

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

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الواحة كابيتال  
WAHA CAPITAL

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**Reports and interim  
financial information  
for the six month period  
ended 30 June 2015**

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

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## 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  
Al Sila Tower  
Abu Dhabi Global Market Square  
Abu Dhabi  
UAE

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 1. PERFORMANCE OVERVIEW

Waha Capital (“the Company”) achieved a net profit attributable to owners of the Company of AED 349.0 million for the six month period ended 30 June 2015 compared to AED 1,289.3 million during the corresponding period in the 2014 financial year; with a return on average equity (RoAE) of 8.9% and earnings per share (EPS) of AED 0.18 compared to the RoAE of 42.5% and EPS of AED 0.66 during the corresponding period in 2014.

### 2. KEY FINANCIAL HIGHLIGHTS

#### Six month period ended 30 June 2015

- The Group recorded profit attributable to owners of AED 349.0 million for the six month period ended 30 June 2015, compared to AED 1,289.3 million earned during the corresponding period in 2014.
- RoAE for the six month period ended 30 June 2015 stood at 8.9% vs. RoAE of 42.5% for the same period during 2014, whereas, Return on Average Assets (RoAA) for the six month period ended 30 June 2015 stood at 3.7% vs RoAA of 22.1% for the same period during 2014.
- Operating activities utilised a cash flow of AED 47.6 million during the six month period ended 30 June 2015, compared to cash generated from operating activities of AED 56.6 million during the corresponding period in 2014.
- The Company’s total assets stood at AED 8.9 billion as at 30 June 2015, compared to AED 9.8 billion as at 31 December 2014.
- The Company’s debt leverage ratio increased to 42.9% as at 30 June 2015 compared to 28.2% as at 31 December 2014.
- Earnings per share were AED 0.18 during the six-period ended 30 June 2015, compared to AED 0.66 achieved during the corresponding period in 2014.

#### Three month period ended 30 June 2015

- The Group recorded profit attributable to owners of AED 166.9 million during the three month period ended 30 June 2015, compared to AED 1,137.8 million during the corresponding period in 2014.
- RoAE for the three month period ended 30 June 2015 stood at 4.8% vs. RoAE of 37.7% for the same period during 2014, whereas, Return on Average Assets (RoAA) for the three month period ended 30 June 2015 stood at 1.8% vs RoAA of 19.2% for the same period during 2014.
- Operating activities utilised a cash flow of AED 58.1 million during the three month period ended 30 June 2015, compared to cash generated from operating activities of AED 12.4 million during the corresponding period in 2014.
- Earnings per share were AED 0.09 during the three month period ended 30 June 2015, compared to AED 0.59 achieved during the corresponding period in 2014.

### 3. KEY EVENTS IN THE QUARTER

#### Share buy-back program by AerCap

On 4 June 2015, AerCap acquired 15,698,588 shares from American International Group, Inc. (AIG) for a total purchase consideration of US\$ 750 million. Pursuant to this share buyback, Waha Capital’s beneficial ownership has increased from 12.6% to 13.6%. Further, after the sale of shares by AIG, Waha Capital has again become the largest beneficial shareholder of AerCap.

#### Share buy-back program by Waha Capital

Under the share buy-back programme approved by the Securities & Commodities Authority (SCA) on 20 October 2014, Waha Capital has acquired 61.7 million shares (or 3.17% of outstanding shares) as of 30 June 2015 and 62.0 million shares (or 3.19% of outstanding shares) as of 12 August 2015 at a total purchase price of AED 173.0 million and AED 173.8 million respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 4. DISCUSSION OF RESULTS

#### Six month period ended 30 June 2015 performance

Total income of AED 580.8 million, compared to AED 1,528.9 million during the corresponding period in 2014, comprised of:

- a) Revenue from sale of goods and services, amounting to AED 134.8 million, increased by 83.7% from the comparable period in 2014 mainly due to: (i) the strong performance and consolidation of newly acquired assets within Anglo Arabian Healthcare (AAH) – a healthcare subsidiary, and (ii) rental income from Waha Land (ALMARKAZ) – an industrial real estate subsidiary.
- b) Income from equity-accounted associates and joint ventures, *net*, amounting to AED 300.1 million, reflects the strong performance from AerCap and the Dunia Group (Dunia Finance and Dunia Services) amounting to AED 292.8 million and AED 31.5 million respectively; (30 June 2014: AED 129.3 million and AED 22.0 million for AerCap and Dunia Group respectively). Further, gain on deemed disposal of equity accounted investees were nil, compared to AED 1,306.6 million during the corresponding period.
- c) Income from capital markets transactions amounting to AED 138.6 million, compared to AED 124.3 million during the corresponding period in 2014.
- d) Other income / (expense), *net* movement mainly from a) fair value adjustment on investment property AED nil compared to AED (125.1) million in 2014; and b) provision for doubtful debts AED (1.0) million compared to AED (19.2) million in 2014.

Total expenses – comprising cost of sales, general and administrative expenses and finance costs – decreased 2.7% from AED 237.8 million to AED 231.5 million, mainly due to lower general and administration expenses by AED 14.4 million and lower finance costs by AED 14.7 million; offset by higher cost of goods sold by AED 22.7 million from consolidation of AAH's expenses.

