

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

**الواحة كابيتال**  
**WAHA CAPITAL**

**Reports and interim  
financial information  
for the three-month period  
ended 31 March 2014**

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

---

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Company information   | 1           |
| Management discussion and analysis report   | 2 - 10      |
| Independent auditors' report on review of interim financial information           | 11          |
| Condensed consolidated statement of financial position                            | 12          |
| Condensed consolidated statement of profit or loss                                | 13          |
| Condensed consolidated statement of profit or loss and other comprehensive income | 14          |
| Condensed consolidated statement of changes in equity                             | 15          |
| Condensed consolidated statement of cash flows                                    | 16 - 17     |
| Notes to the condensed consolidated financial statements                          | 18 - 28     |

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

---

## Company Information

### Board of Directors

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

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

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

**Auditors** Deloitte & Touche (M.E.)  
P O Box 990  
11<sup>th</sup> Floor, Al Sila Tower  
Al Sowwah Square  
Abu Dhabi  
UAE

## MANAGEMENT DISCUSSION AND ANALYSIS

### Performance Overview

Waha Capital recorded a net profit attributable to owners of the Company of AED 151.6 million during the three-month period ended 31 March 2014 compared to AED 85.3 million during the corresponding period in 2013.

The increase in net profit, compared to the same period in 2013, was driven 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, gain on disposal of AerLift, as well as the solid contribution from capital markets transactions.

### Key Financial Highlights

- The Group recorded profit attributable to owners of AED 151.6 million during the three-month period ended 31 March 2014, an increase of AED 66.3 million from the AED 85.3 million earned during the corresponding period in 2013.
- Operating activities generated a cash flow of AED 44.2 million during the three-month period ended 31 March 2014, compared to cash used in operating activities of AED 0.5 million during the corresponding period in 2013.
- The Group's total assets stood at AED 5.5 billion as at 31 March 2014, compared to AED 5.2 billion as at 31 December 2013.
- Basic and diluted earnings per share from continuing and discontinued operations were AED 0.078 during the three-month period ended 31 March 2014, compared to AED 0.044 achieved during the corresponding period in 2013.

### Strategic Update

#### Refinancing and upsizing of credit facilities

On 27 March 2014, Waha Capital completed the refinancing of its secured loan with a consortium of 13 local and international banks, replacing the existing corporate debt of AED 1.8 billion with a five-year secured facility totalling to AED 2.8 billion, comprising a term loan and a revolving loan of equal amounts.

The new facility presents Waha Capital with AED 1.0 billion of funds available for deployment in investments. Its size and tenor provide a solid platform from which Waha Capital can deliver on its long term strategic plan of investing in high potential sectors of the regional economy.

#### Disposal of stake in AerLift

On 31 March 2014, Waha Capital disposed of its entire stake in AerLift Leasing to a third party for a net consideration of AED 294.3 million, realizing a gain on disposal of AED 20.3 million. The proceeds were received subsequently on 5 April 2014.

AerLift Leasing, which owned a portfolio of 11 aircraft operated by a number of international airlines, had been previously identified for disposal as part of Waha Capital's strategy to focus on core assets.

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

### Management Discussion and Analysis Report (continued)

#### 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 (net).

| Income Statement (AED '000)                                     | Three-month period ended |                 |
|---|--------------------------|-----------------|
|   | 31-Mar-14                | 31-Mar-13       |
| Revenue from sale of goods and services                         | 33,535                   | 273             |
| Income from equity-accounted associates and joint ventures, net | 92,665                   | 40,298          |
| Income from capital markets transactions                        | 109,004                  | 100,013         |
| Other income/expense (net)                                      | 12,162                   | (120)           |
| <b>Total income</b>   | <b>247,366</b>           | <b>140,464</b>  |
| Cost of sale of goods and services                              | (8,851)                  | (305)           |
| General and administrative expenses                             | (62,461)                 | (35,631)        |
| Finance expense   | (23,694)                 | (20,720)        |
| <b>Total Expenses</b>   | <b>(95,006)</b>          | <b>(56,656)</b> |
| (Loss)/profit for the period from discontinued operations       | (53)                     | 1,537           |
| Non-controlling interest  | (753)                    | (28)            |
| <b>Profit attributable to owners of the Company</b>             | <b>151,554</b>           | <b>85,317</b>   |
| Basic and diluted earnings per share (in AED)                   | 0.078                    | 0.044           |

Total income increased by 76.1% to AED 247.4million (Three-month FY13: AED 140.5 million). Revenue from sale of goods and services increased by 12.2x from the comparable period last year mainly due to the consolidation of revenue from Anglo Arabian Healthcare (AAH), a subsidiary we acquired in Q2 2013.

Income from equity-accounted investees reflects the strong returns from AerCap and the Dunia Group (Dunia Finance and Dunia Services) amounting to AED 61.0 million and AED 10.7 million, respectively, as well as gain on disposal of AerLift amounting to AED 20.3 million;

Income from capital markets transactions amounting to AED 109.0 million increased by 9% from the comparable period, mainly as a result of our public transactions activities.

Total expenses, comprising cost of sales, general and administrative and finance expenses, increased from AED 56.7 million to AED 95.0 million, representing an increase of 67.7%, mainly as result of higher cost of sales and general and administrative expenses, in line with the increase in total income as well as the consolidation of AAH's expenses.

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

### Management Discussion and Analysis Report (continued)

#### Discussion of Results (continued)

##### Balance Sheet

Total assets increased from AED 5.2 billion as at 31 December 2013 to AED 5.5 billion as at 31 March 2014 mainly due to the strong performance of investments in equity-accounted investees and the increase in financial investments – mainly public capital markets instruments – financed partially through repurchase arrangements from a financial institution.

