdrop, investors in global equity and credit will need to be much more selective than in recent years, underlining the importance of Waha Capital's team of experienced portfolio managers with a strong track record of performance.

11%

The emerging markets credit portfolio produced a total return of 11%

AT A GLANCE

6KM²

The land bank

INDUSTRIAL REAL ESTATE

Overview
Waha Capital is a key player in the private sector of Abu Dhabi's industrial real estate landscape, investing through Waha Land, the company's real estate arm. Waha Land's mission is to develop quality real estate in niche sectors, such as light industry and logistics in order to capitalize on and contribute to the exceptional prospects offered by Abu Dhabi's dynamic economy.

ALMARKAZ Development

Profile
Waha Land's land bank includes a 6km² grant from the Government of Abu Dhabi, where the ALMARKAZ project is being developed. Phase 1 of the project is built on 1.5km² of the land bank and comprises 650,000m² of multi-purpose space aimed at providing businesses with flexible and affordable warehousing, storage, and other light industrial facilities constructed to international quality standards. The entire Phase 1 infrastructure and 90,000m² of leasable light industrial warehouses have been completed to date and available for immediate occupation.

ALMARKAZ responds to the emirate's growing demand for institutional quality industrial real estate in a market that is being transformed by new infrastructure, which include the development of the airport, a railway network, road system and a new port, linking Abu Dhabi to trading partners in the Arabian Gulf and beyond.

Operations in 2013
With construction of Phase 1 completed in late 2012, leasing activity gathered pace during 2013. Companies have chosen to locate at ALMARKAZ because of its international standard infrastructure, its strategic location, and the flexibility and scale of the facilities offered.

By the end of 2013, more than 60% of the 90,000m² of warehouse and light industrial space had been leased at market rates to companies operating in diverse sectors. The project is on track to achieve full occupancy by mid-2014.

Over 30 leasing contracts have been signed, with tenancy contracts ranging from 2 to 15 years. Various types of companies are establishing operations at the development, with interests in a wide range of sectors including storage and logistics, oil and gas services, Small and Medium-sized Enterprises (SMEs), food producers and light manufacturers.

As of the end of 2013, Waha Capital carried the investment of Phase 1 of ALMARKAZ at fair market value of AED 809.4 million. The unrecognized portion of the land bank, comprising 75% of the total area, is estimated at AED 554.7 million.

Strategy
Following its successful track record with the first 90,000m² of industrial space, ALMARKAZ is exploring a number of growth plans including expansion of small industrial unit (SIU) space, and development of warehouses, light industrial units (LIUs), and other Build-to-Suit options on the remaining 870,000m² of land within Phase 1.

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 modelled 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, risk management 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 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.

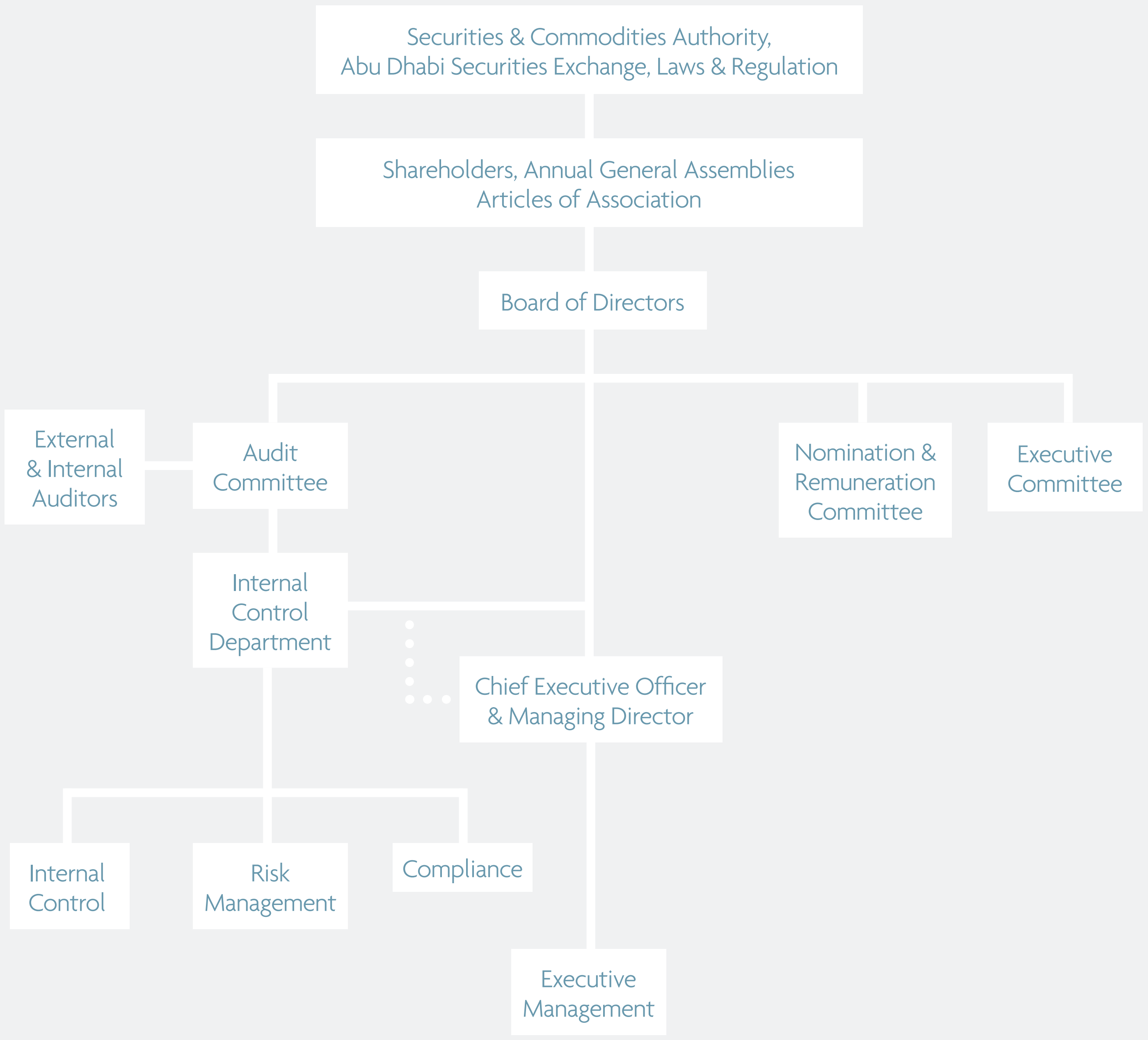
Board Committees
The Board has established three committees to support its work, namely, the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee. Each committee has terms of reference which set out its responsibilities, structure and composition, and operational and reporting frameworks. These terms of reference were revised in 2011 to comply with the requirements of ESCA Ministerial Resolution (518) of 2009 (Corporate Governance Code).

Internal Control, Risk Management and Compliance
The company has established an Internal Control Department which is responsible for the internal controls, risk management 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 and Risk Management, who also serves as the company's Compliance Officer.

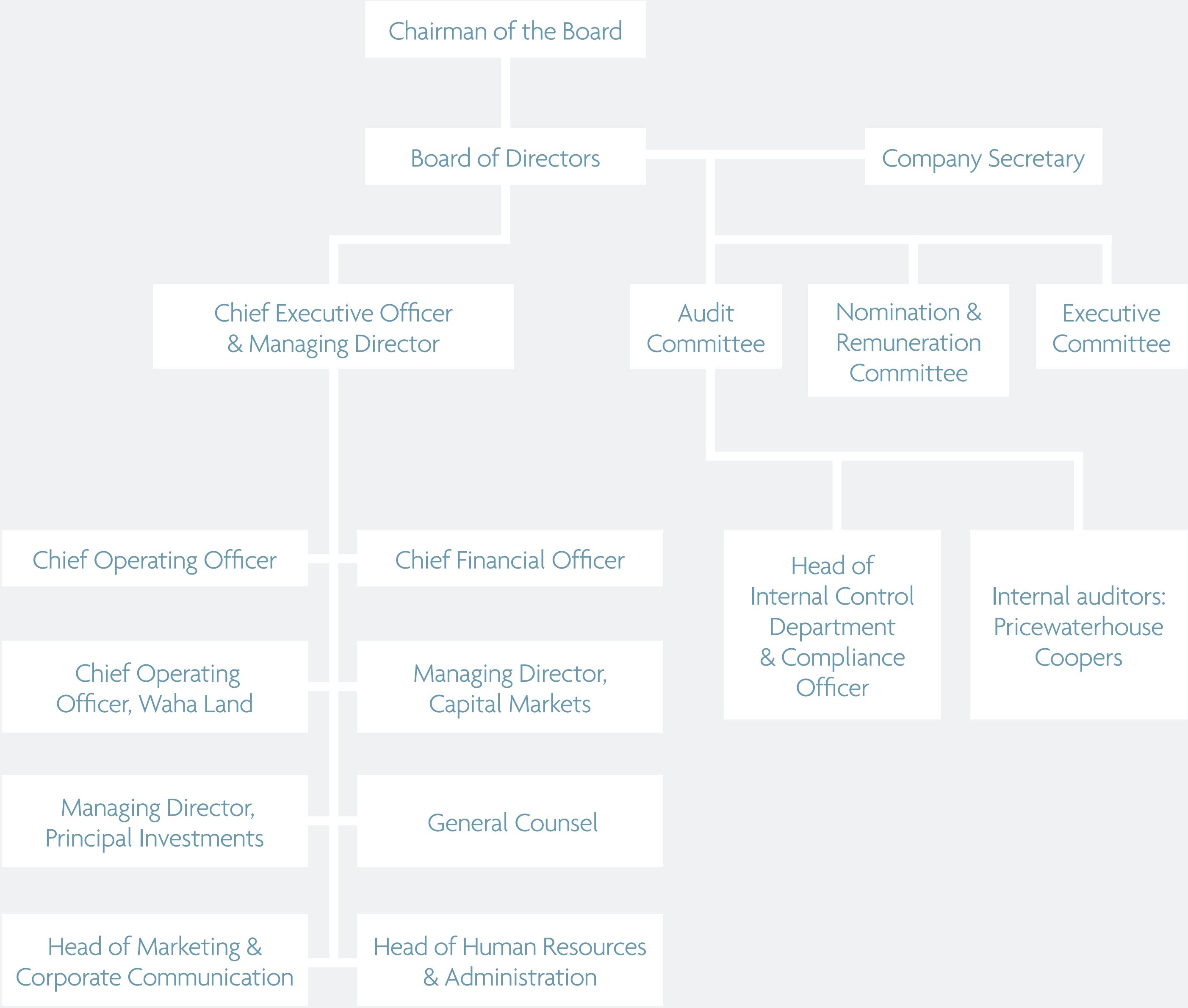
External and Internal Auditors
Waha Capital's external auditor is Deloitte, which was appointed at the company's 2013 Annual General Assembly. The external auditor performed ancillary services in 2013 relating to the application of new accounting standards, the transition from the old accounting standards, and the implications arising there from. The company's internal auditor is PricewaterhouseCoopers, 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 2013, 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 Managing Director

Michael Raynes
Chief Operating Officer

Sana Khater
Chief Financial Officer

Hazem Saeed Al Nowais
Chief Operating Officer, Waha Land

Abdellah Sbai
MD, Capital Markets

Hani Ramadan
MD, Principal Investments

Ergham Albachir
Head of HR and Administration

Safwan Said
General Counsel and Company Secretary

Dana Chehayeb
Head of Marketing and Corporate Communications

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 Managing Director

   "We are extremely pleased with the record results we achieved in 2013, marking the company's 11th year of continuous profitability. We look forward to building on this solid platform and to continue to deliver value to our shareholders."