#### Three month period ended 30 June 2015 performance

Total income of AED 297.3 million, compared to AED 1,281.5 million during the corresponding period in 2014, comprised of:

- a) Revenue from sale of goods and services, amounting to AED 79.0 million, increased by 98.2% from the comparable period in 2014 mainly due to: (i) higher revenue recorded by our healthcare subsidiary on strong performance and consolidation of newly acquired assets; and (ii) increased rental income from Waha Land (ALMARKAZ) due to higher occupancy.
- b) Income from equity-accounted associates and joint ventures, *net*, amounting to AED 151.5 million, reflects the strong performance from AerCap and the Dunia Group amounting to AED 148.1 million and AED 16.6 million respectively; compared to AED 68.3 million and AED 11.3 million for AerCap and Dunia Group respectively during the corresponding period in 2014.
- c) Income from capital markets transactions amounting to AED 63.3 million, compared to AED 15.3 million during the corresponding period in 2014.
- d) Other income / (expense), *net* movement mainly from a) fair value adjustment on investment property AED nil compared to AED (125.1) million in 2014; and b) provision for doubtful debts AED (0.8) million compared to AED (19.2) million in 2014.

Total expenses – comprising cost of sales, general and administrative expenses and finance costs – decreased 8.9% from AED 142.8 million to AED 130.1 million, mainly due to the lower general and administration expenses by AED 18.0 million and lower finance cost by AED 6.7 million; offset by higher cost of goods sold by AED 12.0 million from consolidation of AAH's expenses.

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

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 4. DISCUSSION OF RESULTS (continued)

| Income Statement (AED '000)  | Six month period ended |                  | Three month period ended |                  |
|--|------------------------|------------------|--------------------------|------------------|
|  | 30-Jun-15              | 30-Jun-14        | 30-Jun-15                | 30-Jun-14        |
| Revenue from sales of goods and services   | 134,832                | 73,398           | 79,001                   | 39,863           |
| Income from equity-accounted associates and joint ventures, <i>net</i>                             | 300,066                | 135,970          | 151,547                  | 63,577           |
| Gain on disposal and deemed disposal of equity-accounted associates and joint ventures, <i>net</i> | -                      | 1,326,901        | -                        | 1,306,629        |
| Income from capital markets transactions   | 138,618                | 124,256          | 63,255                   | 15,252           |
| Other income / (expense), <i>net</i>   | 7,328                  | (131,640)        | 3,459                    | (143,802)        |
| <b>Total income</b>  | <b>580,844</b>         | <b>1,528,885</b> | <b>297,262</b>           | <b>1,281,519</b> |
| Cost of sales of goods and services  | (41,656)               | (18,930)         | (22,114)                 | (10,079)         |
| General and administrative expenses  | (154,588)              | (169,033)        | (88,561)                 | (106,519)        |
| Finance expenses   | (35,222)               | (49,880)         | (19,453)                 | (26,186)         |
| <b>Total Expenses</b>  | <b>(231,466)</b>       | <b>(237,843)</b> | <b>(130,128)</b>         | <b>(142,784)</b> |
| Non-controlling interest   | (348)                  | (1,727)          | (277)                    | (974)            |
| <b>Profit attributable to shareholders</b>   | <b>349,030</b>         | <b>1,289,315</b> | <b>166,857</b>           | <b>1,137,761</b> |
| Basic and diluted earnings per share (in AED)  | 0.18                   | 0.66             | 0.09                     | 0.59             |

#### Statement of financial position

Total assets of AED 8,931.1 million as at 30 June 2015 compared to AED 9,791.5 million as at 31 December 2014 comprised of:

- Investments in equity-accounted associates and joint ventures, increased by AED 286.1 million due to share of profit aggregating AED 300.1 million – mainly from AerCap and Dunia Group.
- Financial investments, decreased by AED 174.4 million; representing a decline of AED 559.2 million in equity price collar; offset by an increase in public securities – fixed income and equity – amounting to AED 368.4 million.
- Cash and cash equivalents, decreased by AED 1,201.4 million; representing AED 568.1 million used towards dividends paid to the owners of the company, AED 320.9 million used to repay the remaining balance of the credit facility; AED 123.9 million deployed towards share buy-back activity, AED 92.7 million towards net acquisition of public securities (net of debt), and AED 108.6 million used towards additional investments in AAH.
- Other assets include goodwill and intangible assets of AED 162.5 million compared to AED 77.3 million as at 31 December 2014, mainly increased due to acquisitions made by AAH.
- Assets held for sale, represents the Group's investment in Siraj Finance which the Group plans to dispose of in the next 12 months.

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

| Statement of financial position (AED '000)                    | As at 30-Jun-15  | As at 31-Dec-14  |
|---|------------------|------------------|
| Investments in equity-accounted associates and joint ventures | 4,404,364        | 4,118,227        |
| Investment property   | 693,484          | 692,007          |
| Financial investments   | 1,732,100        | 1,906,460        |
| Investments in finance leases and loans                       | 264,974          | 267,821          |
| Other assets  | 497,665          | 346,534          |
| Cash and cash equivalents                                     | 1,259,033        | 2,460,411        |
| Assets held for sale, <i>net</i>                              | 79,506           | -                |
| <b>Total Assets</b>   | <b>8,931,126</b> | <b>9,791,460</b> |
| Borrowings  | 5,057,660        | 5,063,599        |
| Trade and other payables                                      | 335,991          | 319,393          |
| Total equity  | 3,537,475        | 4,408,468        |
| <b>Total Liabilities and Equity</b>                           | <b>8,931,126</b> | <b>9,791,460</b> |

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 5. BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

#### 5.1 *Principal Investments*

Waha Capital's Principal Investments business includes equity and loan investments in individual companies. The Principal Investments portfolio holds six key investments: (a) AerCap Holdings, (b) Dunia Finance, (c) Stanford Marine Group, (d) Anglo Arabian Healthcare, (e) MENA Infrastructure Fund; and (f) NPS Holdings Limited. Additionally, the company has investments in other companies, which it classifies as legacy investments.