Key balance sheet metrics are shown in the table below:

| Balance Sheet (AED '000)                                     | As at            |                  |
|--|------------------|------------------|
|  | 31-Mar-14        | 31-Dec-13        |
| Investment property  | 812,800          | 809,491          |
| Loan investments   | 254,290          | 279,528          |
| Investment in equity-accounted associates and joint ventures | 2,289,853        | 2,493,478        |
| Financial investments  | 879,079          | 789,168          |
| Trade and other receivables                                  | 556,362          | 262,457          |
| Cash and cash equivalents                                    | 328,447          | 271,283          |
| Assets held for sale   | 221,647          | 221,647          |
| <b>Total assets</b>  | <b>5,452,807</b> | <b>5,237,613</b> |
| Borrowings   | 2,468,585        | 2,379,768        |
| Trade and other payables                                     | 468,950          | 311,544          |
| Total equity   | 2,515,072        | 2,546,301        |
| <b>Total Liabilities and Equity</b>                          | <b>5,452,807</b> | <b>5,237,613</b> |

Investment in equity-accounted associates and joint ventures decreased by a net AED 203.6 million due to the disposal of AerLift, for which the carrying value was AED 274.0 million, offset by an increase resulting from the income from AerCap and the Dunia Group as discussed in the "Net Profit" section above.

Financial investments increased by AED 89.9 million mainly due to an increase in investments in public securities financed partially through repo arrangements.

Trade and other receivable increased as a result of exiting AerLift, the proceeds of which (AED 307 million) were received subsequent to the reporting date.

## Management Discussion and Analysis Report (continued)

### Corporate Strategy

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

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

### 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 Finance, 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 2011-2013, AerCap repurchased 35.9 million shares at an average price of \$11.7 per share under its stock repurchase programme. Waha Capital did not participate in this stock repurchase program. As a result, Waha Capital's stake in AerCap increased to 26.3%.

During the three-month period ended 31 March 2014, AerCap continued to position itself for long-term growth, particularly in emerging markets, and to make significant enhancements to the quality of its fleet. During the first quarter of 2014, AerCap completed the following transactions:

- **Signed lease agreements for 15 aircraft.** The average term of lease agreements contracted during the past twelve months was 163 months for new aircraft and 60 months for used aircraft.
- **Delivered 7 aircraft under contracted lease agreements**, including four Boeing 737-800s, one Boeing 747-400SF and two Airbus A320-200s.
- **Purchased 3 aircraft**, including two new Boeing 737-800s and one Airbus A330-300.
- **Closed the sale of 4 aircraft.** AerCap sold one Airbus A330-300 from its owned portfolio and one Boeing 737-400, one Boeing 737-300 and one Boeing 767-300ER from its managed portfolio.
- **Signed financing transactions for \$2.8 billion.** During the first quarter 2014 AerCap entered into an agreement to replace ILFC's \$2.3 billion unsecured revolving credit facility with a new \$2.8 billion four-year unsecured revolving credit facility, to become effective upon the closing of the ILFC transaction.

## Management Discussion and Analysis Report (continued)

### Business and Portfolio Companies Analysis (continued)

#### AerCap (continued)

As of 31 March 2014, AerCap's portfolio consisted of 377 aircraft that were either owned, managed, or under contract to purchase (including five options). The average age of the owned fleet as of March 31, 2014 was 5.6 years and the average remaining contracted lease term was 6.6 years.

For the three-month period ended 31 March 2014, AerCap has contributed 25% of total income and its carrying value of AED 2.1 billion represents 38% of total assets as at 31 March 2014.

#### Dunia Finance

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

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

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

Dunia has undertaken several strategic cost management initiatives such as reengineering business processes, limiting new hiring to revenue-generating roles, renegotiating costs with vendors and landlords and maintaining tight control over discretionary expenses. These initiatives reduced its cost-to-income ratio to 34.7% for the quarter ended 31 March 2014 from around 299.4% in 2009, despite strong growth in its customer base and transaction processing volumes. Dunia's net income for the quarter ended 31 March 2014 was AED 41.0 million which is an increase of 55.3% over the same period in 2013, while its expenses remained stable at AED 37.1 million for the same period. In addition, customer deposits grew at a rate of 10 % from AED 515.1 million as at 31 December 2013 to AED 566.7 million as at 31 March 2014.

During the three-month period ended 31 March 2014, Dunia Finance continued the impressive growth of its loan book, and maintained solid net interest margins and capital adequacy ratios. During the same period, Dunia Finance achieved the following:

- Expanded its loan book at a healthy rate, gaining 6,209 new customers and achieved 36.4% growth in its loan portfolio.
- Achieved net-interest-income of AED 80.4 million representing an increase of 40.5% compared to the same period in the previous year; and net income of AED 41.0 million representing an increase of 55.3% compared to the same period in the previous year.
- Improved its asset quality and as such its impairment reserve (as a percentage of loans and advances) reduced from 7.6% at the end of 2009 to 2.2% which is well above the minimum requirement of 1.5% as per the Central Bank of UAE guideline
- Maintained its non-performing loan cover of 2.0x, which is sufficient, as it should protect the company not only from credit losses but also from unexpected stress situations.
- Funded the loan portfolio growth through customer deposits and retained earnings.
- Maintained a bank facility of AED 190 million (insignificant amount drawn down to date) and cash and equivalents of AED 40 million.

The Company's stake in Dunia was carried at AED 128.6 million as at 31 March 2014.



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

---

## Management Discussion and Analysis Report (continued)

### Business and Portfolio Companies Analysis (continued)

#### Stanford Marine Group

Stanford Marine Group (SMG) is a Dubai-based company that owns and operates offshore support vessels (OSVs) for the oil & gas industry, primarily in the Middle East, South East Asia and Africa. The company also offers shipbuilding and ship repair and maintenance services through its subsidiary, Grandweld. SMG's clients include 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 March 2014.

SMG is one of the UAE's leading offshore support groups with interests in vessel ownership & operation, shipbuilding & repair, and crane leasing. SMG's chartering business, Stanford Marine, now generates c. 85% of the SMG's total EBITDA. The business owns and manages a diverse fleet of crew boats, anchor handlers and platform supply vessels operating across multiple geographies. 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 quarter ended 31 March 2014, 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 93% and average age of 7.5 years (arithmetic) or 4.5 years (value weighted); and
- Delivered 3 ships and completed 202 repair and maintenance jobs in Q1 2014.