2. Michael Raynes
   Chief Operating Officer

   "We have put together a talented team with a strong track record and continue to apply rigorous due diligence to our investment process. Waha Capital is a nimble company that is well-positioned to pursue attractive opportunities and to forge long-term partnerships with investments partners."

3. Sana Khater
   Chief Financial Officer

   "Our record full year 2013 results reflect our steadfast focus on actively managing our investments, our commitment to sound financial management and our emphasis on risk mitigation. Our balance sheet is strong and we continue to pursue steady and sustainable earnings in the years ahead."

4. Hazem Saeed Al Nowais
   Chief Operating Officer, Waha Land

   "ALMARKAZ has witnessed a significant ramp up in signed leases over the past year, resulting from the ongoing demand thanks to the facility's high-quality infrastructure, strategic location, scale and flexibility."

5. Abdellah Sbai
   MD, Capital Markets

   "In a relatively short period of time, the capital markets unit has become one of the main contributors to Waha Capital's earnings, and our strategy is to develop this business further in the coming years."

6. Hani Ramadan
   MD, Principal Investments

   "Our investment portfolio has performed strongly in 2013, with a number of businesses delivering record income. We're particularly encouraged by the potential of the healthcare sector, in which we have made a significant investment through the acquisition of Anglo Arabian Healthcare, a platform which we plan to grow further."

7. Safwan Said
   General Counsel and Company Secretary

   "We have invested heavily in developing best practice corporate governance, risk management and compliance systems in order to support the continued growth of the company and allow it to meet its business objectives prudently."

8. Dana Chehayeb
   Head of Marketing and Corporate Communications

   "2013 was a transformational year at Waha Capital. We adopted a new brand identity to reflect the direction and dynamism of the company, and have expanded our communication to existing stakeholders and potential investors."

9. Ergham Albachir
   Head of HR and Administration

   "As a small close-knit organization we attract and retain the best talent by providing rewarding and fulfilling career opportunities in a dynamic business environment to UAE Nationals and professionals from diverse backgrounds."

HOME MARKET

ABU DHABI

Abu Dhabi is the home of the United Arab Emirates' Federal Government and the country's capital.

Endowed with rich natural resources, the UAE's economy is underpinned by oil exports although a growing diversification in the country's economy has been evident in recent years. The country has about 6%, or 98 billion barrels, of the world's proven oil reserves and hosts the fifth largest natural gas reserves in the world.

While Waha Capital manages assets globally, the company is deeply rooted in Abu Dhabi's economy. The company is aligned with the Government's strategy for economic diversification – the Abu Dhabi Economic Vision 2030 – investing in key areas of growth and encouraging private sector development. The strategy puts a great focus on building knowledge-based industries, such as petrochemicals, aerospace, and pharmaceuticals, as well as developing social infrastructure, particularly education and healthcare.

Diversification

By 2030, the Government envisages 64% of Abu Dhabi's GDP will come from non-oil sources, versus around 32% currently. Around $400 billion worth of projects have either been announced or are under development in the Emirate in various areas, such as oil and gas, manufacturing, real estate and infrastructure.

They include development of Saadiyat Island to place Abu Dhabi firmly on the map for high-end tourism, bringing in two of the world's most recognized cultural institutions, the Louvre and the Guggenheim, with the Sheikh Zayed National Museum at the centre of the new cultural district.

In a sign of Abu Dhabi's emergence as a major travel and tourism hub, the UAE's national carrier, Etihad Airlines, announced in November 2013 that it would expand its fleet with 199 new aircraft, in transactions worth a total of $65 billion. The expansion ties in with construction of the Midfield Terminal complex at Abu Dhabi International Airport, with the new facility scheduled to open in 2017.

Land transportation infrastructure is also being developed at a rapid pace, supporting the advancement of a sophisticated modern economy and aiding the process of regional integration. By 2018, the Etihad Railway project is due to connect major centres across the UAE, and link them with a wider Gulf railway network, while a new Abu Dhabi metro will facilitate travel within the capital.

Healthy growth

The UAE has recovered well since being shaken by the aftershocks of the 2008-2009 global economic crises, with real GDP growth estimated at 4.0% in 2013 and 3.9% in 2014, according to the International Monetary Fund.

The rebound has been driven by growing tourism, logistics and trade revenues, as well as strong public spending. Robust global oil prices – due to demand from emerging markets offsetting stagnant demand for hydrocarbons from advanced economies – has given ample leeway for prudent fiscal stimulus in areas such as infrastructure development.

The real estate sector, which was hit hard by the crisis, has stabilised and leasing and sales activity suggests the cycle has turned, while the banking system has held steady during the downturn. Having provisioned prudently, lenders benefit from a very strong capital position relative to their international peers. Abu Dhabi banks experienced loan growth of over 10% in 2013, and are expected to continue the same growth trajectory in 2014.

Against this robust economic backdrop, investors have been optimistic on Abu Dhabi's corporate landscape, with the Abu Dhabi stock exchange's main index gaining over 60% in 2013. The decision to include the UAE in the MSCI emerging market index from 2014 has elevated the country's status among global investors and is expected to lead to greater capital inflows in coming years, with institutional investors now more likely to commit to larger, long-term positions in the market.

FINANCIAL STATEMENTS, 31 DECEMBER 2013

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 and Managing Director
Mr. Salem Rashid Al Noaimi

Head Office
PO Box 28922
Etihad Towers
42nd Floor, Tower 3
Abu Dhabi
UAE

Auditor
Deloitte & Touche (M.E.)
PO Box 990
11th Floor, Al Sila Tower
Al Sowwah 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 2013 financial results of Waha Capital, which set a new record in our long history of profitability.

This strong performance has been achieved as Waha Capital continues to successfully leverage its diversified asset classes, demonstrating the underlying potential of our new strategy as we look forward to the future.

Waha Capital recorded a net profit of AED 306.4 million, compared to AED 214.4 million in 2012. The growth in net profit was driven by increased returns from Waha Capital's key direct investments, including New York-listed aircraft leasing company AerCap Holdings and UAE consumer finance company Dunia Finance, as well as the strong performance of the company's capital markets division.

Our return on equity increased to 12.6% from 9.4% in 2012, demonstrating our growing capabilities in the management of our investment portfolio and ability to produce consistent income from capital market transactions.

In mid-2013, Waha Capital made its first investment in the healthcare sector by acquiring Anglo Arabian Healthcare (AAH), a healthcare group established to own and operate hospitals, clinics, pharmacies and diagnostic centres across the United Arab Emirates. This 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.

Waha Capital is now structured to manage a diversified portfolio of investments through its business units and is well placed to reap further rewards from its existing and potential new business interests. We are fortunate to be headquartered in a country that has both the economic wealth and the vision to invest in ways which provide companies such as Waha Capital with a robust and rewarding domestic market.

We remain focused on actively managing our portfolio investments and are confident that the company is now positioned even better to deliver attractive returns to its shareholders. While ambitious about growing our business, we remain committed to our prudent approach to financial management and our commitment to best practice and good corporate governance.

Building on the strong fundamentals, corporate structure and business strategy, we see 2014 as a year of opportunity for expansion into existing and new sectors, including healthcare, education, oil and gas.

Principal Investments

AerCap
New York-listed AerCap Holdings NV, in which Waha Capital owns a 26.3% stake, continued to position itself for long-term growth, making significant enhancements to the quality of its fleet and adding a net 45 aircraft during 2013.

In December of 2013, AerCap announced its plans to acquire 100% of the common stock of International Lease Finance Corporation (ILFC) from American International Group (AIG). The total consideration of the acquisition has a value of approximately $26 billion including the assumption of the outstanding ILFC net debt of $21 billion. The transaction is expected to close in the second quarter of 2014, at which point AIG will receive $3.0 billion in cash and 97.6 million newly issued AerCap shares. AIG will own approximately 46% of the combined company, while the existing AerCap shareholders will own approximately 54% of the combined company.

Waha Capital voted in favour of the transaction. Although the Company will see its shareholding reduced to approximately 14% through dilution, Waha Capital expects to gain immediate shareholder value through the dramatic increase in scale and earnings at AerCap. The transaction will increase the number of aircraft owned by AerCap to 1,162 from the current 231, with aircraft managed by the company rising to 167, from 96.

Dunia Finance
Dunia Finance, a UAE-based consumer finance company in which Waha Capital owns a 25% stake, continued to demonstrate strong growth in 2013. In the five years since its launch, the company has expanded its loan book by an average rate of nearly 60% annually. In 2013, the company registered just over 24,000 net new customers and experienced loan growth of 21%.

Dunia Finance has reduced its cost-to-income ratio to 40% by the end of 2013, from around 300% in 2009, through various cost management initiatives such as reengineering its business processes, renegotiating costs with vendors and maintaining tight control over discretionary expenses.

Offshore Oil and Gas Services
Early in the year, SMG acquired three offshore support vessels from Waha Offshore Marine Services, a wholly owned subsidiary of Waha Capital. The acquisition served to consolidate Waha Capital's marine assets and added three anchor handling tug (AHT) supply vessels to Stanford Marine Group's fleet. The company also acquired two platform supply vessels (PSV) deployed one in Southeast Asia and another in West Africa, and one utility vessel, bringing its total fleet to 39 vessels. Over the year, the fleet recorded a steady utilisation rate of 89%, deploying vessels into new markets.

MENA Infrastructure Fund
Waha Capital continued to invest in infrastructure, through its participation as a limited partner in the $300 million MENA Infrastructure Fund in which Waha Capital acts as one of the three sponsors that collectively own the general partner of the fund.

The fund invested in its fourth asset in mid-2013, acquiring a 20% shareholding in Sohar Power Company SAOG, a Muscat-listed company that operates a power plant and a water desalination plant in the Sohar industrial port area of Oman.

Meanwhile, another major asset in the fund, the Qurayyah IPP project in Saudi Arabia – the largest ever combined cycle gas fired power plant project to be constructed – made significant progress in 2013, completing 90% of the project, placing it on track for final completion in 2014.

Capital Markets

Waha Capital's capital markets division, which has been increasing the company's exposure to global credit markets over the last two years, delivered a strong performance in 2013, against challenging global market conditions due to heightened volatility.

The company's main CEEMEA (Central and Eastern Europe, Middle East and Africa) credit portfolio produced a total return of 15% in the calendar year, while its global emerging market portfolio delivered an 11% return – outperforming the negative 6.58% of the JP Morgan Emerging Markets Bond Index (EMBI).

Industrial Real Estate

Waha Capital's industrial real estate development, ALMARKAZ, has seen strong leasing demand following completion of the first phase of construction in December 2012. Companies have chosen to locate at ALMARKAZ because of its high-quality infrastructure, its strategic location, and the flexibility and scale of the facilities offered.

By the end of 2013, just over 60% of the 90,000sq m of warehouse and light industrial space had been leased at market rates to companies operating in diverse sectors. The project is on track to achieve 90% occupancy during 2014, due to particularly strong demand for build-to-suit units.

Over 40 leasing contracts have been signed with tenancy contracts ranging from three to fifteen years. Various types of companies are establishing operations at the development, with interests in a wide range of sectors including storage and logistics, oil and gas services, Small and Medium-sized Enterprises (SMEs), food producers and light manufacturers.

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 recorded a net profit attributable to owners of the Company of AED 306.4 million for the year ended 31 December 2013 compared to AED 214.4 million during the corresponding period in 2012.

Performance Overview

Waha Capital recorded net profit attributable to owners of the Company of AED 75.6 million during the three-month period ended 31 December 2013 compared to AED 183.5 million during the corresponding period in 2012.