#### AerCap

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

On 4 June 2015, AerCap acquired 15,698,588 shares from American International Group, Inc. (AIG) for a total purchase consideration of US\$ 750 million. Pursuant to this share buyback, Waha Capital's ownership has increased from 12.6% to 13.6%. Following the sale of shares by AIG, Waha Capital has again become the largest beneficial shareholder of AerCap. Waha Capital continues to retain two seats on AerCap's Board of Directors, as well as representations on the various Board sub-committees.

During the second quarter of 2015, AerCap completed the following transactions:

- Signed lease agreements for 103 aircraft;
- Purchased 11 aircraft, including two Boeing 787-8s, one Boeing 787-9, seven Boeing 737-800s, and one Airbus A350-900;
- Executed sale and part-out transactions for 18 aircraft, including fourteen from AerCap's owned portfolio and four from AerCap's managed portfolio;
- Signed agreements with Boeing for an order of 100 Boeing 737 MAX 8 aircraft with deliveries starting in 2019 (as previously announced). Additionally, signed purchase and lease back agreements for 4 Boeing 737 MAX 8 aircraft; and
- Signed financing transactions for AED 8.5 billion.

As of 30 June 2015, AerCap's portfolio consisted of 1,730 aircraft that were either owned, managed, or under contract to purchase.

For the six month period ended 30 June 2015, AerCap has contributed 50% of total income and its carrying value of AED 3,777.9 million represents 42% of total assets as at 30 June 2015.

#### Dunia Group

The Group owns a 25% stake in Dunia Finance and a 25% stake in Dunia Services (together "Dunia Group"). The carrying value of Dunia Group was AED 186.0 million as at 30 June 2015.

Waha Capital is considering various strategic options for its investment in Dunia Group.

#### Dunia Finance

Dunia Finance is a finance company regulated by the Central Bank of the U.A.E. that offers a range of financial solutions including personal loans, auto loans, credit cards, guarantees and deposits to its customers in the U.A.E. Dunia Finance has demonstrated impressive growth, stable net interest margins and rising profits over the last few years. Net interest margins have consistently been in the 25-35% range. Serving the underserved salaried and mass affluent market enabled Dunia to grow its loan book at a 52.5% CAGR over 2009 to Q2 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 5. BUSINESS AND PORTFOLIO COMPANIES ANALYSIS (continued)

#### 5.1 *Principal Investments (continued)*

##### Dunia Finance (continued)

During the half year ended 30 June 2015, Dunia Finance continued the impressive growth of its loan book, and maintained solid net interest margins and capital adequacy ratios, achieving the following:

- Expanded its loan book with a customer base of 187 thousand and achieved 49.3% growth in its loan portfolio versus 30 June 2014;
- Achieved net-interest-income of AED 255.1 million representing an increase of 48.5% compared to the same period in the previous year; and net income of AED 119.6 million representing an increase of 44.7% compared to the same period in the previous year;
- Reduced its cost-to-income ratio to 30.7% for the half year ended 30 June 2015 (2014: 35.3%);
- Maintained its impairment reserve (as a percentage of loans and advances) at 2.5%;
- Maintained its non-performing loan cover of 129%;
- Customer deposits grew by 65.7% from AED 620.9 million as at 30 June 2014 to AED 1.0 billion as at 30 June 2015; and
- Maintained a bank facility of AED 265 million and cash and equivalents of AED 89.8 million.

##### Dunia Services

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

During the half year ended 30 June 2015, Dunia Services recorded a net income of AED 11.6 million on a capital base of AED 300 thousand only, which is an increase of 187.9% over the same period in 2014.

##### Stanford Marine Group

Stanford Marine Group (SMG) is a Dubai-based company that owns and operates offshore support vessels (OSVs) for the oil and gas industry, primarily in the Middle East, South East Asia and Africa. The company also offers shipbuilding and ship repair and maintenance services through its subsidiary, Grandweld. SMG's chartering business, Stanford Marine, now generates c. 90% of SMG's total EBITDA. Waha Capital owns a 45% equity interest in SMG.

During the three month period ended 30 June 2015, SMG has:

- Maintained a fleet of 38 owned Offshore Supply Vessels (OSVs) in operation, grown from 21 since Waha Capital's acquisition of SMG in 2008. SMG's owned fleet comprises 12 platform supply vessels, 11 anchor handling tug and anchor handling tug supply vessels, 13 crew/utility supply vessels, and 2 workboats with an average utilisation of 88% and average age of 6.5 years (arithmetic) or 5.0 years (value weighted); and
- Delivered 2 ships and completed 118 repair and maintenance jobs.

Waha Capital is considering various strategic options for its investment in SMG. The Group's stake in SMG was carried at AED 143.7 million as at 30 June 2015.

##### Anglo Arabian Healthcare

In 2013, the Group made its first investment in the healthcare sector by acquiring Anglo Arabian Healthcare (AAH), a group established to deliver healthcare services throughout the United Arab Emirates. AAH owns and operates more than 25 business assets, employs more than 800 people and serves over 540,000 registered outpatients. Operating assets consist of: 12 clinics, 5 pharmacies, 6 diagnostics centres, 1 medical education provider and 1 day-hospital. Further, 1 new hospital is set to open in Q4 2015. Currently, AAH has an inpatient capacity of 1,872 per annum which is expected to increase to c. 23,400 per annum subsequent to the launch of new hospital in Q4 2015. AAH is well placed and plans to expand rapidly over the next few years, both organically and through further strategic acquisitions.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 5. BUSINESS AND PORTFOLIO COMPANIES ANALYSIS (continued)

#### 5.1 *Principal Investments (continued)*

##### Anglo Arabian Healthcare (continued)

During the six month period ended 30 June 2015, AAH has:

- Achieved consolidated revenue of AED 120.0 million, compared to AED 67.0 million in the corresponding period in 2014;
- Increased the shareholders' equity base to AED 186.2 million as at 30 June 2015 compared to AED 83.9 million as at 31 December 2014;
- Acquired a majority stake in the share capital of a leading healthcare entity in the U.A.E., Health Bay Polyclinic, which provides high end polyclinic related services; and
- Commenced operating and managing all laboratory related work in a large speciality hospital in Al Ain under a long-term exclusive contract.