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

#### Anglo Arabian Healthcare

In 2013 the Company made its first investment in the healthcare sector by acquiring Anglo Arabian Healthcare (AAH), a new group established to deliver healthcare services throughout the United Arab Emirates. AAH owns and operates 17 business assets, employs more than 300 people and serves over 400,000 registered outpatients. Operating assets consist of 1 day hospital, 6 clinics, 5 pharmacies, 3 diagnostics centres and 1 provider of continuing medical education, with 1 hospital set to open in 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 49.7 million as at 31 March 2014.

#### MENA Infrastructure Fund

MENA Infrastructure Fund (MIF) was founded in 2006 with Dubai International Capital (DIC), HSBC Bank Middle East and Waha Capital as General Partners (GP). In 2012, DIC sold its stake in MIF to Fajr Capital. MIF is a private equity fund that invests in infrastructure development projects across MENA. Within the infrastructure segment, the fund 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).

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

---

## Management Discussion and Analysis Report (continued)

### Business and Portfolio Companies Analysis (continued)

#### MENA Infrastructure Fund (continued)

In 2007, MIF was launched with a total capital commitment of \$300 million from its Limited Partners (LP). Waha Capital originally committed to fund \$53.75 million (17.9% of total commitment), out of which \$40.0 million has been funded till date, and \$8.75 million remaining to be funded as at 31 March 2014. 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 2009-2013 and the Best Infrastructure Fund award for the MENA region in 2013.

As at 31 March 2014, Waha Capital carried its LP stake in the Fund at AED 144.5 million.

#### Other Assets

As at 31 March 2014, Waha Capital held non-core investments of around AED 170 million. 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 46 million, which is secured. Addax recently closed on the sale of its real estate asset, 'Addax Tower'. Proceeds from the sale of ADDAX Tower, amounting to AED 25.2 million, were used to partially repay Waha Capital's loan investment during the quarter ended 31 March 2014.

### 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 109.0 million from Capital Markets transactions during the year ended 31 March 2014. The carrying value of Capital Market assets is AED 1,074.6 million as at 31 March 2014.

#### Private transactions

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

#### Public capital markets

Waha Capital has been developing its securities investments business to invest in capital market securities such as bonds, sukuks, convertibles, equities, hybrids, IPOs and pre-IPOs. We had 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). We have recently moved into equity investments with a primary focus on regional equities. Our investment process is complemented by dedicated in-house research and robust risk management.

## Management Discussion and Analysis Report (continued)

### Business and Portfolio Companies Analysis (continued)

#### Industrial Real Estate

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

#### ALMARKAZ

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

The ALMARKAZ development is on 6 sq km of land, which was granted by the Government of Abu Dhabi. Waha Land is developing the initial phase of the project on 25% of the total area (1.5 sq km). Construction of the Phase I Infrastructure and 90,000 sq m of Small Industrial Units (SIUs) was substantially completed in December 2012. Leasing activity commenced in Q2 2013 with 68% occupancy of the SIU's achieved by end of quarter Q1 2014 with leasing rates based at current market levels. The project continues to receive growing interest from light industrial processing, manufacturing and logistics businesses attracted by the development's international standard infrastructure and warehouse facilities.

Following the success of the first 90,000 sq m of industrial space, ALMARKAZ is exploring a number of growth plans including (i) expansion of SIU space, and (ii) development of new products such as warehouses and light industrial units (LIUs) on the remaining 870,000 sq m of serviced land within Phase I.

Waha Capital owns a 100% stake in Waha Land and carries the investment of Phase I at fair market value of AED 812.8 million as at 31 March 2014 with further expected cost of AED 12.2 million until final completion. The unrecognized Residual Land Value of the remaining 4.5 sq km of the existing land bank is estimated at AED 554.7 million.

### Management Discussion and Analysis Report (continued)

#### Corporate Governance

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

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



**Salem Rashid Al Noaimi**  
CEO & Managing Director, Waha Capital PJSC  
Date: 12 May 2014

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Al Waha Capital PJSC ("the Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2014 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this interim financial information based on our review.

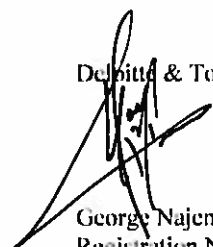
### *Scope of Review*

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

### *Conclusion*

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

Deloitte & Touche (M.E.)



George Najem  
Registration No. 809  
Abu Dhabi  
12 May 2014



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

### Condensed consolidated statement of financial position

|   | Note | As at<br>31 March 2014<br>(Unaudited)<br>AED '000 | As at<br>31 December 2013<br>(Audited)<br>AED '000 |
|---|------|---|--|
| <b>ASSETS</b>   |      |   |  |
| Furniture and equipment                                       |      | 14,352  | 13,798   |
| Investment property   |      | 812,800   | 809,491  |
| Intangible assets   |      | 57,051  | 57,570   |
| Investments in finance leases                                 |      | 27,632  | 28,915   |
| Loan investments  | 16   | 254,290   | 279,528  |
| Investments in equity-accounted associates and joint ventures | 5    | 2,289,853   | 2,493,478  |
| Financial investments   | 7    | 879,079   | 789,168  |
| Inventories   |      | 11,094  | 10,278   |
| Trade and other receivables                                   | 6    | 556,362   | 262,457  |
| Cash and cash equivalents                                     |      | 328,447   | 271,283  |
|   |      | <b>5,230,960</b>                                  | <b>5,015,966</b>                                   |
| Assets held for sale  |      | 221,647   | 221,647  |
| <b>Total assets</b>   |      | <b>5,452,607</b>                                  | <b>5,237,613</b>                                   |
| <b>EQUITY AND LIABILITIES</b>                                 |      |   |  |
| <b>Equity</b>   |      |   |  |
| Share capital   | 8    | 1,944,515   | 1,897,088  |
| Reserves and surplus  |      | 549,706   | 629,323  |
| <b>Equity attributable to the owners of the Company</b>       |      | <b>2,494,221</b>                                  | <b>2,526,411</b>                                   |
| Non-controlling interests                                     |      | 20,851  | 19,890   |
| <b>Total Equity</b>   |      | <b>2,515,072</b>                                  | <b>2,546,301</b>                                   |
| <b>Liabilities</b>  |      |   |  |
| Borrowings  | 9    | 2,488,585   | 2,379,768  |
| Trade and other payables                                      | 10   | 468,950   | 311,544  |
| <b>Total Liabilities</b>                                      |      | <b>2,937,535</b>                                  | <b>2,691,312</b>                                   |
| <b>Total equity and liabilities</b>                           |      | <b>5,452,607</b>                                  | <b>5,237,613</b>                                   |