The record profitability of the year ended 31 December 2013 was driven mainly by the strong performance of the Company's direct investments in New York-listed aircraft leasing company, AerCap, and UAE consumer finance company, Dunia Finance, as well as the solid contribution from capital markets transactions.

Key Financial Highlights

Year ended 31 December 2013 performance

- The Group recorded profit attributable to owners of AED 306.4 million for the year ended 31 December 2013, an increase of AED 92.0 million from AED 214.4 million earned during the corresponding period in 2012.
- Operating activities generated cash flow of AED 192.2 million during the year ended 31 December 2013, compared to AED 143.2 million generated during the corresponding period in 2012.
- The Group's total assets stood at AED 5.2 billion as at 31 December 2013, compared to AED 4.4 billion as at 31 December 2012.
- Basic and diluted earnings per share from continuing and discontinued operations were AED 0.16 during the year ended 31 December 2013, compared to AED 0.11 achieved during the corresponding period in 2012.

Three-month period ended 31 December 2013 performance

- The Group recorded profit attributable to owners of AED 75.6 million during the three-month period ended 31 December 2013, compared to AED 183.5 million earned during the corresponding period in 2012.
- Operating activities generated cash flow of AED 166.6 million during the current quarter, compared to AED 144.2 million generated during the corresponding period in 2012.
- Basic and diluted earnings per share from continuing and discontinued operations were AED 0.04 during the three-month period ended 31 December 2013, compared to AED 0.10 achieved during the corresponding period in 2012.

Discussion of Results

Net Profit

Total income includes (a) revenue from principal activities of subsidiaries; (b) income from equity-accounted investees; (c) income from capital markets transactions; and (d) other income/expense.

Income Statement (AED '000)

	Year ended		Three-month period ended	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
Revenue from sale of goods and services	**64,001**	2,787	**27,749**	641
Income from equity-accounted investees, net	**265,601**	204,076	**67,892**	75,177
Income from capital markets transactions	**236,679**	233,802	**44,946**	214,492
Other income/expense	**21,006**	(542)	**5,316**	(1,969)
Total income	**587,287**	440,123	**145,903**	288,341
Cost of sale of goods and services	**(20,263)**	(3,097)	**(9,562)**	(951)
General and administrative expenses	**(175,080)**	(130,587)	**(38,895)**	(71,901)
Finance expenses	**(86,375)**	(67,036)	**(22,017)**	(16,903)
Total expenses	**(281,718)**	(200,720)	**(70,474)**	(89,755)
Discontinued operations	**1,749**	(26,729)	**229**	(16,234)
Non-controlling interest	**(967)**	1,767	**(75)**	1,120
Profit attributable to shareholders	**306,351**	214,441	**75,583**	183,472
Basic and diluted earnings per share (in AED)	**0.16**	0.11	**0.04**	0.10

Year ended 31 December 2013 performance

Total income increased by 33.4% to AED 587.3 million (FY 2012: AED 440.1 million). Revenue from sale of goods and services increased 22.0x from last year mainly due to the revenue from our recently acquired subsidiary, Anglo Arabian Healthcare (AAH). Income from investment in equity-accounted investees reflects the strong returns from AerCap Holdings (AerCap) and Dunia Group (Dunia Finance and Dunia Services) amounting to AED 259.9 million and AED 33.1 million respectively. Income from capital markets transactions amounting to AED 236.7 million is in line with the prior year.

Total expenses, comprising cost of sales, general and administrative and finance expenses, increased from AED 200.7 million to AED 281.7 million, mainly as a result of higher general and administrative expenses in line with the increase in total income as well as the consolidation of AAH's expenses.

Three-month period ended 31 December 2013 performance

Revenue from sale of goods and services increased by 42.3x from the corresponding period last year mainly due to the revenue from AAH. Income from investment in equity-accounted investees reflects the strong returns from AerCap and Dunia Group amounting to AED 56.9 million and AED 10.9 million, respectively. The reduction in income from capital markets transaction is attributable to the timing of income recognition during 2013.

Total expenses decreased from AED 89.8 million to AED 70.5 million, mainly as a result of lower general and administration expenses during the quarter in line with the decrease in total income.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

Discussion of Results (continued)

Statement of financial position
Total assets increased from AED 4.4 billion as at 31 December 2012 to AED 5.2 billion as at 31 December 2013 mainly due to: (a) the strong performance of investments in equity-accounted investees, (b) consolidation of the newly acquired healthcare group, and (c) investments in public securities, mainly in debt capital markets, financed partially through repo arrangements from a financial institution.

Key metrics of the statement of financial position are shown in the table below:

Statement of financial position (AED '000)

	Year ended	
	31 Dec 13	**31 Dec 12**
Investment in equity-accounted investees	**2,493,478**	2,255,370
Investment property	**809,491**	775,743
Investment available for sale	**135,639**	108,883
Investments in finance leases and loan	**308,443**	339,537
Assets classified as held for sale	**221,647**	295,207
Financial assets at fair value through profit or loss	**509,373**	190,621
Financial assets classified as held-to-maturity	**144,156**	–
Other assets	**344,103**	250,108
Cash and cash equivalents	**271,283**	219,635
Total Assets	**5,237,613**	4,435,104
Borrowings	**2,379,768**	1,786,502
Trade and other payables	**311,544**	305,003
Total equity	**2,546,301**	2,343,599
Total Liabilities and Equity	**5,237,613**	4,435,104

Investment in equity-accounted investees increased by AED 238.1 million mainly due to a strong performance of AerCap and Dunia Group contributing AED 259.9 million and AED 33.1 million, respectively, for the year ended 31 December 2013.

Investment property increased mainly due to additional development incurred for the completion of Phase 1 of the ALMARKAZ project.

Investments available for sale, comprising our investment in MENA Infrastructure Fund, increased by AED 26.8 million mainly due to a capital contribution amounting to AED 24.0 million to fund the acquisition of a power project in the Sultanate of Oman.

Financial assets at fair value through profit or loss and financial assets classified as held-to-maturity increased due to investments made in public securities, mainly in debt capital markets, financed partially through repo arrangements.

Corporate Strategy

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

Waha Capital is now structured to manage a diversified portfolio of investments through its business units: principal investments, capital markets and industrial real estate. The company will consider taking on co-investment partners, evolving into a fee generating business by offering its expertise, networks and local knowledge to investors looking to capitalize on the rapid growth in the region. To project the strategy, Waha Capital has refreshed its brand, during 2013, to reflect its dynamic and professional approach.

Business and Portfolio Companies Analysis

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

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 2011-2012, AerCap repurchased 35.9 million shares at an average price of $11.7 per share under its stock repurchase programme. Waha Capital did not participate in this stock repurchase program. As a result, Waha Capital's stake in AerCap increased to 26.3%.

AerCap continued to position itself for long-term growth, particularly in emerging markets, and to make significant enhancements to the quality of its fleet. During the last quarter 2013, AerCap completed the following transactions:

- Signed lease agreements for 19 aircraft. The average term of lease agreements contracted during the past 12 months was 163 months for new aircraft and 57 months for used aircraft.
- Delivered 11 aircraft under contracted lease agreements, including four Boeing 737-800s and seven Airbus A320-200s.
- Purchased six aircraft, including four new Boeing 737-800s and two Airbus A320s, and entered into a purchase and leaseback arrangement for one Boeing 787-8 aircraft that is still to be delivered.
- Closed the sale of five aircraft. AerCap sold one Airbus A330-200 from its owned portfolio, and two Airbus A320-200s, one Boeing 737-400 and one Bombardier CRJ705 from its managed portfolio. AerCap also executed agreements for the sale of three aircraft that are still to be delivered (one from its owned portfolio and two from its managed portfolio).
- Entered into a definitive agreement under which AerCap will acquire 100% of the common stock of ILFC, as previously announced. The transaction is expected to close in the second quarter of 2014, subject to satisfaction of customary closing conditions.
- Signed financing transactions for $4.1 billion, including $3.8 billion relating to the ILFC transaction.

During the full year 2013, AerCap completed the following transactions:

- Signed lease agreements for 79 aircraft;
- Delivered 52 aircraft under contracted lease agreements;
- Purchased 38 aircraft, and entered into purchase and leaseback agreements for another 21 aircraft that are still to be delivered;
- Closed the sale of 28 aircraft; and
- Signed financing transactions for $5.9 billion, including $3.8 billion relating to the International Lease Finance Corporation (ILFC) transaction.

As of 31 December 2013, AerCap's portfolio consisted of 378 aircraft that were either owned, managed, or under contract to purchase (including five options). The average age of the owned fleet as of same date was 5.4 years and the average remaining contracted lease term was 6.6 years.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

Business and Portfolio Companies Analysis (continued)

Dunia Finance
Dunia Finance (Dunia) is a UAE Central Bank regulated finance company that offers a range of financial solutions including personal loans, auto loans, credit cards, guarantees and deposits to its customers in the UAE. Currently, the majority of its loan portfolio comprises credit cards and personal loans. Dunia targets the undeserved 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.

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

Dunia has undertaken several strategic cost management initiatives such as reengineering business processes, limiting new hiring to revenue-generating roles, renegotiating costs with vendors and landlords and maintaining tight control over discretionary expenses. These initiatives reduced its cost-to-income ratio to 40.4% for the year ended 31 December 2013 from around 299.4% in 2009, despite strong growth in its customer base and transaction processing volumes. Dunia's operating margin as of 31st December 2013 is AED 204.5 million which is an increase of 40.6% over 2012, while its general and administration expenses remained stable at AED 133.1 million. In addition, customer deposits grew at a 100% CAGR over 2009-2013 to AED 515.1 million at 31 December 2013.

During the year ended 31 December 2013, Dunia Finance continued the impressive growth of its loan book, and maintained solid net interest margins and capital adequacy ratios. During the same period, Dunia Finance achieved the following:

- Achieved net income of AED 118.5 million with ROE of 28.9% and ROIC of 20.2%; reflecting a record growth in net income by 61.4% and net-interest-income by 35.2% year on year;
- Crossed a new milestone of AED 1 billion in total customer assets and AED 0.5 billion in deposits;
- Expanded its loan book at a healthy rate, with an End of Period customer base of 137.8 thousand, i.e. a growth of 21.3% over 2012 and achieved 35.4% growth in its loan portfolio;
- Improved its asset quality and as such its impairment reserve (as a percentage of loans and advances) reduced from 7.6% at the end of 2009 to 2.4% which is well above the minimum requirement of 1.25% as per the Central Bank of UAE guideline;
- The non-performing loan cover as of 31st December 2013 is at a healthy c. 1.7x which should protect the company not only from credit losses but also from unexpected stress situations;
- Funded 100% of the loan portfolio growth through customer deposits and retained earnings; and
- Maintained a bank facility of AED 190 million.

The Company's stake in Dunia was carried at AED 120.5 million as at 31 December 2013.

Stanford Marine Group
Stanford Marine Group (SMG) is a Dubai-based company that owns and operates offshore support vessels (OSVs) for the oil and gas industry, primarily in the Middle East, South East Asia and Africa. The company also offers shipbuilding and ship repair and maintenance services through its subsidiary, Grandweld. SMG's clients include McDermott, ZADCO, Occidental Petroleum of Qatar, Dubai Petroleum, Maersk Oil of Qatar, Abu Dhabi National Oil Company, Abu Dhabi Ports Company, Kuwaiti Oil Tanker Company, National Marine Dredging Company, Mojil Group and Zamil Offshore.

In 2008, Waha Capital acquired a 49% equity interest in SMG. Since acquisition, SMG has grown its fleet of Offshore Supply Vessels (OSVs) in operation from 21 in 2008 to 39 as at 31 December 2013.

