

الواحة كابيتال
WAHA CAPITAL



Q2 REPORT

Report and condensed consolidated financial information
for the six month period ended 30 June 2017

TABLE OF CONTENTS

01

Report on review of
interim financial
information

02

Condensed consolidated
statement of financial
position

03

Condensed consolidated
statement of profit or
loss

04

Condensed consolidated
statement of profit or
loss and other
comprehensive income

05

Condensed consolidated
statement of changes in
equity

06

Condensed consolidated
statement of cash flows

07

Notes to the condensed
consolidated financial
statements

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Waha Capital PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2017 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte & Touche (M.E.)



Signed by:
Georges F. Najem
Registration No. 809
13 August 2017
Abu Dhabi
United Arab Emirates

Condensed consolidated statement of financial position

	Note	As at 30 June 2017 (Unaudited) AED '000	As at 31 December 2016 (Audited) AED '000
ASSETS			
Furniture and equipment		79,129	70,316
Investment property	5	773,251	680,569
Goodwill and intangible assets		158,191	162,753
Investments in finance leases		13,252	11,388
Loan investments		232,963	232,963
Investments in equity-accounted associates and joint ventures	6	5,200,130	5,033,561
Financial investments	7	3,248,484	2,820,952
Inventories		12,303	10,619
Trade and other receivables	8	567,235	418,598
Cash and cash equivalents		541,753	572,262
Total assets		10,826,691	10,013,981
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,944,515	1,944,515
Treasury shares	9	(267,184)	(267,184)
Retained earnings		1,525,503	1,710,069
Reserves		162,023	483,597
Equity attributable to the Owners of the Company		3,364,857	3,870,997
Non-controlling interests		580,047	314,568
Total equity		3,944,904	4,185,565
Liabilities			
Borrowings	10	6,462,935	5,464,877
End of service benefit provision		32,334	29,268
Trade and other liabilities	11	386,518	334,271
Total liabilities		6,881,787	5,828,416
Total equity and liabilities		10,826,691	10,013,981

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 13 August 2017 and signed on their behalf by:



Chairman



CEO & Managing Director



Chief Financial Officer

Condensed consolidated statement of profit or loss

	Note	Six month period ended 30 June 2017 (Unaudited) AED '000	Six month period ended 30 June 2016 (Unaudited) AED '000	Three month period ended 30 June 2017 (Unaudited) AED '000	Three month period ended 30 June 2016 (Unaudited) AED '000
Revenue from sale of goods and services	12	166,739	174,949	83,348	88,592
Cost of sale of goods and services	12	(101,536)	(77,572)	(51,392)	(39,966)
Gross profit		65,203	97,377	31,956	48,626
Income from equity-accounted associates and joint ventures, <i>net</i>	6	166,357	268,685	99,180	132,282
Income from financial investments	13	207,213	164,152	99,740	60,365
Other income, net		16,332	14,390	5,383	7,551
General and administrative expenses	14	(187,824)	(192,077)	(95,018)	(96,216)
Finance cost, <i>net</i>	15	(64,290)	(50,043)	(35,618)	(26,242)
Profit for the period		202,991	302,484	105,623	126,366
Profit / (loss) for the period attributable to:					
Owners of the Company		183,136	305,855	95,559	130,010
Non-controlling interests		19,855	(3,371)	10,064	(3,644)
Profit for the period		202,991	302,484	105,623	126,366
Basic and diluted earnings per share attributable to the Owners of the Company during the period (AED)	9	0.10	0.17	0.05	0.07

The notes numbered 1 to 17 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

	Six month period ended 30 June 2017 (Unaudited) AED '000	Six month period ended 30 June 2016 (Unaudited) AED '000	Three month period ended 30 June 2017 (Unaudited) AED '000	Three month period ended 30 June 2016 (Unaudited) AED '000
Profit for the period	202,991	302,484	105,623	126,366
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to profit or loss:				
Share of effective portion of changes in fair value of cash flow hedges (note 7)	(318,834)	592,573	(37,965)	274,821
Share of changes in other reserves of equity-accounted associates and joint ventures	790	(36)	842	(923)
	(318,044)	592,537	(37,123)	273,898
Items that will not be reclassified subsequently to profit or loss:				
Net change in fair value of other financial assets at fair value through other comprehensive income	(3,530)	6,389	(5,180)	816
	(3,530)	6,389	(5,180)	816
Other comprehensive (loss) / income for the period	(321,574)	598,926	(42,303)	274,714
Total comprehensive (loss) / income for the period	(118,583)	901,410	63,320	401,080
Total comprehensive (loss) / income attributable to:				
Owners of the Company	(138,438)	904,781	53,256	404,724
Non-controlling interests	19,855	(3,371)	10,064	(3,644)
Total comprehensive (loss) / income for the period	(118,583)	901,410	63,320	401,080