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

These condensed consolidated financial statements were authorised for issue by the board of directors on 12 May 2014 and signed on their behalf by:

Chairman

CEO & Managing Director

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

### Condensed consolidated statement of profit or loss

For the three-month period ended 31 March

|   | Note | 2014<br>(Unaudited)<br>AED '000 | 2013<br>(Unaudited)<br>AED '000 |
|---|------|---------------------------------|---------------------------------|
| <b>Continuing operations</b>  |      |                                 |                                 |
| Revenue from sale of goods and services   | 11   | 33,535                          | 273                             |
| Cost of sale of goods and services  |      | (8,851)                         | (305)                           |
| <b>Gross profit / (loss)</b>  |      | <b>24,684</b>                   | <b>(32)</b>                     |
| Income from equity-accounted associates and joint ventures, <i>net</i>  | 5    | 72,393                          | 40,298                          |
| Gain on disposal of equity-accounted associates and joint ventures  | 5    | 20,272                          | -                               |
| Income from capital markets transactions  | 12   | 109,004                         | 100,013                         |
| Other income / (expense), <i>net</i>  | 13   | 12,162                          | (120)                           |
| General and administrative expenses   | 14   | (62,461)                        | (35,631)                        |
| Finance expense, <i>net</i>   |      | (23,694)                        | (20,720)                        |
| <b>Profit for the period from continuing operations</b>   |      | <b>152,360</b>                  | <b>83,808</b>                   |
| <b>Discontinued operations</b>  |      |                                 |                                 |
| (Loss) / profit for the period from discontinued operations   |      | (53)                            | 1,537                           |
| <b>Profit for the period</b>  |      | <b>152,307</b>                  | <b>85,345</b>                   |
| <b>Profit attributable to:</b>  |      |                                 |                                 |
| Owners of the Company   |      | 151,554                         | 85,317                          |
| Non-controlling interest  |      | 753                             | 28                              |
| <b>Profit for the period</b>  |      | <b>152,307</b>                  | <b>85,345</b>                   |
| <b>Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period (AED)</b> |      |                                 |                                 |
| - from continuing operations  | 8    | 0.078                           | 0.043                           |
| - from discontinued operations  |      | 0.000                           | 0.001                           |
|   |      | <b>0.078</b>                    | <b>0.044</b>                    |

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

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

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

For the three-month period ended 31 March

|   | <b>2014</b><br><i>(Unaudited)</i><br><b>AED '000</b> | 2013<br><i>(Unaudited)</i><br><b>AED '000</b> |
|---|--|---|
| <b>Profit for the period</b>  | <b>152,307</b>                                       | 85,345  |
| <b>Other comprehensive income</b>   |  |   |
| <b>Items that may be reclassified subsequently to profit or loss:</b>               |  |   |
| Net change in fair value of available-for-sale financial assets                     | <b>5,734</b>   | 1,306   |
| Share of change in other reserves of equity-accounted associates and joint ventures | <b>231</b>   | (2,650)                                       |
| <b>Total comprehensive income for the period</b>                                    | <b>158,272</b>                                       | 84,001  |
| <b>Total comprehensive income attributable to:</b>                                  |  |   |
| Owners of the Company   | <b>157,519</b>                                       | 83,973  |
| Non-controlling interest  | <b>753</b>   | 28  |
| <b>Total comprehensive income for the period</b>                                    | <b>158,272</b>                                       | 84,001  |

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



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

### Condensed consolidated statement of changes in equity

For the three-month period ended 31 March

|   | Share capital<br>AED '000 | Statutory reserve<br>AED '000 | Revaluation reserve<br>AED '000 | Hedge reserve<br>AED '000 | Other reserves<br>AED '000 | Retained earnings<br>AED '000 | Reserves and surplus<br>AED '000 | Equity attributable to owners<br>AED '000 | Non-controlling interest<br>AED '000 | Total equity<br>AED '000 |
|---|---------------------------|-------------------------------|---------------------------------|---------------------------|----------------------------|-------------------------------|----------------------------------|---|--------------------------------------|--------------------------|
|   |                           |                               |                                 |                           |                            |                               |                                  |   |                                      |                          |
| At 1 January 2013   | 1,897,088                 | 126,494                       | (5,893)                         | (3,828)                   | (7,197)                    | 323,036                       | 432,612                          | 2,329,700                                 | 13,899                               | 2,343,599                |
| Profit for the period   | -                         | -                             | -                               | -                         | -                          | 85,317                        | 85,317                           | 85,317                                    | 28                                   | 85,345                   |
| Other comprehensive income  | -                         | -                             | 1,306                           | -                         | (2,650)                    | -                             | (1,344)                          | (1,344)                                   | -                                    | (1,344)                  |
| Total comprehensive income  | -                         | -                             | 1,306                           | -                         | (2,650)                    | 85,317                        | 83,973                           | 83,973                                    | 28                                   | 84,001                   |
| <b>At 31 March 2013</b><br><b>(unaudited)</b>                                     | <b>1,897,088</b>          | <b>126,494</b>                | <b>(4,587)</b>                  | <b>(3,828)</b>            | <b>(9,847)</b>             | <b>408,353</b>                | <b>516,585</b>                   | <b>2,413,673</b>                          | <b>13,927</b>                        | <b>2,427,600</b>         |
| At 1 January 2014   | 1,897,088                 | 157,129                       | (3,169)                         | (3,828)                   | (5,736)                    | 484,927                       | 629,323                          | 2,526,411                                 | 19,890                               | 2,546,301                |
| Profit for the period   | -                         | -                             | -                               | -                         | -                          | 151,554                       | 151,554                          | 151,554                                   | 753                                  | 152,307                  |
| Other comprehensive income  | -                         | -                             | 5,734                           | -                         | 231                        | -                             | 5,965                            | 5,965                                     | -                                    | 5,965                    |
| Total comprehensive income  | -                         | -                             | 5,734                           | -                         | 231                        | 151,554                       | 157,519                          | 157,519                                   | 753                                  | 158,272                  |
| <b>Transactions with the owners of the Company, recognised directly in equity</b> |                           |                               |                                 |                           |                            |                               |                                  |   |                                      |                          |
| Cash dividend (note 8)  | -                         | -                             | -                               | -                         | -                          | (189,709)                     | (189,709)                        | (189,709)                                 | -                                    | (189,709)                |
| Bonus shares issued (note 8)  | 47,427                    | -                             | -                               | -                         | -                          | (47,427)                      | (47,427)                         | -   | -                                    | -                        |
| Non-controlling interest arising on acquisition of a subsidiary                   | -                         | -                             | -                               | -                         | -                          | -                             | -                                | -   | 208                                  | 208                      |
| <b>At 31 March 2014</b><br><b>(unaudited)</b>                                     | <b>1,944,515</b>          | <b>157,129</b>                | <b>2,565</b>                    | <b>(3,828)</b>            | <b>(5,505)</b>             | <b>399,345</b>                | <b>549,706</b>                   | <b>2,494,221</b>                          | <b>20,851</b>                        | <b>2,515,072</b>         |