SMG is one of the UAE's leading offshore support groups with interests in vessel ownership and operation, shipbuilding and repair, and crane leasing. SMG's chartering business, Stanford Marine, now generates c. 85% of the Group's total EBITDA. The business owns and manages a diverse fleet of crew boats, anchor handlers and platform supply vessels operating across multiple geographies. With the move to the new state-of-the-art facility in Dubai Maritime City (DMC), Grandweld and GMMOSTech, Stanford Marine Group's shipbuilding and repair businesses, are set to maintain the current growth trajectory.

During the year ended 31 December 2013, SMG has:

- Maintained a fleet of 39 owned Offshore Supply Vessels (OSVs) in operation. SMG's owned fleet comprises 11 platform supply vessels, 10 anchor handling tug and anchor handling tug supply, 15 crew/utility supply vessels, and 3 workboats with an average utilization of 89% and average age of 7.5 years (arithmetic) or 4.5 years (value weighted);
- Delivered 13 ships and undertook repair and maintenance work on 625 ships; and
- Acquired a total of 6 vessels comprising of 3 AHT vessels; one 87m PSV (deployed in SEA immediately on delivery), one 75m PSV (deployed in West Africa immediately on delivery) and 1 utility vessel (deployed in UAE immediately on delivery).

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

Anglo Arabian Healthcare
Earlier this year, the Company made its first investment in the healthcare sector by acquiring Anglo Arabian Healthcare (AAH), a new group established to deliver healthcare services throughout the United Arab Emirates. AAH owns and operates 17 business assets, employs more than 300 people and serves over 400,000 registered outpatients. Operating assets consist of 1 day hospital, 6 clinics, 5 pharmacies, 3 diagnostics centres and 1 provider of continuing medical education, with 1 hospital set to open in 2014.

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

The value of AAH's net assets is AED 46.7 million as at 31 December 2013.

MENA Infrastructure Fund
MENA Infrastructure Fund (MIF) was founded in 2006 with Dubai International Capital (DIC), HSBC Bank Middle East and Waha Capital as General Partners (GP). In 2012, DIC sold its stake in MIF to Fajr Capital. MIF is a private equity fund that invests in infrastructure development projects across MENA. Within the infrastructure segment, the fund has interests 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 $300 million from its Limited Partners (LP). Waha Capital's commitment as an LP stands at $53.75 million (17.9% of total commitment). To date, MIF has 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 2009-2012 and the Best Infrastructure Fund award for the MENA region in 2012.

As at 31 December 2013, Waha Capital carried its LP stake in the Fund at AED 135.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

Business and Portfolio Companies Analysis (continued)

Other Assets
As at 31 December 2013, Waha Capital held non-core investments of around AED 471.5 million. AerLift, Siraj Finance and Addax Bank accounted for around 75% 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.

Addax Bank is a financial institution based out of Bahrain. Its businesses include corporate advisory, private placement, private equity and real estate. Waha Capital's 46.9% stake is currently carried at around AED 15 million. In addition, Waha Capital has an outstanding loan receivable from Addax of around AED 59 million, which is secured. Addax recently closed on the sale of its real estate asset, 'Addax Tower'. Net proceeds from this sale would be used to partially repay the Waha Capital's loan investment.

AerLift Leasing is a joint venture between AerCap and Waha Capital. Waha Capital owns 60% of the company and AerCap owns the remaining 40%. This joint venture is managed by AerCap. As at 31 December 2013, AerLift Leasing owned 12 aircraft. Its key clients include Singapore Airlines, Qatar Airways, Malaysia Airlines, Air Canada and Aeroflot.

Capital Markets

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

The Company generated AED 236.7 million from Capital Markets transactions during the year ended 31 December 2013. The carrying value of Capital Market assets is AED 1,025.4 million as at 31 December 2013.

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

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

Industrial Real Estate

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

ALMARKAZ
ALMARKAZ is an integrated mixed use industrial park with Grade A industrial quality facilities and infrastructure owned, developed and operated by Waha Land, a wholly owned subsidiary of Waha Capital. Located in Al Dhafra, some 25km from central Abu Dhabi, ALMARKAZ benefits from its strategic location on a major trade route connecting to Abu Dhabi, Dubai, Al Ain and Saudi Arabia. Morover, a major Etihad railway connection is confirmed next to ALMARKAZ that will link the industrial park to Khalifa Port. Labor accommodation is available in the vicinity.

The project comprises 6 sq km of land granted by the Government of Abu Dhabi. To date, Waha has undertaken to develop Phase I of the project, representing 25% of the total area (1.5 sq km). Construction of Phase I infrastructure and 90,000 sq m of Small Industrial Units (SIUs) was substantially completed in December 2012. Leasing activity commenced in Q1 2013 with 61% occupancy achieved by end of 2013 at market rates. The project continues to receive growing interest from manufacturing and logistics businesses attracted by the development's superior infrastructure and facilities.

Following its successful track record with the first 90,000 sq m of industrial space, ALMARKAZ is exploring a number of growth plans including (i) expansion of SIU space, and (ii) development of new products such as warehouses and light industrial units (LIUs). There are another 870,000 sq m of land (within Phase I) with developed infrastructure available for further build-up.

Waha Capital owns a 100% stake in Waha Land and carries the investment of Phase I at fair market value of AED 809.5 million as at 31 December 2013. The unrecognized portion of the land bank comprising 75% of the total area is estimated at AED 554.7 million.

Corporate Governance

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

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

Salem Rashid Al Noaimi
CEO and 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 2013 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 financial position of the Group as at 31 December 2013, 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 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 having occurred during the year ended 31 December 2013, which may have had a material adverse effect on the business of the Company or on its financial position.

Deloitte & Touche (M.E.)

Mutasem M. Dajani

Registration No. 726
Abu Dhabi
23 February 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2013 AED '000	As at 31 December 2012 AED '000
Assets			
Furniture and equipment		**13,798**	4,104
Investment property	8	**809,491**	775,743
Goodwill	9	**48,391**	–
Other intangible assets	10	**9,179**	–
Investments in finance leases	11	**28,915**	33,765
Loan investments	12	**279,528**	305,772
Investments in equity-accounted investees	13	**2,493,478**	2,255,370
Investments available-for-sale	14	**135,639**	108,883
Assets classified as held for sale	15	**221,647**	295,207
Inventories	16	**10,278**	7,464
Financial assets at fair value through profit or loss	17	**509,373**	190,621
Financial assets classified as held-to-maturity	18	**144,156**	–
Cash encumbered	19	**88,204**	60,304
Trade and other receivables	20	**174,253**	178,236
Cash and cash equivalents	21	**271,283**	219,635
Total assets		**5,237,613**	4,435,104
EQUITY AND LIABILITIES			
Equity			
Share capital	22	**1,897,088**	1,897,088
Statutory reserve	23	**157,129**	126,494
Available-for-sale reserve		**(3,169)**	(5,893)
Hedge reserve		**(3,828)**	(3,828)
Other reserves		**(5,736)**	(7,197)
Retained earnings		**484,927**	323,036
Equity attributable to the owners of the Company		**2,526,411**	2,329,700
Non-controlling interests		**19,890**	13,899
Total equity		**2,546,301**	2,343,599
Liabilities			
Borrowings	24	**2,379,768**	1,786,502
Trade and other payables	25	**311,544**	305,003
Total liabilities		**2,691,312**	2,091,505
Total equity and liabilities		**5,237,613**	4,435,104

The notes numbered 1 to 39 are an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on page 58.
These consolidated financial statements were authorised for issue by the board of directors on 23 February 2014 and signed on their behalf by:

Chairman

CEO & Managing Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Note	2013 AED '000	2012 AED '000
Continuing operations			
Revenue from sale of goods and services	26	**64,001**	2,787
Cost of sale of goods and services		**(20,263)**	(3,097)
Gross profit/(loss)		**43,738**	(310)
Income from investment in equity-accounted investees, net	13	**265,601**	204,076
Income from capital markets transactions	27	**236,679**	233,802
Other income/(expense)	28	**21,006**	(542)
General and administrative expenses	29	**(175,080)**	(130,587)
Finance expense, net	30	**(86,375)**	(67,036)
Profit for the year from continuing operations		**305,569**	239,403
Discontinued operations			
Profit/(loss) for the period from discontinued operations	15	**1,749**	(26,729)
Profit for the year		**307,318**	212,674
Profit/(loss) attributable to:			
Owners of the Company		**306,351**	214,441
Non-controlling interest		**967**	(1,767)
Profit for the year		**307,318**	212,674
Basic and diluted earnings per share (AED)	31		
- from continuing and discontinued operations		**0.162**	0.113
- from continuing operations		**0.161**	0.127

The notes numbered 1 to 39 are an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on page 58.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2013 AED '000	2012 AED '000
Profit for the year	**307,318**	212,674
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial assets	**2,724**	(5,230)
Share of effective portion of changes in fair value of cash flow hedges of equity-accounted investees	**–**	(3,828)
Share of change in other reserves of equity-accounted investees	**1,461**	(8,258)
Directors' fees	**–**	(4,500)
Total comprehensive income for the year	**311,503**	190,858
Total comprehensive income attributable to:		
Owners of the Company	**310,536**	192,625
Non-controlling interest	**967**	(1,767)
Total comprehensive income for the year	**311,503**	190,858

The notes numbered 1 to 39 are an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on page 58.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Share capital AED '000	Statutory reserve AED '000	Revaluation reserve AED '000	Hedge reserve AED '000	Other reserves AED '000	Retained earnings AED '000	Equity attributable to owners AED '000	Non-controlling interest AED '000	Total equity AED '000
At 1 January 2012		1,897,088	105,050	(663)	–	1,061	229,393	2,231,929	–	2,231,929
Profit for the year		–	–	–	–	–	214,441	214,441	(1,767)	212,674
Other comprehensive income		–	–	(5,230)	(3,828)	(8,258)	(4,500)	(21,816)	–	(21,816)
Total comprehensive income		**–**	**–**	**(5,230)**	**(3,828)**	**(8,258)**	**209,941**	**192,625**	**(1,767)**	**190,858**
Transactions with the owners of the Company, recognized directly in equity										
Dividend	33	–	–	–	–	–	(94,854)	(94,854)	–	(94,854)
Transfer to statutory reserve	23	–	21,444	–	–	–	(21,444)	–	–	–
Non-controlling interest arising on acquisition of controlling interest in a subsidiary	6	–	–	–	–	–	–	–	15,666	15,666
At 31 December 2012		1,897,088	126,494	(5,893)	(3,828)	(7,197)	323,036	2,329,700	13,899	2,343,599
At 1 January 2013		**1,897,088**	**126,494**	**(5,893)**	**(3,828)**	**(7,197)**	**323,036**	**2,329,700**	**13,899**	**2,343,599**
Profit for the year		–	–	–	–	–	306,351	306,351	967	307,318
Other comprehensive income		–	–	2,724	–	1,461	–	4,185	–	4,185
Total comprehensive income		**–**	**–**	**2,724**	**–**	**1,461**	**306,351**	**310,536**	**967**	**311,503**
Transactions with the owners of the Company, recognized directly in equity										
Dividend	33	–	–	–	–	–	(113,825)	(113,825)	–	(113,825)
Transfer to statutory reserve	23	–	30,135	–	–	–	(30,135)	–	–	–
Non-controlling interest arising on acquisition of controlling interest in a subsidiary	6	–	–	–	–	–	–	–	5,024	5,024
At 31 December 2013		**1,897,088**	**156,629**	**(3,169)**	**(3,828)**	**(5,736)**	**485,427**	**2,526,411**	**19,890**	**2,546,301**