The carrying value of AAH's net assets is AED 177.8 million as at 30 June 2015.

##### 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.

In 2007, MIF was launched with a total capital commitment of AED 1,103.4 million from its Limited Partners (LP). The fund has invested \$222 million over 7 years in four assets in Oman, Saudi Arabia and Egypt. Current dividend yield of c. 7.4% and aiming for gross IRR of c. 15%. Waha originally committed to fund AED 197.7 million (17.9% of total commitment); invested a total of AED 167 million (\$45.5m) for its LP (17.9%) and GP (33.3%) stakes; and received c. AED 74 million in distributions.

Currently MIF has invested in four projects:

- a) Alexandria International Container Terminals: Holds concession to operate and maintain two container terminals in Egypt. Fund's ownership in the project is 30.3%.
- b) Qurayyah Independent Power Project (IPP): Owns and operates a 3.9GW gas-fired IPP in KSA in partnership with ACWA Power and Samsung C&T. Fund's ownership in the project is 15.0%.
- c) United Power Company: Owns and operates a 270MW single-cycle gas-fired Manah IPP in Oman. Fund's ownership in the project is 38.1%.
- d) Sohar Power Company: Owns and operates a 585MW of combined-cycle gas-fired power generation and 150,000m<sup>3</sup> of water desalination capacity in Oman. Fund's ownership in the project is 20.0%.

As at 30 June 2015, the Group carried its LP stake in the Fund at AED 141.7 million.

##### NPS Holdings Limited

NPS Holdings Limited ("NPS Holdings") is owned by a consortium; including Waha Capital, Fajr Capital and APICORP. The transaction is a part of Waha Capital's broader strategy of investing across the energy supply chain.

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

During the six month period ended 30 June 2015, NPS Bahrain reported the following metrics:

- Secured contracts worth AED 105.1 million, taking current contracts-in-progress to AED 1,611.3 million (remaining value as of 30 June 2015);
- Invested AED 143.1 million in capital expenditure, compared to AED 97.2 million in the same period in 2014;
- Reported revenue of AED 357.0 million, compared to AED 331.2 million in the same period 2014; and
- Reported a gross book value of property, plant and equipment as at 30 June 2015 of AED 1,333.7 million.

The Group's stake in NPS Holdings as an equity-accounted investee was carried at AED 276 million as at 30 June 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 5. BUSINESS AND PORTFOLIO COMPANIES ANALYSIS (continued)

#### 5.1 *Principal Investments (continued)*

##### Other Assets

As at 30 June 2015, the Group held non-core investments of around AED 113.5 million. Siraj Finance accounted for around 57% of this carrying value. The Group is considering exiting all its legacy investments over the next five years.

Siraj Finance is an Abu Dhabi based finance company. The Group owns an 83.3% stake in the company. During Q2 2015, the Group has reclassified its investment in Siraj Finance to investment held-for-sale as the Group is expecting to exit from this investment within 12 months.

#### 5.2 *Capital Markets*

The Capital Markets business of Waha Capital comprises private transactions and investments in the public capital markets. Waha Capital assembled a team of investment banking professionals to develop this business. By Q2 2015, the Company has achieved a solid three-plus-year track record of managing a portfolio of global credit market investments and one-plus-year track record of managing a portfolio of regional equities. During the period, the Company has outperformed its benchmarks for both portfolios – fixed income and equities.

The Company generated AED 138.6 million from capital markets transactions – both private and public – during the six month period ended 30 June 2015. The carrying value of Capital Market assets is AED 2,174.9 million as at 30 June 2015.

##### Private transactions

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

##### Public capital markets

Waha Capital has been developing its securities investments business to invest in capital market securities such as bonds, sukuks, convertibles, equities, hybrids, IPOs and pre-IPOs. The Company manages two separate portfolios and focuses on credit investments primarily comprising USD-denominated corporate bonds issued in the emerging markets with a focus on Central and Eastern Europe, Middle East and Africa (CEEMEA) and in local and Middle Eastern and North African (MENA) equities. This investment process is complemented by dedicated in-house research and robust risk management.

Waha Capital Markets launched the Waha CEEMEA Fixed Income Fund SP and the Waha MENA Equity Fund SP on 26 June 2015 and 3 July 2015 respectively, that will be offered to third party investors later this year. The Funds are domiciled in the Cayman Islands and regulated and supervised by the Cayman Islands Monetary Authority. HSBC Bank Middle East Limited acts as Fund Administrator and Global Custodian for the underlying assets. The Funds are managed by Waha Investment PrJSC, a UAE Central Bank licensed Investment Manager.

#### 5.3 *Industrial Real Estate*

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

##### ALMARKAZ

ALMARKAZ is an integrated mixed-use industrial development with Grade “A” industrial facilities and infrastructure owned, developed and operated by Waha Land, a wholly owned subsidiary of Waha Capital. 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% (1.5 sq km) of the total area.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 5. BUSINESS AND PORTFOLIO COMPANIES ANALYSIS (continued)

#### 5.3 Industrial Real Estate (continued)

The project is located in Al Dhafra, approximately 25 km from central Abu Dhabi, and is well located to access the multi-modal industrial and logistics infrastructure (land, sea, air, and future rail) of the UAE.