The notes numbered 1 to 17 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six month period ended 30 June

	Share capital AED '000	Treasury shares AED '000	Retained earnings AED '000	Statutory reserve AED '000	Revaluation reserve AED '000	Hedge reserve AED '000	Other reserves AED '000	Total reserves AED '000	Equity attributable to Owners of the Company AED '000	Non-controlling interests AED '000	Total equity AED '000
At 1 January 2016	1,944,515	(233,168)	1,713,958	389,180	5,796	49,315	998	445,289	3,870,594	56,720	3,927,314
Profit for the period	-	-	305,855	-	-	-	-	-	305,855	(3,371)	302,484
Other comprehensive (loss) / income	-	-	-	-	6,389	592,573	(36)	598,926	598,926	-	598,926
Total comprehensive (loss) / income	-	-	305,855	-	6,389	592,573	(36)	598,926	904,781	(3,371)	901,410
Cash dividend (note 9)	-	-	(370,341)	-	-	-	-	-	(370,341)	-	(370,341)
Shares bought back	-	(17,474)	-	-	-	-	-	-	(17,474)	-	(17,474)
Increase in share of non-controlling interest ¹	-	-	-	-	-	-	-	-	-	87,218	87,218
At 30 June 2016 (Unaudited)	1,944,515	(250,642)	1,649,472	389,180	12,185	641,888	962	1,044,215	4,387,560	140,567	4,528,127
At 1 January 2017	1,944,515	(267,184)	1,710,069	429,897	11,411	42,047	242	483,597	3,870,997	314,568	4,185,565
Profit for the period	-	-	183,136	-	-	-	-	-	183,136	19,855	202,991
Other comprehensive (loss) / income	-	-	-	-	(3,530)	(318,834)	790	(321,574)	(321,574)	-	(321,574)
Total comprehensive (loss) / income	-	-	183,136	-	(3,530)	(318,834)	790	(321,574)	(138,438)	19,855	(118,583)
Cash dividend (note 9)	-	-	(367,702)	-	-	-	-	-	(367,702)	-	(367,702)
Increase in share of non-controlling interest ¹	-	-	-	-	-	-	-	-	-	245,624	245,624
At 30 June 2017 (Unaudited)	1,944,515	(267,184)	1,525,503	429,897	7,881	(276,787)	1,032	162,023	3,364,857	580,047	3,944,904

¹ Includes investments into the Waha MENA Equity Fund SP of AED 81,284 thousand (30 June 2016: AED 84,594 thousand), following which the Group's ownership reduced from 67.8% to 60.4%; Waha CEEMEA Fixed Income Fund SP of AED 146,017 thousand (30 June 2016: AED Nil), following which the Group's ownership reduced from 89.5% to 67.7%; and Waha MENA Value Fund SP of AED 920 thousand (30 June 2016: AED Nil), following which the Group's ownership reduced from 100% to 99.5%. In addition, the non-controlling interest holders in Anglo Arabian Healthcare Group contributed their share of their investment amounting to AED 14,904 thousand (30 June 2016: AED Nil).