The notes numbered 1 to 39 are an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on page 58.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2013 AED '000	2012 AED '000
Cash flows from operating activities		
Profit for the period	**307,318**	212,674
Adjustments for:		
Depreciation	**6,413**	9,245
Interest on borrowings	**87,082**	77,715
Gain on derivatives	**(1,364)**	(1,566)
Gain on valuation of other financial assets at fair value through profit or loss	**(8,046)**	(3,375)
Interest on bank deposits	**(707)**	(1,770)
Income from investment in equity-accounted investees, net	**(265,601)**	(194,204)
Gain on acquisition of a subsidiary	**–**	(476)
Provision for doubtful loans and receivables	**–**	15,978
Interest income from loan investments	**(11,089)**	(12,876)
Interest income from finance leases	**(2,907)**	(3,563)
Amortisation of premium on held-to-maturity financial assets	**71**	–
Impairment on operating lease assets	**–**	23,945
Loss on revaluation of Investment property	**4,242**	–
Distribution from equity-accounted investees	**28,955**	15,010
Changes in working capital:		
Change in inventories	**1,366**	3,615
Change in trade and other receivables	**19,787**	(412)
Change in trade and other payables	**26,721**	3,233
Net cash generated from operating activities	**192,241**	143,173

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December

	2013 AED '000	2012 AED '000
Cash flows from investing activities		
Proceeds from disposal of asset held for sale	**73,560**	–
Proceeds from loan investments	**36,856**	31,892
Proceeds from finance leases	**7,758**	7,757
Acquisition of subsidiaries (net of cash)	**(40,840)**	46,260
Investment in equity-accounted investees	**–**	(75)
Dry docking costs on vessels	**–**	(1,714)
Proceeds from sale/settlement/dividend received on financial assets at fair value through profit or loss	**8,508**	7,229
Purchase of investments at fair value through profit or loss	**(380,594)**	–
Purchase of investments held-to-maturity	**(144,227)**	–
Purchase of investments available-for-sale	**(24,032)**	(13,589)
Payments made for development of investment property	**(43,460)**	(264,668)
Purchase of furniture and equipment	**(5,778)**	(2,108)
Interest received	**707**	1,770
Net cash used in investing activities	**(511,542)**	(187,246)
Cash flows from financing activities		
Loan origination costs paid	**(220)**	(220)
Interest paid on borrowings	**(67,643)**	(54,931)
Loans repaid	**(51,408)**	(11,864)
Loans obtained	**631,945**	183,900
Dividends paid	**(113,825)**	(94,854)
Movement in cash-encumbered	**(27,900)**	(42,352)
Net cash from/(used in) financing activities	**370,949**	(20,321)
Net increase/(decrease) in cash and cash equivalents	**51,648**	(64,394)
Cash and cash equivalents at 1 January	**219,635**	284,029
Cash and cash equivalents at 31 December	**271,283**	219,635

The notes numbered 1 to 39 form an integral part of the consolidated financial statement.
The independent auditor's report on the consolidated financial statements is set out on page 58.

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 investees").

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

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.

(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) Use of estimates and judgements
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. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about significant areas of estimates and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the consolidated financial statements are discussed in note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Basis of preparation (continued)

(e) New and revised IFRS

(i) New and revised IFRSs adopted with no material effect on the consolidated financial statements:

In the current year, the Group has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements relating to grouping items recognised in other comprehensive income	1 July 2012
IAS 19 Employee Benefits (as revised in 2011)	1 January 2013
IAS 27 Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2013
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards relating to accounting for government loans at below market interest rate	1 January 2013
Amendments to IFRS 7 Financial Instruments: Disclosures relating to offsetting financial assets and liabilities	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
Improvements to IFRSs issued in 2011 and 2012 Cycle covering amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34	1 January 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities relating to requirements to provide comparative information	1 January 2013

(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 amended in 2010)	1 January 2015
Amendments to IAS 32 Financial Instruments: Presentation relating to offsetting financial assets and liabilities	1 January 2014
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	1 January 2014
Amendment to IFRS 7 Financial Instruments: Disclosures relating to transition to IFRS 9 (or otherwise when IFRS 9 is first applied)	1 January 2015
Amendment to IAS 36 Impairment of Assets relating to recoverable amount disclosures for non-financial assets	1 January 2014
IFRIC 21 Levies – Guidance on when to recognize a levy imposed by a government	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement – amendments for novation of derivatives and continuation of hedge accounting	1 January 2014
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements 2010-2012 Cycle, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38 and IAS 24	1 July 2014
Annual Improvements 2011-2013 Cycle, IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014

The Group anticipates that these amendments will be adopted in the consolidated financial statements for the initial period when they become effective. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)
(ii) Business combinations (continued)
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 associates and joint ventures (equity-accounted investees)
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.

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.

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) 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.

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(c) Non-current assets held for sale (continued)
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 a 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 IAS 39 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).

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.

(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. 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) Other intangible assets
(i) 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 and licenses 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.

(ii) 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
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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.

(i) Non-derivative financial assets
Non-derivative financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(h) Financial instruments (continued)
(i) Non-derivative financial assets (continued)

(b) Financial assets classified as held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(c) Financial assets available for sale (AFS)
AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in profit or loss and other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

(d) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(e) Cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held with banks (excluding deposits held under lien) with original maturities of three months or less.

(f) Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of 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 asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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.

For financial assets carried at amortised cost, 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, 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, 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.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(g) De-recognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(ii) Non-derivative financial liabilities and equity instruments
(a) Classification as debt or equity
Debt and equity instruments issued by a group entity 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.

(b) Other financial liabilities
Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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.

(c) De-recognition of financial liabilities
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 is recognised in profit or loss.

(d) 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 a group entity are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(i) Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

Derivatives are initially recognised at fair value at 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.

(j) 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.

(k) 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.

(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 (l) 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.

(l) 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 expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses 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 3.11 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.

(m) 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 and loss on an accrual basis.

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

(n) 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.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(p) Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss. The cost of property, plant 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 comprehensive income during the financial period in which they are incurred.

Depreciation is calculated s 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

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.

4. Financial risk management

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 firm. Internal audit firm 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 and loan investments.

(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.

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. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Refer to notes 24 and 25 for the aging 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 payables that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions are primarily denominated is United States Dollars (US Dollars). 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.

(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 1,789,441 thousand (2012: AED 1,581,502 thousand). Had the relevant interest rates been higher/lower by 100 basis points, the profit for year would have been lower/higher by AED 17,894 thousand (2012: AED 15,815 thousand). For net derivative assets, a 30 basis points increase/decrease in the interest rates at the reporting date would have decreased/increased profit by AED 52 thousand (2012: AED 61 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Financial risk management (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 17 and 18 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.

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 gearing ratio as at 31 December is as follows:

	2013 AED '000	2012 AED '000
Borrowings	**2,379,768**	1,786,502
Less: Cash and cash equivalents	**(271,283)**	(219,635)
Net debt	**2,108,485**	1,566,867
Total equity attributable to owners of the Company	**2,526,411**	2,329,700
Gearing ratio as at 31 December	**45%**	40%

5 Subsidiaries and investments in equity-accounted investees

(a) Subsidiaries

Subsidiary	Country of incorporation	Group's shareholding 31 Dec 2013	31 Dec 2012
Waha Investment PrJSC[1]	UAE	**100%**	100%
Al Waha Land LLC	UAE	**100%**	100%
Al Waha Maritime LLC	UAE	**100%**	100%
Al Waha Marine Agency LLC[2][3]	UAE	**100%**	100%
Al Waha Financial Investments LLC	UAE	**100%**	100%
Fifth Waha Lease Limited	Isle of Man	**100%**	100%
Eighth Waha Lease Limited	Isle of Man	**100%**	100%
Ninth Waha Lease Limited	Isle of Man	**100%**	100%
Tenth Waha Lease Limited	Isle of Man	**100%**	100%
Twelfth Waha Lease Limited	Isle of Man	**100%**	100%
Fifteenth Waha Lease Limited	Isle of Man	**100%**	100%
Prunalia Trading Limited[2]	Republic of Cyprus	**100%**	100%
November RJ Lease Limited	Cayman Islands	**100%**	100%
Oscar RJ Lease Limited	Cayman Islands	**100%**	100%
Fastjet Lease Limited[2]	France	**100%**	100%
Tamarind Lease Limited	Cayman Islands	**100%**	100%
Al Waha Lease (Ireland No 2) Limited	Republic of Ireland	**100%**	100%
Oasis Investment No 1 Limited	Cayman Islands	**100%**	100%
Oasis Investment No 2 Limited	Cayman Islands	**100%**	100%
Peninsula Investments Limited	Cayman Islands	**100%**	100%
OL SPV Limited[2]	Cayman Islands	**100%**	100%
Wahaflot Leasing 2 Limited	Republic of Cyprus	**100%**	100%
Waha Offshore Marine Services[2]	Cayman Islands	**100%**	100%
Alpha Waha Mauritius 1 Limited	Mauritius	**100%**	100%
Alpha Waha Mauritius 2 Limited	Mauritius	**100%**	100%
Waha Financial Services (Abu Dhabi) Limited[4]	Cayman Islands	**100%**	100%
WFS Investment Management Company Limited[2][5]	Cayman Islands	**100%**	100%
Waha I Limited[2]	Cayman Islands	**–**	100%
Waha II Limited[2]	Cayman Islands	**–**	100%
Waha Mermaid Limited[2]	Cayman Islands	**–**	100%
Al Waha Ship Investment LLC[2]	UAE	**100%**	100%
Waha AC Coöperatief U.A.	Netherlands	**100%**	100%
Siraj Finance PrJSC	UAE	**83.3%**	83.3%
Proficiency Central Laboratories LLC[2]	UAE	**70%**	–
Sharjah Corniche Hospital LLC[2]	UAE	**70%**	–
Ibin Sina Medical Centre LLC[2]	UAE	**60%**	–
Anglo Arabian Healthcare Services FZ-LLC[2]	UAE	**100%**	–
Middle East Securities Ltd	Cayman Islands	**100%**	–

[1] Formerly known as Waha Leasing PJSC
[2] Indirectly held through subsidiaries
[3] Formerly known as Al Waha Special Maritime Units LLC
[4] Formerly known as WFS Derivatives Limited
[5] Formerly known as Waha Financial Services Derivatives Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Subsidiaries and investments in subsidiaries (continued)

(b) Investments in equity-accounted investees

The Group has the following interest in equity-accounted investees:

Entity	Country of incorporation	Group's shareholding 31 Dec 2013	31 Dec 2012
(i) Jointly controlled entities			
Industrial City Cooling Company ("ICCC")	UAE	**27.5%**	27.5%
WOLF A340 LLC*	United States of America	**–**	50%
MENA Infrastructure Fund GP (Limited)	UAE	**33.3%**	33.3%
Dunia Finance LLC	UAE	**25%**	25%
Dunia Services FZ-LLC	UAE	**25%**	25%
Mena Holdings Limited	Cayman Islands	**33.3%**	33.3%
AerLift Leasing Limited	Isle of Man	**60.4%**	60.4%
(ii) Associates			
Addax Bank BSC	Bahrain	**46.9%**	46.9%
Abraaj Aqua SPV limited (indirectly held through OL SPV limited)	Cayman Islands	**49%**	49%
AerCap Holdings NV	Netherlands	**26.3%**	26.3%

* During the year, the Group sold its shareholding in a jointly controlled entity. Upon realising the sale, the Group recognised a gain of AED 5,650 thousand.