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

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

## Condensed consolidated statement of cash flows

For the three-month period ended 31 March

|  | 2014<br>(unaudited)<br>AED '000 | 2013<br>(unaudited)<br>AED '000 |
|--|---------------------------------|---------------------------------|
| <b>Cash flows from operating activities</b>  |                                 |                                 |
| Profit for the period  | 152,307                         | 85,345                          |
| <b>Adjustments for:</b>  |                                 |                                 |
| Depreciation   | 2,151                           | 876                             |
| Interest on borrowings   | 23,854                          | 20,946                          |
| Gain on valuation of financial assets at fair value through profit or loss                                   | (9,803)                         | (2,308)                         |
| Interest on bank deposits  | (160)                           | (229)                           |
| Income from equity-accounted associates and joint ventures   | (72,393)                        | (40,298)                        |
| Gain on disposal of equity-accounted associates and joint ventures, net                                      | (20,272)                        | -                               |
| Interest income from investments in finance leases   | (856)                           | (768)                           |
| Loss on revaluation of investment property   | -                               | 4,242                           |
| Distribution from equity-accounted associates and joint ventures   | 2,200                           | -                               |
| Amortisation of Intangible assets  | 519                             | -                               |
| <b>Changes in working capital:</b>   |                                 |                                 |
| Change in inventories  | (816)                           | 258                             |
| Change in trade and other receivables  | 13,786                          | (62,158)                        |
| Change in trade and other payables   | (46,896)                        | (6,407)                         |
| <b>Net cash from / (used in) operating activities</b>  | <b>44,221</b>                   | <b>(501)</b>                    |
| <b>Cash flows from investing activities</b>  |                                 |                                 |
| Proceeds from disposal of asset held for sale  | -                               | 73,560                          |
| Proceeds from loan investments   | 25,238                          | 28,697                          |
| Proceeds from finance leases   | 1,939                           | 1,939                           |
| Proceeds from sale / settlement / dividend received on financial assets at fair value through profit or loss | 382,835                         | 4,068                           |
| Purchase of investments at fair value through profit or loss   | (435,131)                       | -                               |
| Purchase of investments held-to-maturity   | (23,415)                        | -                               |
| Proceeds from investments available-for-sale   | 1,137                           | -                               |
| Payments made for development of investment property   | (3,309)                         | (9,049)                         |
| Purchase of furniture and equipment  | (2,705)                         | (2,461)                         |
| Interest received  | 160                             | 229                             |
| <b>Net cash (used in) / from investing activities</b>  | <b>(53,251)</b>                 | <b>96,983</b>                   |
| <b>Cash flows from financing activities</b>  |                                 |                                 |
| Finance cost paid on borrowings  | (22,831)                        | (19,579)                        |
| Loans repaid   | -                               | (48,029)                        |
| Loans obtained   | 88,817                          | -                               |
| Net movement in non-controlling interest   | 208                             | -                               |
| <b>Net cash from / (used in) financing activities</b>  | <b>66,194</b>                   | <b>(67,608)</b>                 |
| <b>Net increase in cash and cash equivalents</b>   | <b>57,164</b>                   | <b>28,874</b>                   |
| Cash and cash equivalents at 1 January   | 271,283                         | 219,635                         |
| <b>Cash and cash equivalents at 31 March</b>   | <b>328,447</b>                  | <b>248,509</b>                  |

*Non-cash transaction:* Issuance of bonus shares during the period through retained earnings (note 8).

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

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

---

## Notes to the condensed consolidated financial statements

### 1 Legal status and principal activities

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

These condensed consolidated financial statements for the three-month period ended 31 March 2014 comprise the results and financial position of the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates and jointly controlled entities ("equity-accounted investees").

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

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

### 2 Basis of preparation

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

### 3 Significant accounting policies

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

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

#### New and revised IFRSs effective in 2014

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

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

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

**4 Fair values**

**(a) Fair value hierarchy**

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

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

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

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

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

### 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:

|   | 31 March 2014<br>(unaudited)<br>AED '000 | 31 December 2013<br>(audited)<br>AED '000 | Fair value hierarchy | Valuation technique  |
|---|--|---|----------------------|--|
| <b>1. Financial assets at fair value through profit or loss</b> |  |   |                      |  |
| (a) Investment in equity securities                             | 12,294                                   | 14,941                                    | Level 1              | Quoted bid prices in an active market  |
| (b) Other investment in equity securities                       | 5,553                                    | 5,766                                     | Level 2              | Quoted bid prices and discounted cash flow of the underlying investments.                            |
| (c) Investment in fixed income securities                       | 460,144                                  | 381,191                                   | Level 1              | Quoted bid prices in an active market  |
| (d) Derivative assets   | 93,281                                   | 107,475                                   | Level 2              | Discounted cash flow. Future cash flows are estimated based on a forward interest rate curve.        |
| <b>2. Investments available-for-sale</b>                        | <b>140,236</b>                           | <b>135,639</b>                            | <b>Level 3</b>       | <b>Discounted cash flow</b>  |
| <b>3. Derivative liabilities</b>                                | <b>(70,440)</b>                          | <b>(82,313)</b>                           | <b>Level 2</b>       | <b>Discounted cash flow. Future cash flows are estimated based on a forward interest rate curve.</b> |