The notes numbered 1 to 17 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six month period ended 30 June

	Note	2017 (Unaudited) AED '000	2016 (Unaudited) AED '000
Cash flows from operating activities			
Profit for the period		202,991	302,484
Adjustments for:			
Depreciation		9,273	4,523
Finance cost		64,668	52,524
Charge for employees' end of service benefits		3,850	4,452
Gain on valuation of financial assets at fair value through profit or loss	13	(200,269)	(118,198)
Interest on time deposits		(378)	(2,481)
Income from equity-accounted associates and joint ventures, net	6	(166,357)	(268,685)
Interest income from investments in finance leases		(588)	(758)
Distribution from equity-accounted associates and joint ventures		578	21,850
Amortisation of intangible assets		6,951	5,881
Interest income on loan investments		(5,357)	(5,439)
Gain on disposal of investment property		(1,394)	-
(Reversal) / provision for slow moving and obsolete inventories, net		(8)	16
Provision / (reversal) for doubtful debts		2,552	(2,346)
Changes in working capital:			
Change in inventories		(1,676)	(499)
Change in trade and other receivables		(150,832)	41,697
Change in trade and other liabilities		40,838	(34,994)
Net cash (used in) / from operations		(195,158)	27
Employees' end of service benefits paid		(784)	(567)
Net cash used in operating activities		(195,942)	(540)
Cash flows from investing activities			
Investment in equity-accounted associates		-	(526,278)
Purchase of investments at fair value through profit or loss, net		(549,627)	(314,968)
Payments made for development of investment property		(88,994)	(344)
Purchase of furniture and equipment, net		(18,086)	(23,360)
Purchase of intangible assets, net		(2,389)	(540)
Capital receipt from financial assets at FVTOCI		-	76,983
Proceeds from finance lease of investment property		3,960	-
Proceeds from finance leases		3,879	3,879
Wakala deposits redeemed		5,000	-
Interest received		378	2,481
Net cash used in investing activities		(645,879)	(782,147)
Cash flows from financing activities			
Finance cost paid on borrowings		(35,820)	(35,101)
Loans repaid	10	(28,741)	(14,105)
Loans obtained	10	997,951	868,127
Shares bought back		-	(17,474)
Dividends paid	9	(367,702)	(370,341)
Payments made by non-controlling interest holders		245,624	87,218
Net cash from financing activities		811,312	518,324
Net decrease in cash and cash equivalents		(30,509)	(264,363)
Cash and cash equivalents at 1 January		572,262	1,151,658
Cash and cash equivalents at 30 June		541,753	887,295

The notes numbered 1 to 17 are an integral part of these condensed consolidated financial statements.

Notes to the condensed financial statements

1 Legal status and principal activities

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

These condensed consolidated financial statements for the six month period ended 30 June 2017 comprise the results and financial position of the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities ("equity-accounted associates and joint ventures").

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

The Group's consolidated financial statements for the year ended 31 December 2016 are available on its website www.wahacapital.ae and also upon request at the Company's registered office at P.O. Box 28922, Etihad Towers, 42nd floor, Tower 3, Abu Dhabi, UAE.

2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

3 Significant accounting policies

The significant accounting policies, risk management principles, methods of computation and estimates applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2016, except for the following:

Impairment of equity-accounted associates and joint ventures

During the period, the Group's investment in Aercap Holdings NV ("Aercap") was tested for impairment, following a reassessment of the investment's recoverable amount and the evidence of a prolonged period of its share price trading at reducing multiple, among other relevant factors. The recoverable amount was determined using the higher of its fair value (level 1) and value in use (level 3), considering the successive settlement of the Group's equity price collar agreements, in Aercap shares when due. Based on estimates of recoverable amount developed in accordance with these assumptions, an impairment of AED 125,382 thousand was recognised during the current period.

The Group has applied, for the first time, several new standards and amendments in 2017, as stated below:

New and revised IFRSs effective in 2017

- Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28
- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

However, the application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

Notes to the condensed consolidated financial statements (continued)

4 Fair values

a Fair value hierarchy

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

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

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

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

	30 June 2017 (Unaudited) AED '000				31 December 2016 (Audited) AED '000			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Financial assets at FVTPL								
Listed equity securities	794,994	794,994	-	-	632,223	632,223	-	-
Other investments in equity securities	5,907	-	-	5,907	5,636	-	-	5,636
Listed fixed income securities	2,192,992	2,192,992	-	-	1,563,664	1,563,664	-	-
Derivative assets	36,487	-	36,487	-	54,531	-	54,531	-
Reverse repurchase contracts, net	36,094	-	36,094	-	60,524	-	60,524	-
Financial assets at FVTOCI								
Unquoted fund	67,382	-	-	67,382	70,912	-	-	70,912
Derivatives designated and effective as hedging instruments carried at fair value								
Equity price collar	114,628	-	114,628	-	433,462	-	433,462	-
Total	3,248,484	2,987,986	187,209	73,289	2,820,952	2,195,887	548,517	76,548
Financial liabilities								
Financial liabilities at FVTPL								
Derivative liabilities	(21,057)	-	(21,057)	-	(27,697)	-	(27,697)	-
Total	(21,057)	-	(21,057)	-	(27,697)	-	(27,697)	-

There were no transfers between Level 1 and Level 2 during the period.