6 Business combination

During the year, the group acquired majority stakes in the share capital of several healthcare entities, engaged in providing various healthcare related services and operating across multiple emirates in the UAE. As a result of the acquisition, the group has established a presence in the healthcare sector and is expected to grow this business organically and through further acquisitions. The Group plans to generate synergies among the investees by cross-referral of services and costs reduction through economies of scale.

Following, is the relevant information regarding the healthcare entities acquired:

Entity	Ownership	Date of acquisition	Principal activities	Location
PCL LLC	70%	30 Apr 13	Healthcare services	Abu Dhabi, UAE
SCH LLC	70%	27 May 13	Healthcare services	Sharjah, UAE
Ibin Sina Medical Centre LLC	60%	4 Jun 13	Healthcare services	Ajman, UAE
AAH Services FZ LLC	100%	29 May 13	Healthcare management	Dubai, UAE

(i) Fair value of Consideration

	AED '000
Aggregate cash Consideration	**44,176**
Contingent consideration (note (ii))	**24,257**
Total consideration	**68,433**

(ii) Contingent Consideration

The contingent consideration arrangement requires the group to pay the former owners of the healthcare entities up to a maximum undiscounted amount of AED 24,257 thousand based on the future performance. The potential undiscounted amount of all future payments that the group could be required to make under this arrangement is between AED 9,868 thousand and AED 24,257 thousand. Considering the post-acquisition performance, the fair value of the contingent consideration has been estimated to be equivalent to the maximum undiscounted consideration.

(iii) Amount of assets acquired and liabilities assumed at the date of acquisition

	Total AED '000
Cash and cash equivalents	3,336
Trade receivable	22,178
Inventory	4,180
Fixed Assets	10,331
Trade payables	(20,229)
Bank payable	(1,625)
Gratuity	(2,285)
Total identifiable tangible net assets	**15,886**
Trademark	3,456
License	5,723
Fair Value of identifiable net assets	**25,065**

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

(iv) Goodwill arising on acquisition

	AED '000
Total Consideration	68,433
Add: Non-controlling interest	5,023
	73,456
Less: Total identifiable net assets (note (iii))	(25,065)
Goodwill attributable to the Group	**48,391**

The goodwill of AED 48,391 thousand arising from the acquisition represents the control premium included in the total consideration. In addition, the consideration paid for the business combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development, economies of scale expected from cross-referral services, location of underlying healthcare entities and skills and experience of medical and technical staff. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Business combination (continued)

(v) Non-controlling interest

The non-controlling interest for the respective acquisitions of healthcare entities recognized at the acquisition date was measured by reference to the book value of the net assets acquired. The fair value of the non-controlling interest is equivalent to AED 7.48 million against the book value of AED 5.02 million. The difference between the book value and the fair value represents the non-controlling interest's share in intangible asset (license). The intangibles were valued using the discounted cash flow approach, assuming 10.3% discount rate.

(vi) Net cash from the transaction

	AED '000
Consideration paid in cash	44,176
Less: Cash acquired with net assets	(3,336)
Net cash paid	**40,840**

(vii) Intangible assets

	AED '000	Useful Life	Description
Trademark	3,456	5 years	Trademark of Anglo Arabian Healthcare
License	5,723	5 years	License used by PCL
Total Intangibles	**9,179**		

(viii) Contribution from acquisition in consolidated financial statements

The revenue included in the consolidated statements of comprehensive income since acquisition of the above healthcare entities to 31 December 2013 was AED 60.8 million.

Had these healthcare entities been consolidated from 1 January 2013, the consolidated statement of comprehensive income would show revenue of AED 97.1 million.

7 Operating segments

During the 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 (now discontinued), financial, infrastructure and healthcare 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.

In keeping with the requirements of IFRS 8 'Operating Segments' (management approach), this organizational reconfiguration led to a restatement in the segment report for all comparable periods. 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, which were previously reported under four primary segments – Aviation, Maritime (now discontinued), Real Estate, and Financial Services – have been transferred into one reportable segment that spans a single line of business: 'Principal Investments'.

Capital Markets

The Capital Markets segment previously comprised of (a) Transaction Services to customers and (b) equity and loan investments in the financial sector. The Capital Markets sector now represents the Group's interest in private transactions and public capital markets investments.

Industrial Real Estate

The previously named Real Estate sector is now renamed to Industrial Real Estate and represents the Group's equity interest in light industrial real estate.

Maritime operations were discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations.

Information related to the operating segments is mentioned below as at 31 December:

	Principal Investments		Capital Markets		Industrial Real Estate		Corporate		Consolidated	
	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000
Revenue from sale of goods and services	**62,192**	2,757	**–**	–	**1,809**	30	**–**	–	**64,001**	2,787
Cost of sale of goods and services	**(20,263)**	(3,097)	**–**	–	**–**	–	**–**	–	**(20,263)**	(3,097)
Income from investment in equity-accounted investees, net	**265,601**	204,076	**–**	–	**–**	–	**–**	–	**265,601**	204,076
Income from capital markets transactions	**–**	–	**236,679**	233,802	**–**	–	**–**	–	**236,679**	233,802
Other income/(expense)	**14,605**	(11,196)	**10,593**	10,128	**(4,194)**	–	**2**	526	**21,006**	(542)
General and administrative expenses – parent	**(15,403)**	(14,676)	**(31,748)**	(26,246)	**–**	–	**(72,188)**	(71,275)	**(119,339)**	(112,197)
General and administrative expenses – subsidiaries	**(45,129)**	(11,642)	**–**	–	**(10,612)**	(6,748)	**–**	–	**(55,741)**	(18,390)
Finance expense	**(1,601)**	–	**(8,662)**	(8,662)	**–**	–	**(76,112)**	(58,374)	**(86,375)**	(67,036)
Segment result before discontinued operations	**260,002**	166,222	**206,862**	209,022	**(12,997)**	(6,718)	**(148,298)**	(129,123)	**305,569**	239,403

Segment income reported above represents income generated from external customers. There was no inter-segment income during the year (2012: 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 12,282 thousand (2012: AED nil) 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 2013 and 2012.

During the year, the Group recognised an impairment loss of AED 36,780 thousand (2012: AED 24,275 thousand) in equity-accounted investees in the Principal Investments segment and an impairment loss of AED 4,242 thousand in the Industrial Real Estate segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Operating segments (continued)

	Principal Investments		Capital Markets		Industrial Real Estate		Corporate		Consolidated	
	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000	2013 AED '000	2012 AED '000
Assets*	2,949,168	2,634,289	1,025,387	533,251	814,214	783,153	227,197	189,204	5,015,966	4,139,897
Assets relating to Maritime Sector (now discontinued)	221,647	295,207	–	–	–	–	–	–	221,647	295,207
Consolidated Total Assets	3,170,815	2,929,496	1,025,387	533,251	814,214	783,153	227,197	189,204	5,237,613	4,435,104
Investment in equity-accounted investees*	2,493,478	2,255,370	–	–	–	–	–	–	2,493,478	2,255,370
Segments liabilities	75,267	105,846	747,157	395,548	19,095	33,416	1,849,793	1,556,695	2,691,312	2,091,505
Capital expenditures**	10,048	1,713	–	–	37,990	223,801	6,041	2,094	54,079	227,608
Depreciation	2,166	4,979	32	1,540	19	15	4,193	2,711	6,410	9,245

* Assets and Investment in equity-accounted investees exclude those relating to non-current assets classified as held for sale.
** 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 AED 227,197 thousand (2012: AED 189,204 thousand)
- All liabilities are allocated to operating segments other than AED 1,849,793 thousand (2012: 1,556,695 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 148,298 thousand (2012: AED 129,123 thousand). This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

8 Investment property

	2013 AED '000	2012 AED '000
At 1 January	**775,743**	551,942
Additions	**37,990**	223,801
Fair value loss	**(4,242)**	–
At 31 December 2013	**809,491**	775,743

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 3.10) and investment properties (refer to note 3.12). At 31 December 2013, the fair value of the recognised portion of the land amounts to AED 809,491 thousand (2012: 775,743 thousand) and the fair value of the unrecognised portion of the land granted is estimated at AED 554,735 thousand (2012: AED 554,735 thousand).

The fair value of investment property has been determined based on valuation methodologies accepted by the Royal Institute of Chartered Surveyors. The valuation, as of 31 December 2013, was performed by accredited independent appraisers having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued. Valuation methodologies considered by the independent appraisers include:

- The Residual Value Method, which requires the use of estimates such as future cash flows from assets (such as selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period;
- The Income Capitalisation Approach, 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 dates.

In estimating the fair value of the investment property, its current use was deemed to be its highest and best use.

Additions to investment property includes borrowing cost of AED nil (year ended 31 December 2012: AED 17,448 thousand). During the year, borrowing costs ceased to be capitalised as substantially all the activities necessary to prepare the investment property for its intended use are complete.

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Total AED '000	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000
Investment property:				
Investment property	**809,491**	**–**	**–**	**809,491**

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

Investment property totalling AED 809,491 thousand (2012: 775,743 thousand) is pledged as security against the Group's borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Goodwill

	2013 AED '000	2012 AED '000
Balance as at 1 January	–	–
Amounts recognised from business combinations occurring during the year (refer to note 6)	**48,391**	–
Balance as at 31 December	**48,391**	–

10 Other intangible assets

	2013 AED '000	2012 AED '000
Trademarks	**3,456**	–
Licenses	**5,723**	–
	9,179	–

	Trademarks AED '000	Licenses AED '000
Balance as at 1 January 2013	–	–
Additions through business combinations	**3,456**	5,723
Balance as at 31 December 2013	**3,456**	5,723

The increase in intangible assets represents trademarks and licenses which have been recognised on the acquisition of healthcare assets (refer to note 6). The intangible assets have useful lives of 5 years.

11 Investments in finance leases

The Group has placed assets on finance leases for periods up to 5 years (2012: 6 years), with effective interest rate of 9.21% (2012: 9.21%).

Investment in finance leases comprise:

	2013 AED '000	2012 AED '000
Minimum lease payments/gross investment	**35,552**	43,309
Unearned finance income	**(6,637)**	(9,544)
	28,915	33,765

Gross investment in finance leases

	2013 AED '000	2012 AED '000
Within one year	**7,757**	7,757
Between one and five years	**27,795**	31,028
More than five years	–	4,524
	35,552	43,309

Present value of minimum lease payments

	2013 AED '000	2012 AED '000
Within one year	**5,315**	4,850
Between one and five years	**23,600**	24,526
More than five years	–	4,389
	28,915	33,765

Movement in net investment during the year:

	2013 AED '000	2012 AED '000
At 1 January	**33,765**	37,959
Payments received	**(4,850)**	(4,194)
At 31 December	**28,915**	33,765

12 Loan investments

Loan investments represent the Group's interest in loan portfolios and loans provided to an equity-accounted investee of AED 58,848 thousand (2012: AED 58,848 thousand).

The maturity profile of loan investments is as follows:

Payments due:

	2013 AED '000	2012 AED '000
Within one year	**58,848**	66,020
Between one and five years	–	19,072
More than five years	**220,680**	220,680
	279,528	305,772

The loan investments carry interest rates ranging from 0% to 4% per annum (2012: 0% to 8% per annum). During the year, an impairment of AED nil (2012: AED 15,978 thousand) was made against a loan investment.