During the first six month period ended 30 June 2015, ALMARKAZ reported the following metrics:

- Reported rental revenue and other income of AED 16.7 million, compared to AED 6.2 million in the same period 2014; and
- Reported a net profit of AED 10.7 million, compared to net loss of AED 123.3 million in the same period 2014

Full occupancy of the Small Industrial Units (SIUs) was achieved by end of 31 March 2015 with leasing rates based at current market levels. The development continues to receive strong interest from local/international SMEs and entrepreneurs, for industrial processing, light to medium manufacturing and storage/logistics uses, attracted by the development's quality facilities and supporting infrastructure.

Following the successful leasing of the first 90,000 sq m of industrial space, ALMARKAZ is exploring further growth plans to include (i) expansion of its Small Industrial Units (SIU's), (ii) development of new products such as dedicated Warehouse/Storage facilities, Light Industrial Units (LIU's) and fitted out smaller Units and Workshops ready to occupy, together with Retail/Food & Beverage Amenities a Security Centre, and Management Offices on part of the remaining 0.8 sq km of serviced land within Phase I.



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**Salem Rashid Al Noaimi**

CEO & Managing Director, Waha Capital PJSC

12 August 2015

## 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 2015 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Deloitte & Touche (M.E.)

Georges F. Najem  
Registration No. 809  
Abu Dhabi  
12 August 2015

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

## Condensed consolidated statement of financial position

|   |      | As at<br>30 June 2015<br>(Unaudited)<br>AED '000 | As at<br>31 December 2014<br>(Audited)<br>AED '000 |
|---|------|--|--|
|   | Note |  |  |
| <b>ASSETS</b>   |      |  |  |
| Furniture and equipment                                       |      | 24,345   | 13,692   |
| Investment property   |      | 693,484  | 692,007  |
| Goodwill and intangible assets                                | 5    | 162,474  | 77,280   |
| Investments in finance leases                                 |      | 20,753   | 23,600   |
| Loan investments  |      | 244,221  | 244,221  |
| Investments in equity-accounted associates and joint ventures | 6    | 4,404,364  | 4,118,227  |
| Financial investments   | 7    | 1,732,100  | 1,906,460  |
| Inventories   |      | 6,894  | 6,232  |
| Trade and other receivables                                   | 8    | 303,952  | 249,330  |
| Cash and cash equivalents                                     |      | 1,259,033  | 2,460,411  |
| Assets held for sale, <i>net</i>                              | 16   | 79,506   | -  |
| <b>Total assets</b>   |      | <b>8,931,126</b>                                 | <b>9,791,460</b>                                   |
| <b>EQUITY AND LIABILITIES</b>                                 |      |  |  |
| <b>Equity</b>   |      |  |  |
| Share capital   | 9    | 1,944,515  | 1,944,515  |
| Treasury shares   | 9    | (172,994)  | (49,087)   |
| Retained earnings   |      | 1,537,000  | 1,756,106  |
| Reserves  |      | 179,748  | 728,822  |
| <b>Equity attributable to the owners of the Company</b>       |      | <b>3,488,269</b>                                 | <b>4,380,356</b>                                   |
| Non-controlling interests                                     |      | 49,206   | 28,112   |
| <b>Total Equity</b>   |      | <b>3,537,475</b>                                 | <b>4,408,468</b>                                   |
| <b>Liabilities</b>  |      |  |  |
| Borrowings  | 10   | 5,057,660  | 5,063,599  |
| Trade and other payables                                      | 11   | 335,991  | 319,393  |
| <b>Total liabilities</b>                                      |      | <b>5,393,651</b>                                 | <b>5,382,992</b>                                   |
| <b>Total equity and liabilities</b>                           |      | <b>8,931,126</b>                                 | <b>9,791,460</b>                                   |

These condensed consolidated financial statements were authorised for issue by the board of directors on 12 August 2015 and signed on their behalf by:

Chairman

CEO & Managing Director

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

|  | Note | Six month period ended 30 June 2015<br>(Unaudited)<br>AED '000 | Six month period ended 30 June 2014<br>(Unaudited)<br>AED '000 | Three month period ended 30 June 2015<br>(Unaudited)<br>AED '000 | Three month period ended 30 June 2014<br>(Unaudited)<br>AED '000 |
|--|------|--|--|--|--|
| <b>Continuing operations</b>   |      |  |  |  |  |
| Revenue from sale of goods and services  | 12   | 134,832  | 73,398   | 79,001   | 39,863   |
| Cost of sale of goods and services   | 12   | (41,656)   | (18,930)   | (22,114)   | (10,079)   |
| Gross profit   |      | 93,176   | 54,468   | 56,887   | 29,784   |
| Income from equity-accounted associates and joint ventures, <i>net</i>   | 6    | 300,066  | 135,970  | 151,547  | 63,577   |
| Gain on disposal of equity-accounted associates and joint ventures   |      | -  | 1,326,901  | -  | 1,306,629  |
| Income from capital markets transactions   | 13   | 138,618  | 124,256  | 63,255   | 15,252   |
| Other income / (expense), <i>net</i>   |      | 7,328  | (131,640)  | 3,459  | (143,802)  |
| General and administrative expenses  | 14   | (154,588)  | (169,033)  | (88,561)   | (106,519)  |
| Finance cost, <i>net</i>   |      | (35,222)   | (49,880)   | (19,453)   | (26,186)   |
| <b>Profit for the period</b>   |      | <b>349,378</b>   | <b>1,291,042</b>   | <b>167,134</b>   | <b>1,138,735</b>   |
| <b>Profit attributable to:</b>   |      |  |  |  |  |
| Owners of the Company  |      | 349,030  | 1,289,315  | 166,857  | 1,137,761  |
| Non-controlling interests  |      | 348  | 1,727  | 277  | 974  |
| <b>Profit for the period</b>   |      | <b>349,378</b>   | <b>1,291,042</b>   | <b>167,134</b>   | <b>1,138,735</b>   |
| <b>Basic and diluted earnings per share from continuing operations attributable to the owners of the Company during the period (AED)</b> |      |  |  |  |  |
|  | 9    | 0.18   | 0.66   | 0.09   | 0.59   |