Notes to the condensed consolidated financial statements (continued)

4 Fair values (continued)

a Fair value hierarchy (continued)

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

	30 June 2017 (Unaudited) AED '000	31 December 2016 (Audited) AED '000	Fair value hierarchy	Valuation technique
Financial assets at FVTPL				
a Listed equity securities	794,994	632,223	Level 1	Quoted bid prices in an active market.
b Other investment in equity securities	5,907	5,636	Level 3	Valuation is based on Net Asset Values (NAV).
c Listed fixed income securities	2,192,992	1,563,664	Level 1	Quoted bid prices in an active market.
d Reverse repurchase contracts, net	36,094	60,524	Level 2	The valuation is based on broker quotes.
e Derivative assets	36,487	54,531	Level 2	The valuation is based on broker quotes.
Financial assets at FVTOCI				
a Unquoted fund	67,382	70,912	Level 3	Valuation is based on Net Asset Values (NAV) of the fund calculated by the fund manager.
Derivatives designated and effective as hedging instruments carried at fair value				
a Equity price collar	114,628	433,462	Level 2	Black-Scholes model with market observable inputs, mainly share price and market volatilities of the underlying shares.
Financial liabilities at FVTPL				
a Derivative liabilities	(21,057)	(27,697)	Level 2	The valuation is based on broker quotes.

Notes to the condensed consolidated financial statements (continued)

4 Fair values (continued)

a Fair value hierarchy (continued)

Reconciliation of level 3 fair value movements

	Six month period ended 30 June 2017 (Unaudited) AED '000	Year ended 31 December 2016 (Audited) AED '000
At 1 January	76,548	147,656
Capital reduction	-	(76,983)
Increase in fair value through profit or loss	271	260
Total (loss) / gain in other comprehensive income	(3,530)	5,615
	73,289	76,548

b Fair values of financial assets and liabilities

The fair values of financial assets and liabilities does not materially differ from their carrying amounts.

5 Investment property

	Six month period ended 30 June 2017 (Unaudited) AED '000	Year ended 31 December 2016 (Audited) AED '000
At 1 January	680,569	696,010
Additions ¹	100,403	25,107
Fair value loss	-	(40,548)
Transfers to investment in finance lease ²	(7,721)	-
	773,251	680,569

¹Additions to investment property represents value of the work certified relating to the development of planned small industrial units, which included borrowing costs amounting to AED 1,206 thousand (31 December 2016: AED 192 thousand).

²During the current period, a long term Musataha agreement was signed on a portion of investment property. A gain of AED 1,394 thousand was recognised in 'other income' upon derecognition of the investment property.

Notes to the condensed consolidated financial statements (continued)

6 Investments in equity-accounted associates and joint ventures

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

	Six month period ended 30 June 2017 (Unaudited) AED '000	Year ended 31 December 2016 (Audited) AED '000
At 1 January	5,033,561	4,714,977
Acquisitions	-	526,277
Disposals	-	(660,234)
Share of income, net ¹	166,357	489,111
Share of equity reserves	790	(720)
Distributions received	(578)	(35,850)
	5,200,130	5,033,561

¹Includes an impairment loss of AED 125,382 thousand (note 3).

Investments in equity-accounted associates and joint ventures domiciled outside the UAE amount to AED 5,020,360 thousand (31 December 2016: AED 4,819,921 thousand).

The Group's investments with a carrying amount of AED 5,020,360 thousand (31 December 2016: AED 4,819,921 thousand) are collateralised against the Group's borrowings (note 10).

During the period, Aercap carried out a share buyback program, which the Group did not participate in. Consequently, the Group's beneficial ownership increased from 15.23% to 15.81%.