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

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

### 4 Fair values (continued)

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

|                                       | 31 March 2014<br>(unaudited)<br>AED '000 |                |               | 31 December 2013<br>(audited)<br>AED '000 |                |                |                |                |
|---------------------------------------|--|----------------|---------------|---|----------------|----------------|----------------|----------------|
|                                       | Total                                    | Level 1        | Level 2       | Level 3                                   | Total          | Level 1        | Level 2        | Level 3        |
| <b>Financial assets</b>               |  |                |               |   |                |                |                |                |
| <b>Financial assets at FVTPL</b>      |  |                |               |   |                |                |                |                |
| Investment in equity securities       | 12,294                                   | 12,294         | -             | -   | 14,941         | 14,941         | -              | -              |
| Other investment in equity securities | 5,553                                    | -              | 5,553         | -   | 5,766          | -              | 5,766          | -              |
| Investment in fixed income securities | 460,144                                  | 460,144        | -             | -   | 381,191        | 381,191        | -              | -              |
| Derivative assets                     | 93,281                                   | -              | 93,281        | -   | 107,475        | -              | 107,475        | -              |
| Investments available-for-sale        | 140,236                                  | -              | -             | 140,236                                   | 135,639        | -              | -              | 135,639        |
| <b>Total</b>                          | <b>711,508</b>                           | <b>472,438</b> | <b>98,834</b> | <b>140,236</b>                            | <b>645,012</b> | <b>396,132</b> | <b>113,241</b> | <b>135,639</b> |

### Financial liabilities

#### Financial liabilities at FVTPL

#### Derivative liabilities

|                        | Total           | Level 1  | Level 2         | Level 3  |
|------------------------|-----------------|----------|-----------------|----------|
| Derivative liabilities | (70,440)        | -        | (70,440)        | -        |
| <b>Total</b>           | <b>(70,440)</b> | <b>-</b> | <b>(70,440)</b> | <b>-</b> |

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

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

#### 4 Fair values (continued)

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

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

|   | Three-month<br>period ended<br>31 March 2014<br>(unaudited)<br>AED '000 | Year ended<br>31 December<br>2013<br>(audited)<br>AED '000 |
|---|---|--|
| Opening balance 1 January                           | 135,639   | 108,883  |
| Acquisitions of investments available for sale      | -   | 24,032   |
| Capital reduction                                   | (1,137)   | -  |
| Total gains or losses in other comprehensive income | 5,734   | 2,724  |
| Closing balance                                     | 140,236   | 135,639  |

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

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

|  | 31 March 2014<br>(unaudited)<br>AED '000 |            | 31 December 2013<br>(audited)<br>AED '000 |            |
|--|--|------------|---|------------|
|  | Carrying<br>Value                        | Fair Value | Carrying Value                            | Fair Value |
| <b>Financial assets</b>                                  |  |            |   |            |
| Investments in finance leases                            | 27,632                                   | 27,632     | 28,915                                    | 28,915     |
| Loan investments   | 254,290                                  | 254,290    | 279,528                                   | 279,528    |
| Investments available-for-sale                           |  |            |   |            |
| • <i>Unquoted fund</i>                                   | 140,236                                  | 140,236    | 135,639                                   | 135,639    |
| Financial assets at fair value through<br>profit or loss |  |            |   |            |
| • <i>Derivative assets</i>                               | 93,281                                   | 93,281     | 107,475                                   | 107,475    |
| • <i>Listed fixed income securities</i>                  | 460,144                                  | 460,144    | 381,191                                   | 381,191    |
| • <i>Listed equity securities</i>                        | 12,294                                   | 12,294     | 14,941                                    | 14,941     |
| • <i>Other investments</i>                               | 5,553                                    | 5,553      | 5,766                                     | 5,766      |
| Financial assets classified as held-to-maturity          |  |            |   |            |
| • <i>Listed fixed income securities</i>                  | 167,571                                  | 170,518    | 144,156                                   | 147,111    |
| Trade and other receivables                              | 556,362                                  | 556,362    | 262,457                                   | 262,457    |
| Cash and cash equivalents                                | 328,447                                  | 328,447    | 271,283                                   | 271,283    |
| <b>Financial liabilities</b>                             |  |            |   |            |
| Borrowings   | 2,468,585                                | 2,468,585  | 2,379,768                                 | 2,379,768  |
| Trade and other payables                                 | 468,950                                  | 468,950    | 311,544                                   | 311,544    |

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

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

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

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

|                          | <b>Three-month<br/>period ended 31<br/>March 2014<br/>(Unaudited)<br/>AED '000</b> | <b>Year ended<br/>31 December<br/>2013<br/>(Audited)<br/>AED '000</b> |
|--------------------------|--|---|
| As at 1 January          | 2,493,478  | 2,255,370   |
| Disposals                | (274,049)  | -   |
| Share of income          | 72,393   | 265,601   |
| Share of equity reserves | 231  | 1,461   |
| Distributions received   | (2,200)  | (28,954)  |
|                          | <b>2,289,853</b>   | <b>2,493,478</b>  |

During the period, the Group concluded the disposal of its entire investment in the joint venture, Aerlift Leasing Limited, to a third party for a consideration of AED 294,321 thousand (net of selling costs), resulting in a gain of AED 20,272 thousand. Subsequent to the end of the reporting period, the sale consideration was received on 5 April 2014 (note 6).

Investment in equity-accounted associates and joint ventures domiciled outside UAE amount to AED 2,141,744 thousand (31 December 2013: AED 2,354,596 thousand).