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

	2013 AED '000	2012 AED '000
Middle East and Asia Pacific	**58,848**	58,848
Other regions	**220,680**	246,924
	279,528	305,772

Loan investments amounting to AED 58,848 thousand (2012: AED 84,615 thousand) are secured by investments and properties held by the borrowers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Investments in equity-accounted investees

The movement of investment in equity-accounted investees is presented below:

	2013 AED '000	2012 AED '000
At 1 January	**2,255,370**	2,345,062
Additions	**–**	75
Reclassified as a subsidiary	**–**	(35,228)
Transferred to assets classified as held for sale (refer to note 15)	**–**	(221,647)
Share of results for the year	**265,601**	194,204
Share of equity reserves	**1,461**	(12,086)
Distributions received	**(28,954)**	(15,010)
As at 31 December	**2,493,478**	2,255,370

Investments in equity-accounted investees totalling AED 2,332,800 thousand (2012: 2,145,245 thousand) are pledged as security against the Group's borrowings.

The Group recognised an impairment loss of AED 36,780 thousand (2012: AED 24,275 thousand) in equity-accounted investees during the year.

Summary financial information in equity-accounted investees (not adjusted for the interest held by the Group) is as follows:

	Current assets AED '000	Non-current assets AED '000	Current liabilities AED '000	Non-current liabilities AED '000	Revenues AED '000	Expenses AED '000	Profit/(loss) AED '000
As at 31 Dec 2013*	**2,431,093**	**35,574,287**	**2,627,160**	**25,295,993**	**4,512,099**	**3,259,152**	**1,273,460**
As at 31 Dec 2012	3,562,684	31,409,705	2,462,375	23,647,472	4,237,790	3,576,307	661,483

* Summary financial information for equity-accounted investees at the reporting date excludes the financial information related to an investment classified as held for sale (refer to note 15).

At the reporting date, equity-accounted investees had contingent liabilities of AED 765,121 thousand (2012: AED 431,056 thousand).

The fair value of publicly listed equity-accounted investees based on quoted market price is AED 3,880,576 thousand (2012: 1,506,124 thousand).

14 Investments available-for-sale

Investments available-for-sale represent investment in a fund registered in the UAE and managed by the Group. The fair value approximates the net asset value of the investment as at 31 December 2013. During the year, the Group made a further investment of AED 24,032 thousand (for the year ended 31 December 2012: AED 13,589 thousand) and fair value gains of AED 2,724 thousand were recognised in the fund (for the year ended 31 December 2012: fair value loss of AED 5,893 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Assets classified as held for sale

	2013 AED '000	2012 AED '000
Equity investment in the maritime sector [i]	**221,647**	221,647
Vessels [ii]	**–**	73,560
At 31 December	**221,647**	295,207

[i] The Group intends to dispose of an equity investment in the maritime sector which was classified as held for sale on 30 November 2012. The Group's intention to dispose of the asset remains unchanged and the asset continues to be classified as held for sale.

[ii] During the year, the Group entered into a sale and purchase agreement with a third party for the disposal of vessels which were classified as held for sale as at 31 December 2012. The cash consideration for this transaction amounted to AED 73,560 thousand. Prior to consummating the sale transaction, the Group repaid the debt relating to the vessels and all related pledges were released (2012: AED 73,560 thousand). No gain or loss was recognised on the transaction.

	2013 AED '000	2012 AED '000
Profit and loss from discontinued operations		
Operating income [ii]	**3,612**	26,285
Share of loss from equity-accounted investee [i]	**–**	(9,872)
Operating costs [ii]	**(1,409)**	(35,952)
Administrative and other expenses [ii]	**(457)**	(7,216)
Operating profit/(loss)	**1,746**	(26,755)
Other income [ii]	**3**	26
Profit/(loss) for the year from discontinued operations	**1,749**	(26,729)

	2013 AED '000	2012 AED '000
Cash Flow from discontinued operations		
Net cash generated from operating activities	**34,742**	16,132
Net cash from/(used in) investing activities	**84,467**	(5,441)
Net cash from/(used in) financing activities	**(50,353)**	(13,989)

16 Inventories

	2013 AED '000	2012 AED '000
Aircraft spare parts	**17,490**	18,866
Healthcare inventory and consumables	**4,190**	–
Provision for slow moving and obsolete inventories	**(11,402)**	(11,402)
	10,278	7,464

17 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent derivative financial instruments and investments in equity and fixed income securities listed in the securities markets in UAE and European Union.

	2013 AED '000	2012 AED '000
Derivative assets	**107,475**	176,791
Listed securities	**396,132**	8,064
Others investments	**5,766**	5,766
	509,373	190,621

Derivative assets held by the Group, have a notional value of AED 1,577,862 thousand (2012: AED 1,788,244 thousand). The fair values have been derived by discounting the cash flows at relevant market rates.

A 2% increase/decrease in the closing price of the Group's listed securities as at 31 December would have increased/decreased profit by AED 7,923 thousand (2012: AED 161 thousand).

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

	2013 AED '000	2012 AED '000
Within one year	**5,831**	6,555
Between one year and five years	**16,924**	19,285
More than five years	**2,317**	6,633
	25,072	32,473

Listed fixed income securities totalling AED 332,925 thousand (2012: nil) are pledged as security against the Group's borrowings.

18 Financial assets classified as held-to-maturity

	2013 AED '000	2012 AED '000
Listed securities classified as held-to-maturity	**144,156**	–
	144,156	–

During the year the Group invested in a portfolio of listed securities that carry variable interest rates. The fixed income securities have an average yield to maturity of 4.63% (2012: AED nil). The securities have maturity dates ranging between 13 to 34 months as at 31 December 2013. None of these assets are past due or impaired as at 31 December 2013.

Listed securities classified as held-to-maturity totalling AED 144,156 thousand (2012: nil) are pledged as security against the Group's borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Cash encumbered

	2013 AED '000	2012 AED '000
Minimum cash balances as per loan agreements	**–**	10,873
Amounts set aside for prior year dividends and rights issue refunds	**18,204**	14,431
Deposits under lien	**70,000**	35,000
	88,204	60,304

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% (2012: 0.99% and 1.06%) per annum. All deposits under lien are placed with UAE banks.

20 Trade and other receivables

	2013 AED '000	2012 AED '000
Trade receivables	**109,455**	111,816
Allowance for doubtful debts	**(4,107)**	–
Prepayments and advances	**3,907**	9,587
Accrued interest	**45,650**	34,144
Other receivables	**19,348**	22,689
	174,253	178,236

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

	2013 AED '000	2012 AED '000
Middle East and Asia Pacific	**30,161**	5,919
Other regions	**75,187**	105,897
	105,348	111,816

The ageing of trade receivables as at 31 December is:

	2013 AED '000	2012 AED '000
Not past due	**60,321**	110,351
Within 90 days	**45,458**	–
91 days – 181 days	**3,676**	1,465
	109,455	111,816

Movement in allowance for doubtful debts

	2013 AED '000	2012 AED '000
Balance at the beginning of the year	**–**	–
Provision for doubtful debts recognised as a result of an acquisition	**1,647**	–
Impairment losses recognised during the year	**2,460**	–
Balance at the end of the year	**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.

21 Cash and cash equivalents

	2013 AED '000	2012 AED '000
Short term deposits held with banks	**45,000**	48,000
Cash at bank	**226,197**	171,529
Cash in hand	**86**	106
	271,283	219,635

The interest rate on short term deposits ranges between 0.68% and 1.26% (2012: 0.40% and 3.00%) per annum. All short term deposits are placed with UAE banks.

22 Share capital

	2013 AED '000	2012 AED '000
Authorised, issued and fully paid up capital:		
1,897,087,500 shares (2012: 1,897,087,500 shares) of AED 1 each	**1,897,088**	1,897,088

23 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.

24 Borrowings

	2013 AED '000	2012 AED '000
Secured loans	**2,159,088**	1,565,822
Unsecured loans	**220,680**	220,680
	2,379,768	1,786,502

Secured loans
These represent commercial loans obtained for financing investments and assets, denominated in US Dollars.

These loans are generally secured by a first priority mortgage over certain assets and a pledge over the shares of the subsidiaries and jointly controlled entities. As at 31 December 2013, the carrying amount of investments and assets pledged to lenders as security, amounted to AED 3,619,372 thousand (2012: AED 2,973,548 thousand). The investments and assets pledged to lenders as security are the Group's interests in equity-accounted investees (refer to note 13), investment property (refer to note 8), listed securities (refer to note 17) and held-to-maturity securities (refer to note 18).

The Group has borrowings with floating interest rates. During the year, floating rate loans carried an effective rate of interest of 0.58% to 3.81% per annum (2012: 3.81% to 8.00% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Borrowings (continued)

Secured loans (continued)

	2013 AED '000	2012 AED '000
At 1 January	**1,565,822**	1,402,882
Loans borrowed	**631,945**	183,900
Loans acquired as a result of consolidating a new subsidiary	**1,310**	–
Amortisation of loan arrangement costs, net of additions	**11,103**	13,610
Loans repaid	**(51,092)**	(11,864)
Loans disposed	**–**	(22,706)
At 31 December	**2,159,088**	1,565,822

The following are the contractual maturities of the secured loans:

	2013 AED '000	2012 AED '000
Within one year	**2,139,995**	11,179
Between one year and five years	**19,093**	1,554,643
	2,159,088	1,565,822

As at 31 December 2013 the Group had AED 453,801 thousand (2012: AED 350,146 thousand) of un-drawn banking facilities.

Unsecured loans
These represent commercial loans and other banking facilities obtained by the Group, amounting to AED 220,680 thousand (2012: 220,680 thousand). These loans are denominated in US Dollars and are repayable at maturity, after more than five years. These loans bear floating rates of interest at market rates prevailing during the course of the loans. The effective rate of interest of these loans was 3.93% per annum (2012: 3.93% per annum).

25 Trade and other payables

	2013 AED '000	2012 AED '000
Trade payables	**26,167**	17,908
Interest accrued on borrowings	**33,293**	25,655
Derivative liabilities (refer to note 17)	**82,313**	145,057
End of service	**14,004**	9,040
Other payables and accruals	**155,767**	107,343
	311,544	305,003

Trade and other payables are stated at amortised cost except for derivative liabilities which are stated at fair value. 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.

The derivative liabilities held by the Group have a notional value of AED 1,601,917 thousand (2012: AED 1,816,310 thousand). The fair value of these derivative liabilities have been derived by discounting the cash flows at relevant market rates. The reduction in valuation of derivative liabilities is due to the increase in interest rate yields during the year which has also resulted in a corresponding decrease in valuation of derivative assets (refer to note 17).

26 Revenue from sales of goods and services

	2013 AED '000	2012 AED '000
Sales of goods and services	**62,192**	2,787
Rental income	**1,809**	–
	64,001	2,787

27 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.

28 Other income/(expense)

	2013 AED '000	2012 AED '000
Interest income from loan investments	**11,089**	13,020
Interest income from finance leases	**2,907**	3,562
Fair value gain on derivatives	**1,325**	1,566
Provision for slow moving and obsolete inventories	**–**	(11,402)
Provision for doubtful loans	**–**	(15,978)
Fair value loss on investment property (note 8)	**(4,242)**	–
Other income	**9,927**	8,690
	21,006	(542)

29 General and administrative expenses

	31 December 2013			31 December 2012		
	Company AED '000	Subsidiaries AED '000	Total AED '000	Company AED '000	Subsidiaries AED '000	Total AED '000
Staff costs	82,427	33,980	116,407	75,921	8,785	84,706
Legal and other professional expenses	14,936	2,614	17,550	16,317	631	16,948
Depreciation	4,231	2,179	6,410	2,863	1,404	4,267
Other administrative expenses	17,745	16,968	34,713	17,096	7,570	24,666
	119,339	55,741	175,080	112,197	18,390	130,587

30 Finance expense, net

	2013 AED '000	2012 AED '000
Interest on borrowings	75,281	74,615
Capitalised borrowing costs	–	(17,448)
Amortisation of loan arrangement costs	11,801	11,613
Interest earned on time deposits	(707)	(1,744)
	86,375	67,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2013	2012
Profit attributable to owners of the Company (AED'000)	**306,351**	214,441
Ordinary shares (refer to note 22)	**1,897,087,500**	1,897,087,500
Basic and diluted earnings per share (AED)		
- from continuing operations	**0.161**	0.127
- from discontinued operations	**0.001**	(0.014)

There was no movement in ordinary shares in 2013 (2012: nil).