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

|   | Six month<br>period<br>ended 30<br>June 2015<br><i>(Unaudited)</i><br>AED '000 | Six month<br>period<br>ended 30<br>June 2014<br><i>(Unaudited)</i><br>AED '000 | Three<br>month<br>period<br>ended 30<br>June 2015<br><i>(Unaudited)</i><br>AED '000 | Three<br>month<br>period<br>ended 30<br>June 2014<br><i>(Unaudited)</i><br>AED '000 |
|---|--|--|---|---|
| <b>Profit for the period</b>  | <b>349,378</b>   | 1,291,042  | <b>167,134</b>  | 1,138,735   |
| <b>Other comprehensive (loss) / income</b>  |  |  |   |   |
| <b>Items that may be reclassified<br/>subsequently to profit or loss:</b>                                 |  |  |   |   |
| Share of effective portion of changes in<br>fair value of cash flow hedges (note<br>4a)                   | <b>(559,173)</b>   | -  | <b>(184,488)</b>  | -   |
| Share of change in other reserves of<br>equity-accounted associates and joint<br>ventures                 | <b>771</b>   | 3,506  | <b>79</b>   | 3,275   |
| <b>Items that will not be reclassified<br/>subsequently to profit or loss:</b>                            |  |  |   |   |
| Net change in fair value of other<br>financial assets at fair value through<br>other comprehensive income | <b>9,328</b>   | 682  | <b>(962)</b>  | (5,052)   |
| <b>Total comprehensive (loss) / income<br/>for the period</b>   | <b>(199,696)</b>   | 1,295,230  | <b>(18,237)</b>   | 1,136,958   |
| <b>Total comprehensive (loss) / income<br/>attributable to:</b>   |  |  |   |   |
| Owners of the Company   | <b>(200,044)</b>   | 1,293,503  | <b>(18,514)</b>   | 1,135,984   |
| Non-controlling interests   | <b>348</b>   | 1,727  | <b>277</b>  | 974   |
| <b>Total comprehensive (loss) / income<br/>for the period</b>   | <b>(199,696)</b>   | 1,295,230  | <b>(18,237)</b>   | 1,136,958   |

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 six month period ended 30 June

|   | Share capital    | Treasury shares  | Retained earnings | Statutory reserve | Revaluation reserve | Hedge reserve    | Other reserves | Reserves       | Equity attributable to owners | Non-controlling interest | Total equity     |
|---|------------------|------------------|-------------------|-------------------|---------------------|------------------|----------------|----------------|-------------------------------|--------------------------|------------------|
|   | AED '000         | AED '000         | AED '000          | AED '000          | AED '000            | AED '000         | AED '000       | AED '000       | AED '000                      | AED '000                 | AED '000         |
| At 1 January 2014 (reported)  | 1,897,088        | -                | 484,927           | 157,129           | (3,169)             | (3,828)          | (5,736)        | 144,396        | 2,526,411                     | 19,890                   | 2,546,301        |
| Assets held for sale (restated)   | -                | -                | (51,089)          | -                 | -                   | 3,828            | -              | 3,828          | (47,261)                      | -                        | (47,261)         |
| At 1 January 2014 (restated)  | 1,897,088        | -                | 433,838           | 157,129           | (3,169)             | -                | (5,736)        | 148,224        | 2,479,150                     | 19,890                   | 2,499,040        |
| Profit for the period   | -                | -                | 1,289,315         | -                 | -                   | -                | -              | -              | 1,289,315                     | 1,727                    | 1,291,042        |
| Other comprehensive income  | -                | -                | -                 | -                 | 682                 | -                | 3,506          | 4,188          | 4,188                         | -                        | 4,188            |
| Total comprehensive income  | -                | -                | 1,289,315         | -                 | 682                 | -                | 3,506          | 4,188          | 1,293,503                     | 1,727                    | 1,295,230        |
| <b>Transactions with the owners of the Company, recognised directly in equity</b> |                  |                  |                   |                   |                     |                  |                |                |                               |                          |                  |
| Cash dividend   | -                | -                | (189,709)         | -                 | -                   | -                | -              | -              | (189,709)                     | -                        | (189,709)        |
| Bonus shares issued   | 47,427           | -                | (47,427)          | -                 | -                   | -                | -              | -              | -                             | -                        | -                |
| Movement in non-controlling interest  | -                | -                | -                 | -                 | -                   | -                | -              | -              | -                             | 203                      | 203              |
| <b>At 30 June 2014 (Unaudited)</b>  | <b>1,944,515</b> | <b>-</b>         | <b>1,486,017</b>  | <b>157,129</b>    | <b>(2,487)</b>      | <b>-</b>         | <b>(2,230)</b> | <b>152,412</b> | <b>3,582,944</b>              | <b>21,820</b>            | <b>3,604,764</b> |
| At 1 January 2015   | 1,944,515        | (49,087)         | 1,756,106         | 330,396           | (5,284)             | 403,573          | 137            | 728,822        | 4,380,356                     | 28,112                   | 4,408,468        |
| Profit for the period   | -                | -                | 349,030           | -                 | -                   | -                | -              | -              | 349,030                       | 348                      | 349,378          |
| Other comprehensive loss  | -                | -                | -                 | -                 | 9,328               | (559,173)        | 771            | (549,074)      | (549,074)                     | -                        | (549,074)        |
| Total comprehensive loss  | -                | -                | 349,030           | -                 | 9,328               | (559,173)        | 771            | (549,074)      | (200,044)                     | 348                      | (199,696)        |
| <b>Transactions with the owners of the Company, recognised directly in equity</b> |                  |                  |                   |                   |                     |                  |                |                |                               |                          |                  |
| Cash dividend (note 9)  | -                | -                | (568,136)         | -                 | -                   | -                | -              | -              | (568,136)                     | -                        | (568,136)        |
| Shares bought back (note 9)   | -                | (123,907)        | -                 | -                 | -                   | -                | -              | -              | (123,907)                     | -                        | (123,907)        |
| Movement in non-controlling interest  | -                | -                | -                 | -                 | -                   | -                | -              | -              | -                             | 20,746                   | 20,746           |
| <b>At 30 June 2015 (Unaudited)</b>  | <b>1,944,515</b> | <b>(172,994)</b> | <b>1,537,000</b>  | <b>330,396</b>    | <b>4,044</b>        | <b>(155,600)</b> | <b>908</b>     | <b>179,748</b> | <b>3,488,269</b>              | <b>49,206</b>            | <b>3,537,475</b> |