#### 6 Trade and other receivables

|   | <b>31 March<br/>2014<br/>(unaudited)<br/>AED '000</b> | <b>31 December<br/>2013<br/>(audited)<br/>AED '000</b> |
|---|---|--|
| Trade receivables   | 86,791  | 109,455  |
| Allowance for doubtful debts  | (1,964)   | (4,107)  |
| Receivable from sale of Aerlift Leasing Limited (note 5)            | 307,207   | -  |
| Prepayments and advances  | 6,468   | 3,907  |
| Accrued interest  | 48,585  | 45,650   |
| Amounts set aside for prior year dividends and rights issue refunds | 17,788  | 18,204   |
| Deposits under lien   | 70,000  | 70,000   |
| Other receivables   | 21,487  | 19,348   |
|   | <b>556,362</b>  | <b>262,457</b>   |



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

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

#### 7 Financial investments

|  | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 December 2013<br>(audited)<br>AED '000 |
|--|--|---|
| <b>Available for sale financial assets</b>                   |  |   |
| Unquoted fund  | 140,236                                  | 135,639                                   |
| <b>Financial assets classified as held-to-maturity</b>       |  |   |
| Listed fixed income securities                               | 167,571                                  | 144,156                                   |
| <b>Financial assets at fair value through profit or loss</b> |  |   |
| Derivative assets  | 93,281                                   | 107,475                                   |
| Listed fixed income securities                               | 460,144                                  | 381,191                                   |
| Listed equity securities                                     | 12,294                                   | 14,941                                    |
| Others investments   | 5,553                                    | 5,766                                     |
|  | <b>879,079</b>                           | <b>789,168</b>                            |

Derivative assets held by the Group, have a notional value of AED 1,472,671 thousand (31 December 2013: AED 1,577,862 thousand).

Listed fixed income securities classified as held to maturity and at fair value through profit or loss totalling AED 589,316 thousand (31 December 2013: AED 477,081 thousand) are pledged as security against the Group's borrowings under repurchase agreements (note 9).

Financial investments in investees registered outside UAE amount to AED 538,669 thousand (31 December 2013: AED 627,708 thousand).

#### 8 Share capital and dividend

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

The basic and diluted earnings per share of the comparative three month period ended 31 March 2013 have been recomputed by assuming 1,944,514,687 issued, subscribed and fully paid up shares outstanding during the comparative period.

#### 9 Borrowings

The increase in borrowings is mainly due to an increase in interest bearing repurchase liabilities under the Group's repurchase agreements. The repurchase liabilities are secured by the respective securities under those repurchase transactions (note 7).

On 27 March 2014, the Group completed the refinancing of its secured loan replacing it with a 5 year secured borrowing totalling to AED 2,758,500 thousand, comprising a term loan of AED 1,379,250 thousand and a revolving loan of the same amount. The Group had not drawn-down against the new facility at the end of the current reporting period.

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

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

#### 10 Trade and other payables

|                                  | <b>31 March<br/>2014<br/>(unaudited)<br/>AED '000</b> | 31 December<br>2013<br>(audited)<br>AED '000 |
|----------------------------------|---|--|
| Trade payables                   | 12,251  | 26,167                                       |
| Interest accrued on borrowings   | 34,315  | 33,293                                       |
| Derivative liabilities           | 70,440  | 82,313                                       |
| End of service benefit provision | 15,057  | 14,004                                       |
| Dividends payable                | 189,709   | -  |
| Other payables and accruals      | 147,178   | 155,767                                      |
|                                  | <b>468,950</b>  | <b>311,544</b>                               |

Derivative liabilities held by the Group, have a notional value of AED 1,495,650 thousand (31 December 2013: AED 1,601,917 thousand).

#### 11 Revenue from sale of goods and services

|                   | <b>Three-month<br/>period ended 31<br/>March 2014<br/>(Unaudited)<br/>AED '000</b> | Three-month<br>period ended<br>31 March 2013<br>(Unaudited)<br>AED '000 |
|-------------------|--|---|
| Sales of services | 30,385   | -   |
| Rental income     | 3,012  | 15  |
| Sale of inventory | 138  | 258   |
|                   | <b>33,535</b>  | <b>273</b>  |

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

#### 12 Income from capital markets transactions

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

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

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

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

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

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

|  | <b>Three-month<br/>period ended 31<br/>March 2014<br/>(Unaudited)<br/>AED '000</b> | <b>Three-month<br/>period ended 31<br/>March 2013<br/>(Unaudited)<br/>AED '000</b> |
|--|--|--|
| Dividend income from available for sale investment | 7,562  | -  |
| Interest income from loan investments              | 2,733  | 2,930  |
| Interest income from finance leases                | 656  | 768  |
| Fair value gain on derivatives                     | 399  | 424  |
| Fair value loss on investment property             | -  | (4,242)  |
| Other  | 812  | -  |
|  | <b>12,162</b>  | <b>(120)</b>   |

#### 14 General and administrative expenses

|                                       | <b>Three months ended 31 March 2014<br/>(unaudited)</b> |                                  |                           | <b>Three months ended 31 March 2013<br/>(unaudited)</b> |                                  |                           |
|---------------------------------------|---|----------------------------------|---------------------------|---|----------------------------------|---------------------------|
|                                       | <b>Company<br/>AED '000</b>                             | <b>Subsidiaries<br/>AED '000</b> | <b>Total<br/>AED '000</b> | <b>Company<br/>AED '000</b>                             | <b>Subsidiaries<br/>AED '000</b> | <b>Total<br/>AED '000</b> |
| Staff costs                           | 30,564  | 13,689                           | 44,253                    | 27,511  | 2,310                            | 29,821                    |
| Legal and other professional expenses | 1,960   | 935                              | 2,895                     | 1,153   | 48                               | 1,201                     |
| Depreciation                          | 799   | 1,352                            | 2,151                     | 872   | 4                                | 876                       |
| Other administrative expenses         | 4,998   | 8,164                            | 13,162                    | 3,525   | 208                              | 3,733                     |
|                                       | <b>38,321</b>   | <b>24,140</b>                    | <b>62,461</b>             | <b>33,061</b>   | <b>2,570</b>                     | <b>35,631</b>             |