32 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 transactions with related parties during the year include:

Key management personnel compensation

	2013 AED '000	2012 AED '000
Salary and benefits	**21,908**	21,961
End of service benefits	**563**	526
	22,471	22,487

Significant balances with related parties

	2013 AED '000	2012 AED '000
Loan investments provided to an associate	**58,848**	58,848
Trade and other receivables from an associate	**12,719**	12,719

33 Dividend

During 2013, the shareholders approved a cash dividend of AED 113,825 thousand (2012: cash dividend of AED 94,854 thousand).

The Board of Directors, at their meeting held on 23 February 2014, proposed a cash dividend of AED 0.10 per share amounting to AED 189,709 thousand for the year ended 31 December 2013. The cash dividend is subject to the approval of the Shareholders at the Annual General Meeting.

34 Contingent liabilities and capital commitments

As at 31 December 2013, the Group has investment commitments to a fund amounting to AED 32,167 thousand (2012: AED 58,217 thousand) and capital commitments of AED 48,683 thousand (2012: AED 63,855 thousand) with respect to the development of Phase 1 of Al Markaz project.

35 Operating lease arrangements

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

	2013 AED '000	2012 AED '000
Due within 1 year	**4,863**	3,139
Due between 2 to 5 years	**6,278**	9,417
	11,141	12,556

Payments recognised as an expense

	2013 AED '000	2012 AED '000
Minimum lease payments	**4,098**	3,139
	4,098	3,139

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 26.

The non-cancellable operating lease receivables are set out below

	2013 AED '000	2012 AED '000
Within one year	**11,395**	–
Between 2 and 5 years	**38,787**	–
More than 5 years	**36,863**	–
	87,045	–

36 Fair values

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

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36 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:

	2013 AED '000	2012 AED '000	Fair value hierarchy	Valuation technique and key inputs used
1. Financial assets at fair value through profit or loss				
(a) Investment in equity securities	**14,941**	8,064	Level 1	Quoted bid prices in an active market
(b) Other investment in equity securities	**5,766**	5,766	Level 2	Quoted bid prices and discounted cash flow of the underlying investments
(c) Investment in fixed income securities	**381,191**	–	Level 1	Quoted bid prices in an active market
(d) Derivative assets	**107,475**	176,791	Level 2	Discounted cash flow. Future cash flows are estimated based on a forward interest rate curve
2. Investments available-for-sale	**135,639**	108,883	Level 3	Discounted cash flow
3. Derivative liabilities	**(82,313)**	(145,057)	Level 2	Discounted cash flow. Future cash flows are estimated based on a forward interest rate curve

	31 December 2013 AED '000				31 December 2012 AED '000			
Financial assets	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL								
Investment in equity securities	**14,941**	**14,941**	**–**	**–**	8,064	8,064	–	–
Other investment in equity securities	**5,766**	**–**	**5,766**	**–**	5,766	–	5,766	–
Investment in fixed income securities	**381,191**	**381,191**	**–**	**–**	–	–	–	–
Derivative assets	**107,475**	**–**	**107,475**	**–**	176,791	–	176,791	–
Investments available-for-sale	**135,639**	**–**	**–**	**135,639**	108,883	–	–	108,883
Total	**645,012**	**396,132**	**113,241**	**135,639**	299,504	8,064	182,557	108,883

Financial assets	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial liabilities at FVTPL								
Derivative liabilities	**82,313**	**–**	**82,313**	**–**	145,057	–	145,057	–
Total	**82,313**	**–**	**82,313**	**–**	145,057	–	145,057	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36 Fair values (continued)

Reconciliation of Level 3 fair value movements

	2013 AED '000	2012 AED '000
Opening balance 1 January	**108,883**	100,524
Acquisitions of investments available for sale	**24,032**	13,589
Total gains or losses in other comprehensive income	**2,724**	(5,230)
Closing balance	**135,639**	108,883

(b) Fair values of financial assets and liabilities

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

	2013 AED '000		2012 'AED 000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Investments in finance leases	**28,915**	**28,915**	33,765	33,765
Loan investments	**279,528**	**279,528**	305,772	305,772
Investments available-for-sale	**135,639**	**135,639**	108,883	108,883
Financial assets at fair value through profit or loss	**509,373**	**509,373**	190,621	190,621
Financial assets classified as held-to-maturity	**144,156**	**147,111**	–	–
Cash encumbered	**88,204**	**88,204**	60,304	60,304
Trade and other receivables	**174,253**	**174,253**	178,236	178,236
Cash and cash equivalents	**271,283**	**271,283**	219,635	219,635
Financial liabilities				
Borrowings	**2,379,768**	**2,379,768**	1,786,502	1,786,502
Trade and other payables	**311,544**	**311,544**	305,003	305,003

37 Other disclosures

The Group's exposure in certain assets is classified as domestic (UAE) or foreign, for the year ended 31 December as explained below:

	2013			2012		
	Domestic AED '000	Foreign AED '000	Total AED '000	Domestic AED '000	Foreign AED '000	Total AED '000
Investments in finance leases	–	28,915	28,915	–	33,765	33,765
Investment in equity-accounted investees	138,882	2,354,596	2,493,478	110,362	2,145,008	2,255,370
Loan investments	–	279,528	279,528	–	305,722	305,722
Inventories	4,190	6,088	10,278	–	7,464	7,464
Investments in available-for-sale	135,639	–	135,639	108,883	–	108,883
Financial assets at fair value through profit or loss	25,821	483,552	509,373	13,902	176,719	190,621
Financial assets classified as held-to-maturity	–	144,156	144,156	–	–	–
	304,532	**3,296,835**	**3,601,367**	233,147	2,668,678	2,901,825

	Domestic AED '000	Foreign AED '000	Total AED '000	Domestic AED '000	Foreign AED '000	Total AED '000
Cash encumbered	88,204	–	88,204	60,304	–	60,304
Cash and cash equivalents	270,140	1,143	271,283	218,496	1,139	219,635
	358,344	**1,143**	**359,487**	278,800	1,139	279,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Comparative figures

Certain reclassifications have been made to the comparative figures for the year ended 31 December 2012 to comply with the current year classification. This reclassification did not have any impact on net profit, earnings per share or retained earnings of the current or prior period. These reclassifications were mainly to account for the revenue from sale of goods and services and the cost of sale of goods and services from the acquisition of a healthcare investment.

The main reclassifications are as follows:

Consolidated statement of profit or loss:

a) Income from Sale of inventory is now disclosed in a separate line 'Revenue from sale of goods and services' instead of being classified under 'Operating income'.
b) Income from Transaction service fees is now disclosed in a separate line 'Income from capital markets transactions' instead of being classified under 'Operating income'.
c) Cost of sale of inventory has been reclassified to a separate line item 'Cost of sale of goods and services' from 'Operating expenses'.
d) 'Finance expense' has been reclassified from 'Operating expenses' into a separate line item.
e) 'Fair value gain on derivatives', 'Other operating income', 'Interest income from finance lease', 'Interest income on loan investments', 'Provision for slow moving and obsolete inventories' and 'Provision for doubtful loans' have been reclassified from 'Operating income' and 'Operating expenses' into 'Other income/(expense)'.
f) 'Operating costs' (excluding Finance expense), 'Administrative and other expenses' are now classified under the line item 'General and administrative expenses'.

		As previously reported AED '000	Re-classifications AED '000	As reclassified AED '000
Consolidated statement of profit or loss for the period ended 31 December 2012				
Continuing operations				
Revenue from sale of goods and services	(a)	–	**2,787**	2,787
Cost of sale of goods and services	(c)	–	**(3,097)**	(3,097)
Gross profit		–	**(310)**	(310)
Operating income	(e)	260,136	**(260,136)**	–
Operating expenses	(d), (e) & (f)	(99,259)	**99,259**	–
Income from investment in equity-accounted investees, net		204,076	**–**	204,076
Income from capital markets transactions	(b)	–	**233,802**	233,802
Other income/(expense)	(e)	5,037	**(5,579)**	(542)
General and administrative expenses	(f)	(130,587)	**–**	(130,587)
Finance expense, net	(d)	–	**(67,036)**	(67,036)
Profit for the period from continuing operations		239,403	**–**	239,403
Discontinued operations				
Profit/(loss) for the period from discontinued operations		(26,729)	**–**	(26,729)
Profit for the period		212,674	**–**	212,674

39 Significant accounting estimates and judgements

In the process of applying the Group's accounting policies (note 3), the Group has made the following judgements that have the most significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Significant accounting estimates
The key estimates used in the context of valuation of investment properties and determination of goodwill are disclosed in notes 8 and 6 (iv) respectively.

(i) Valuation of derivative financial instruments
The fair value of interest rate swaps is based on broker quotes. Those quotes 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. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(ii) Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of those estimated future cash flows.

(iii) Allowance for doubtful receivables
The Group has estimated the recoverability of accounts receivable 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 investment in Fund
The fair value of the investments in private equity fund, is based on Net Asset Values (NAV) of the fund calculated by the respective fund manager. The valuation is in accordance with International Private Equity and Venture Capital Valuation Guidelines, discounted cashflow analysis or other valuation models. This determination requires significant estimates and judgment with respect to future earnings, cashflows and discount rates. In making these estimates, the Group evaluates among other factors expected cash distributions as well as the business outlook for each investment together with relevant market risk and volatility.

(v) Impairment of investments in equity-accounted investees
After application of equity method of accounting, the Group determines whether it is necessary to recognise for any impairment loss on the carrying value of the investment in equity-accounted investees (including goodwill) by comparing its recoverable amount with the higher of value in use or fair value less costs to sell with its carrying amount.

In determining the value in use of the investment, the Group estimates:

- Its share of the present value of the estimated future cash flows expected to be generated by the equity-accounted investees, including the cash flows from the operations of the equity-accounted investees and the proceeds on the ultimate disposal of the investment; or
- The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

(vi) Loan investments
The fair value of loan investments is estimated at the present value of future cash flows, discounted at the market rate of interest relevant to the risks embedded in the specific loan investment at the reporting date. This fair value is determined for disclosure purposes or when acquired as a part of acquiring an interest in a business.

39 Significant accounting estimates and judgements (continued)

(b) Significant accounting judgement

(i) Possibility of future economic benefits from land received as government grant

Refer to note 3(o) for a description of judgements used to ascertain the possibility of future economic benefits from land received as government grant.

(ii) Investment in securities

As described in note 3 (h), investments are classified as either financial assets at fair value through profit or loss or available-for-sale investments or held-to-maturity. In judging whether investments are either financial assets at fair value through profit or loss or available for sale or held-to-maturity, the Group has considered the detailed criteria for determination of such classification as set out in IAS 39 Financial Instruments: Recognition and Measurement. The Group is satisfied that its investment in securities are appropriately classified under AFS investments and investments at fair value through profit or loss.

(iii) Classification of properties

In the process of classifying properties, the Group has made various judgements. Judgement is needed to determine whether a property qualifies as property held for resale, property, plant and equipment or investment property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property and property plant and equipment. In making its judgment, the Group considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40 and, the intended usage of property as determined by the Group.