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

### Condensed consolidated statement of cash flows

For the six month period ended 30 June

|  | 2015<br>(Unaudited)<br>AED '000 | 2014<br>(Unaudited)<br>AED '000 |
|--|---------------------------------|---------------------------------|
| <b>Cash flows from operating activities</b>  |                                 |                                 |
| Profit for the period  | 349,378                         | 1,291,042                       |
| <b>Adjustments for:</b>  |                                 |                                 |
| Depreciation   | 4,038                           | 3,073                           |
| Finance cost   | 41,372                          | 49,880                          |
| Gain on valuation of financial assets at fair value through profit or loss                                   | (82,147)                        | (3,710)                         |
| Interest on bank deposits  | (6,150)                         | (299)                           |
| Income from equity-accounted associates and joint ventures   | (300,066)                       | (135,970)                       |
| Gain on disposal of equity-accounted associates and joint ventures, <i>net</i>                               | -                               | (1,326,901)                     |
| Interest income from investments in finance leases   | (1,031)                         | (1,281)                         |
| Decrease in fair value of investment property  | -                               | 125,075                         |
| Distribution from equity-accounted associates and joint ventures   | 14,700                          | 2,200                           |
| Amortisation of intangible assets  | 6,145                           | 975                             |
| Provision for slow moving and obsolete inventories   | -                               | 5,724                           |
| Provision for doubtful debts   | 1,057                           | 19,213                          |
| <b>Changes in working capital:</b>   |                                 |                                 |
| Change in inventories  | (662)                           | (590)                           |
| Change in trade and other receivables  | (91,233)                        | 698                             |
| Change in trade and other payables   | 17,042                          | 27,508                          |
| <b>Net cash (used in) / from operating activities</b>  | <b>(47,557)</b>                 | <b>56,637</b>                   |
| <b>Cash flows from investing activities</b>  |                                 |                                 |
| Acquisition of subsidiaries (net of cash)  | (72,817)                        | -                               |
| Purchase of an equity-accounted associate  | -                               | (279,732)                       |
| Proceeds from disposal of equity-accounted associates and joint ventures                                     | -                               | 294,321                         |
| Proceeds from loan investments   | -                               | 25,238                          |
| Proceeds from finance leases   | 3,878                           | 3,878                           |
| Purchase of exclusive rights   | (18,522)                        | -                               |
| Proceeds from sale / settlement / dividend received on financial assets at fair value through profit or loss | 9,974,080                       | 1,062,062                       |
| Purchase of investments at fair value through profit or loss   | (10,339,861)                    | (1,194,536)                     |
| Purchase of investments at amortised cost  | -                               | (22,172)                        |
| Proceeds from sale / settlement of investments at amortised cost   | 69,904                          | 1,137                           |
| Payments made for development of investment property   | (1,477)                         | (2,824)                         |
| Purchase of furniture and equipment  | (14,691)                        | (2,145)                         |
| Interest received  | 8,689                           | 299                             |
| <b>Net cash used in investing activities</b>   | <b>(390,817)</b>                | <b>(114,474)</b>                |
| <b>Cash flows from financing activities</b>  |                                 |                                 |
| Finance cost paid on borrowings  | (20,012)                        | (43,345)                        |
| Loans repaid   | (7,637,385)                     | (507)                           |
| Loans obtained   | 7,610,086                       | 250,684                         |
| Shares bought back   | (123,907)                       | -                               |
| Dividends paid   | (568,136)                       | (189,709)                       |
| Net movement in non-controlling interest   | 20,746                          | 203                             |
| <b>Net cash (used in) / from financing activities</b>  | <b>(718,608)</b>                | <b>17,326</b>                   |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(1,156,982)</b>              | <b>(40,511)</b>                 |
| Cash and cash equivalents reclassified as assets held for sale (note 16)                                     | (44,396)                        | -                               |
| Cash and cash equivalents at 1 January   | 2,460,411                       | 271,283                         |
| <b>Cash and cash equivalents at 30 June</b>  | <b>1,259,033</b>                | <b>230,772</b>                  |

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

## Notes to the condensed consolidated financial statements

### 1 Legal status and principal activities

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

These condensed consolidated financial statements for the six month period ended 30 June 2015 comprise the results and financial position of the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities (“equity-accounted associates and joint ventures”).