Notes to the condensed consolidated financial statements (continued)

7 Financial investments

	30 June 2017 (Unaudited) AED '000	31 December 2016 (Audited) AED '000
Financial assets at FVTOCI		
Unquoted fund	67,382	70,912
Derivatives designated and effective as hedging instruments carried at fair value		
Equity price collar ¹	114,628	433,462
Financial assets at fair value through profit or loss		
Derivative assets ²	36,487	54,531
Reverse repurchase contracts, net ³	36,094	60,524
Listed fixed income securities ⁴	2,192,992	1,563,664
Listed equity securities	794,994	632,223
Others investments in equity securities	5,907	5,636
	3,248,484	2,820,952

¹ The Group carries equity price collars on 15.81% stake in AerCap, acquired at AED 391,413 thousand, at floor and cap prices in the range of US\$ 34.74 – 39.38 and US\$ 53.60 – 70.02 per share, respectively. The equity price collars have been designated as cash flow hedging instruments, hedging the cash proceeds on a highly probable future sale of the shares, and accounted for as at fair value through OCI. During the period, the Group recognised a fair value loss of AED 318,834 thousand (Six month period ended 30 June 2016: gain of AED 592,573 thousand) on cash flow hedges through other comprehensive income.

² Derivative assets held by the Group include interest rate swaps, total return swaps, credit default swaps and currency futures, and have a notional value of AED 18,414,850 thousand (31 December 2016: AED 11,002,424 thousand).

³ Reverse repurchase contracts are shorted simultaneously. The carrying amounts presented are net of reverse repurchase receivables of AED 936,659 thousand and corresponding liabilities of AED 900,565 thousand (31 December 2016: reverse repurchase receivables of AED 469,998 thousand and corresponding liabilities of AED 409,474 thousand). The reverse repurchase agreements are subject to a master netting agreement.

⁴ Listed fixed income securities totalling AED 1,985,439 thousand (31 December 2016: AED 1,359,945 thousand) are pledged as security against the Group's borrowings under repurchase agreements. The repurchase agreements are subject to a master netting agreement.

Notes to the condensed consolidated financial statements (continued)

8 Trade and other receivables

	30 June 2017 (Unaudited) AED '000	31 December 2016 (Audited) AED '000
Trade receivables ¹	323,905	181,616
Allowance for doubtful debts	(12,842)	(10,291)
Prepayments and advances	38,913	42,102
Accrued interest	77,617	70,517
Amounts set aside for prior years' dividends	37,393	37,833
Deposits under lien	35,000	35,000
Wakala deposits	25,000	30,000
Other receivables	42,249	31,821
	567,235	418,598

¹ Increase in trade receivables mainly represent amounts due from brokers for capital market transactions.

9 Share capital and dividend

On 22 March 2017, the Company held its Annual General Meeting which, among other things, approved a 20% cash dividend amounting to AED 367,702 thousand representing AED 0.20 per share (23 March 2016: cash dividend of AED 370,341 thousand representing AED 0.20 per share).

Pursuant to the buyback program concluded in 2016, the Company had bought 106,005,973 shares at AED 267,184 thousand and carried the same as treasury shares.

The basic and diluted earnings per share for the current period ended 30 June 2017 has been calculated using the weighted average number of shares outstanding during the period after considering the effect of treasury shares.

	Six month period ended 30 June 2017 (Unaudited)	Six month period ended 30 June 2016 (Unaudited)	Three month period ended 30 June 2017 (Unaudited)	Three month period ended 30 June 2016 (Unaudited)
Profit for the period attributable to Owners of the Company (AED '000)	183,136	305,855	95,559	130,010
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (thousands)	1,846,262	1,851,400	1,846,262	1,849,794

Notes to the condensed consolidated financial statements (continued)

10 Borrowings

The movement in borrowings is presented below:

	Six month period ended 30 June 2017 (Unaudited) AED `000	Year ended 31 December 2016 (Audited) AED `000
At 1 January	5,464,877	5,322,255
Loans drawn-down	997,951	1,602,504
Loan arrangement and prepaid interest costs, net of amortisations	28,848	(78,450)
Loans repaid	(28,741)	(1,381,432)
	6,462,935	5,464,877

The investments and assets pledged to lenders as security against various facilities are the Group's interests in equity accounted investees (refer to note 6), the Group's shareholding in Al Waha Land LLC and listed fixed income securities (refer to note 7).