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

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

#### 15 Operating segments

The following table presents revenue and profit information for the Group's operating segments for the three months ended 31 March 2014 and 2013, respectively:

| Three-month period ended 31 March<br>(Unaudited)                | Principal Investments |        |         | Capital Markets |       |         | Industrial Real Estate |          |         | Corporate |      |      | Consolidated |         |  |
|---|-----------------------|--------|---------|-----------------|-------|---------|------------------------|----------|---------|-----------|------|------|--------------|---------|--|
|   | 2014                  | 2013   | 2014    | 2013            | 2014  | 2013    | 2014                   | 2013     | 2014    | 2013      | 2014 | 2013 | 2014         | 2013    |  |
| AED '000  |                       |        |         |                 |       |         |                        |          |         |           |      |      |              |         |  |
| Revenue from sale of goods and services                         | 30,523                | 258    | -       | -               | 3,012 | 15      | -                      | -        | -       | -         | -    | -    | 33,535       | 273     |  |
| Income from equity-accounted associates and joint ventures, net | 72,393                | 40,298 | -       | -               | -     | -       | -                      | -        | -       | -         | -    | -    | 72,393       | 40,298  |  |
| Income from capital markets transactions                        | -                     | -      | 109,004 | 100,013         | -     | -       | -                      | -        | -       | -         | -    | -    | 109,004      | 100,013 |  |
| Profit / (loss) for the period from discontinued operations     | (53)                  | 1,537  | -       | -               | -     | -       | -                      | -        | -       | -         | -    | -    | (53)         | 1,537   |  |
| Profit for the period   | 98,589                | 42,335 | 103,746 | 93,452          | 778   | (6,751) | (50,806)               | (43,691) | 152,307 | 85,345    |      |      |              |         |  |

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

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

|                   | Principal Investments                    |                                      |  | Capital Markets                      |  |                                      | Industrial Real Estate                   |                                      |  | Corporate                            |  |                                      | Consolidated                             |                                      |  |
|-------------------|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|
|                   | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 Dec 2013<br>(Audited)<br>AED '000 |  |
| Total assets      | 2,947,136                                | 3,170,815                            | 1,074,591                                | 1,025,387                            | 820,188                                  | 814,214                              | 610,692                                  | 227,197                              | 5,452,607                                | 5,237,613                            |  |                                      |  |                                      |  |
| Total liabilities | 69,849                                   | 75,267                               | 792,654                                  | 747,157                              | 14,474                                   | 19,095                               | 2,060,558                                | 1,849,793                            | 2,937,535                                | 2,691,312                            |  |                                      |  |                                      |  |

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

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

#### 16 Related parties

Significant transactions with related parties during the three-month period ended 31 March:

|  | 31 March 2014<br>(Unaudited)<br>AED '000 | 31 March 2013<br>(Unaudited)<br>AED '000 |
|--|--|--|
| <i>Key management personnel compensation</i> |  |  |
| Salary and benefits                          | 2,857                                    | 2,730                                    |
| End of service benefits                      | 157                                      | 133                                      |
|  | <b>3,014</b>                             | <b>2,863</b>                             |

During the current reporting period, loan investment to an associate was repaid by an amount of AED 25,238 thousand.

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

|   | 31 March<br>2014<br>(Unaudited)<br>AED '000 | 31 December<br>2013<br>(Audited)<br>AED '000 |
|---|---|--|
| Loan investments provided to an associate     | 33,610                                      | 58,848                                       |
| Trade and other receivables from an associate | 12,719                                      | 12,719                                       |

#### 17 Comparatives

Certain reclassifications have been made to the comparative amounts for the three-month period ended 31 March 2013 to comply with the current period classification. This reclassification did not have any impact on net profit, earnings per share or retained earnings of the current or prior periods. These reclassifications were mainly to account for the revenue from sale of goods and services and the cost of sale of goods and services from the acquisition of the Group's investment in the healthcare sector.

The main reclassifications are as follows:

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

- Income from sale of inventory is now disclosed in a separate line 'Revenue from sale of goods and services' instead of being classified under 'Operating income'.
- Income from Transaction service fees is now disclosed in a separate line 'Income from capital markets transactions' instead of being classified under 'Operating income'.
- Cost of sale of inventory has been reclassified to a separate line item 'Cost of sale of goods and services' from 'Operating expenses'.
- 'Finance expense' has been reclassified from 'Operating expenses' into a separate line item.
- 'Fair value gain on derivatives', 'Other operating income', 'Interest income from finance lease', 'Interest income on loan investments', 'Provision for slow moving and obsolete inventories' and 'Provision for doubtful loans and receivables' have been reclassified from 'Operating income' and 'Operating expenses' into 'Other income'.
- 'Administrative and other expenses' line item has been renamed as 'General and administrative expenses'.

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

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

#### 17 Comparatives (continued)

#### Condensed consolidated statement of profit or loss for the period ended 31 March 2013

|   |                | As<br>previously<br>reported<br><i>(Unaudited)</i><br>AED '000 | Reclassificatio<br>ns<br><i>(Unaudited)</i><br>AED '000 | As<br>reclassified<br><i>(Unaudited)</i><br>AED '000 |
|---|----------------|--|---|--|
| <b>Continuing operations</b>                                    |                |  |   |  |
| Revenue from sale of goods and services                         | (a)            | -  | 273   | 273  |
| Cost of sale of goods and services                              | (c)            | -  | (305)   | (305)  |
| <b>Gross profit</b>   |                | -  | (32)  | (32)   |
| Operating income  | (a), (b) & (e) | 98,281   | (98,281)  | -  |
| Operating expenses  | (c), (d) & (e) | (21,251)   | 21,251  | -  |
| Income from equity-accounted associates and joint ventures, net |                | 40,298   | -   | 40,298   |
| Income from capital markets transactions                        | (b)            | -  | 100,013   | 100,013  |
| Other income  | (e)            | 2,111  | (2,231)   | (120)  |
| General and administrative expenses                             | (f)            | (35,631)   | -   | (35,631)   |
| Finance expense   | (d)            | -  | (20,720)  | (20,720)   |
| <b>Profit for the period from continuing operations</b>         |                | <b>83,808</b>  | <b>-</b>  | <b>83,808</b>  |
| <b>Discontinued operations</b>                                  |                |  |   |  |
| Profit for the period from discontinued operations              |                | 1,537  | -   | 1,537  |
| <b>Profit for the period</b>                                    |                | <b>85,345</b>  | <b>-</b>  | <b>85,345</b>  |