During the period, an amount of AED 404,580 thousand was drawn-down from the Group's existing AED 1,839,000 thousand (US\$ 500 million) secured revolving loan facility and an increase in repurchase liabilities of AED 490,756 thousand.

During 2016, a Group member secured AED 426 million in a Murabaha-Ijara based financing for further development of its light industrial real estate project. During the period, an amount of AED 79,568 thousand was drawn-down.

11 Trade and other liabilities

	30 June 2017 (Unaudited) AED `000	31 December 2016 (Audited) AED `000
Trade payables ¹	155,420	96,259
Interest accrued on borrowings	60,519	56,225
Derivative liabilities ²	21,057	27,697
Dividends payable	40,106	40,546
Long term employee incentive	9,067	9,067
Other payables and accruals	100,349	104,477
	386,518	334,271

¹ Increase in trade payables mainly represent amounts due to brokers for capital market transactions.

² The derivative liabilities held by the Group represent interest rate swaps, and have a notional value of AED 2,110,720 thousand (31 December 2016: AED 2,113,324 thousand).

Notes to the condensed consolidated financial statements (continued)

12 Revenue from and cost of sale of goods and services

	Six month period ended 30 June 2017 (Unaudited) AED '000			Three month period ended 30 June 2017 (Unaudited) AED '000		
	Revenue	Cost of sale	Gross Profit	Revenue	Cost of sale	Gross Profit
Sales of services	152,089	(100,009)	52,080	75,922	(50,588)	25,334
Rental income	14,642	(1,519)	13,123	7,426	(804)	6,622
Sale of inventory	8	(8)	-	-	-	-
	166,739	(101,536)	65,203	83,348	(51,392)	31,956

	Six month period ended 30 June 2016 (Unaudited) AED '000			Three month period ended 30 June 2016 (Unaudited) AED '000		
	Revenue	Cost of sale	Gross profit	Revenue	Cost of sale	Gross profit
Sales of services	159,007	(76,363)	82,644	80,545	(39,166)	41,379
Rental income	15,922	(1,189)	14,733	8,043	(796)	7,247
Sale of inventory	20	(20)	-	4	(4)	-
	174,949	(77,572)	97,377	88,592	(39,966)	48,626

Revenue from and cost of sales of services are mainly attributable to the healthcare operations.
Rental income and direct cost of sales relate to the Group's investment property.

13 Income from financial investments

	Six month period ended 30 June 2017 (Unaudited) AED '000	Six month period ended 30 June 2016 (Unaudited) AED '000	Three month period ended 30 June 2017 (Unaudited) AED '000	Three month period ended 30 June 2016 (Unaudited) AED '000
Financial assets at FVTOCI				
Unquoted fund - dividend income	-	4,858	-	-
Financial assets at FVPTL				
Net (loss) / gain from derivatives	(13,750)	426	(10,660)	192
Net gain from listed fixed income securities	83,231	61,553	40,842	31,230
Net gain from listed equity securities	130,517	56,489	65,323	23,794
Others ¹	7,215	40,826	4,235	5,149
	207,213	164,152	99,740	60,365

¹ Others include income from arranging, advising and administering capital financing on behalf of third party clients.

Notes to the condensed consolidated financial statements (continued)

14 General and administrative expenses

	Six month period ended 30 June 2017 (Unaudited) AED '000			Three month period ended 30 June 2017 (Unaudited) AED '000		
	Company	Subsidiaries	Total	Company	Subsidiaries	Total
Staff costs	63,459	45,644	109,103	32,056	23,294	55,350
Legal and other professional expenses	11,070	1,873	12,943	7,340	1,211	8,551
Depreciation	841	5,613	6,454	341	3,101	3,442
Amortisation of intangible assets	1,440	5,511	6,951	904	2,732	3,636
Marketing expenses	1,214	17,322	18,536	499	7,661	8,160
Rental expenses	1,819	6,437	8,256	912	3,187	4,099
Others	8,985	16,596	25,581	3,527	8,253	11,780
	88,828	98,996	187,824	45,579	49,439	95,018

	Six month period ended 30 June 2016 (Unaudited) AED '000			Three month period ended 30 June 2016 (Unaudited) AED '000		
	Company	Subsidiaries	Total	Company	Subsidiaries	Total
Staff costs	60,533	48,784	109,317	28,983	25,063	54,046
Legal and other professional expenses	4,551	2,816	7,367	2,159	1,562	3,721
Depreciation	868	3,655	4,523	383	1,974	2,357
Amortisation of intangible assets	558	5,323	5,881	272	2,422	2,694
Marketing expenses	268	36,041	36,309	36	18,536	18,572
Rental expenses	1,825	6,251	8,076	799	3,367	4,166
Others	7,235	13,369	20,604	3,045	7,615	10,660
	75,838	116,239	192,077	35,677	60,539	96,216

15 Finance cost, net

	Six month period ended 30 June 2017 (Unaudited) AED '000	Six month period ended 30 June 2016 (Unaudited) AED '000	Three month period ended 30 June 2017 (Unaudited) AED '000	Three month period ended 30 June 2016 (Unaudited) AED '000
Interest on borrowings	62,337	50,200	34,449	26,677
Amortisation of loan arrangement costs	2,331	2,324	1,172	1,162
Interest earned on time deposits	(378)	(2,481)	(3)	(1,597)
	64,290	50,043	35,618	26,242

Notes to the condensed consolidated financial statements (continued)

16 Related parties

Significant transactions with related parties:

Key management personnel compensation

	Six month period ended 30 June 2017 (Unaudited) AED '000	Six month period ended 30 June 2016 (Unaudited) AED '000	Three month period ended 30 June 2017 (Unaudited) AED '000	Three month period ended 30 June 2016 (Unaudited) AED '000
Salary and benefits	3,726	4,799	1,590	2,115
End of service benefits	219	341	110	163
	3,945	5,140	1,700	2,278

During the period, a member of senior management invested an amount of AED 1,287 thousand in Capital Markets funds.

Significant balances with related parties:

Loan investments provided to an associate amounted to AED 12,283 thousand as at 30 June 2017 (31 December 2016: AED 12,283 thousand).

17 Operating segments

The following table presents revenue and profit information for the Group's operating segments for the six month period ended 30 June 2017 and 2016, respectively:

AED '000	Asset Management				
Six month period ended 30 June 2017 (unaudited)	Principal Investments	Private Equity	Capital Markets	Corporate	Consolidated
Revenue from sale of goods and services	14,650	152,089	-	-	166,739
Income from investment in equity-accounted investees, <i>net</i>	166,357	-	-	-	166,357
Income from financial investments	30,148	-	177,065	-	207,213
Profit / (loss) for the period	200,009	(36,736)	140,838	(101,120)	202,991
Other comprehensive loss	(321,574)	-	-	-	(321,574)
Six month period ended 30 June 2016 (unaudited)					
Revenue from sale of goods and services	15,942	159,007	-	-	174,949
Income from investment in equity-accounted investees, <i>net</i>	268,685	-	-	-	268,685
Income from financial investments	5,104	-	159,048	-	164,152
Profit / (loss) for the period	288,820	(28,257)	133,450	(91,529)	302,484
Other comprehensive income	598,926	-	-	-	598,926

Segment income reported above represents income generated from external customers. There was no inter-segment income during the period (2016: nil).

Notes to the condensed consolidated financial statements (continued)

17 Operating segments (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2017 and 31 December 2016, respectively:

AED '000	Asset Management				Consolidated
	Principal Investments	Private Equity	Capital Markets	Corporate	
As at 30 June 2017 (unaudited)					
Segment assets	6,349,106	408,475	3,946,304	122,806	10,826,691
Segment liabilities	144,919	150,857	2,079,897	4,506,114	6,881,787
As at 31 December 2016 (audited)					
Segment assets	6,366,822	365,264	3,049,618	232,277	10,013,981
Segment liabilities	55,134	139,975	1,552,971	4,080,336	5,828,416

18 Subsequent events

During the period, the Anglo Arabian Healthcare Group signed definitive documentation to sell its entire 93% ownership in its subsidiary, Proficiency Healthcare Diagnostics (PHD) to a third party. The transaction is expected to be completed during 2017 upon satisfaction of certain customary conditions, including the obtaining of regulatory and third party approvals.