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

The Group’s consolidated financial statements for the year ended 31 December 2014 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, 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 2014.

### 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 2014.

The Group has also applied, for the first time, several new standards and amendments in 2015, as stated below:

#### **New and revised IFRSs effective in 2015**

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

However, the adoptions of new standards and amendments of 2015 do not impact the consolidated financial statements of the current or prior reporting periods of the Group.

## 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:

|  | <b>30 June 2015</b><br><i>(Unaudited)</i><br>AED '000 | 31 December 2014<br><i>(Audited)</i><br>AED '000 | Fair value<br>hierarchy | Valuation technique   |
|--|---|--|-------------------------|---|
| <b>Financial assets at fair value through profit or loss</b>                             |   |  |                         |   |
| (a) Listed equity securities   | <b>169,439</b>  | 228,575  | Level 1                 | Quoted bid prices in an active market.  |
| (b) Other investment in equity securities  | <b>6,035</b>  | 6,035  | Level 2                 | Discounted cash flow of the underlying investments.   |
| (c) Listed fixed income securities   | <b>1,152,889</b>                                      | 652,930  | Level 1                 | Quoted bid prices in an active market.  |
| (d) Derivative assets  | <b>100,334</b>  | 93,229   | Level 2                 | The valuation is based on broker quotes which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. |
| <b>Financial assets at fair value through other comprehensive income</b>                 |   |  |                         |   |
| (a) Unquoted fund  | <b>141,715</b>  | 132,387  | Level 3                 | Valuation is based on Net Asset Values (NAV) of the fund calculated by the fund manager, in accordance with International Private Equity and Venture Capital Valuation Guidelines, discounted cash flow analysis or other valuation models.               |
| <b>Derivatives designated and effective as hedging instruments carried at fair value</b> |   |  |                         |   |
| (a) Equity price collar *  | <b>70,340</b>   | 629,513  | Level 2                 | Black-Scholes model with market observable inputs, mainly share price and market volatilities of the underlying shares.   |
| <b>Financial liabilities at fair value through profit or loss</b>                        |   |  |                         |   |
| (a) Derivative liabilities   | <b>(62,610)</b>                                       | (69,860)   | Level 2                 | The valuation is based on broker quotes which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. |

\* The decrease in the fair value of the equity price collar is mainly attributable to the decrease in spot share price and change in market volatility of the share price of Aercap N.V. (note 7)

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

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

4 Fair values (continued)  
(a) Fair value hierarchy (continued)

|  | 30 June 2015<br>(Unaudited)<br>AED '000 |                  |                 |                | 31 December 2014<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  | 169,439                                 | 169,439          | -               | -              | 228,575                                   | 228,575        | -               | -              |
| Other investment in equity securities  | 6,035                                   | -                | 6,035           | -              | 6,035                                     | -              | 6,035           | -              |
| Investment in fixed income securities  | 1,152,889                               | 1,152,889        | -               | -              | 652,930                                   | 652,930        | -               | -              |
| Derivative assets  | 100,334                                 | -                | 100,334         | -              | 93,229                                    | -              | 93,229          | -              |
| <b>Financial assets at FVTOCI</b>  |   |                  |                 |                |   |                |                 |                |
| Unquoted fund  | 141,715                                 | -                | -               | 141,715        | 132,387                                   | -              | -               | 132,387        |
| <b>Derivatives designated and effective as hedging instruments carried at fair value</b> |   |                  |                 |                |   |                |                 |                |
| Equity price collar  | 70,340                                  | -                | 70,340          | -              | 629,513                                   | -              | 629,513         | -              |
| <b>Total</b>   | <b>1,640,752</b>                        | <b>1,322,328</b> | <b>176,709</b>  | <b>141,715</b> | <b>1,742,669</b>                          | <b>881,505</b> | <b>728,777</b>  | <b>132,387</b> |
| <b>Financial liabilities</b>   |   |                  |                 |                |   |                |                 |                |
| <b>Financial liabilities at FVTPL</b>  |   |                  |                 |                |   |                |                 |                |
| Derivative liabilities   | (62,610)                                | -                | (62,610)        | -              | (69,860)                                  | -              | (69,860)        | -              |
| <b>Total</b>   | <b>(62,610)</b>                         | <b>-</b>         | <b>(62,610)</b> | <b>-</b>       | <b>(69,860)</b>                           | <b>-</b>       | <b>(69,860)</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

|  | Six month<br>period ended<br>30 June 2015<br>(Unaudited)<br>AED '000 | Year ended<br>31 December 2014<br>(Audited)<br>AED '000 |
|--|--|---|
| At 1 January   | 132,387  | 135,639   |
| Capital reduction                                    | -  | (1,137)   |
| Total gains / (losses) in other comprehensive income | 9,328  | (2,115)   |
|  | <b>141,715</b>   | <b>132,387</b>  |

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

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

|  | 30 June 2015<br>(Unaudited)<br>AED '000 |            | 31 December 2014<br>(Audited)<br>AED '000 |            |
|--|---|------------|---|------------|
|  | Carrying Value                          | Fair Value | Carrying Value                            | Fair Value |
| <b>Financial assets</b>  |   |            |   |            |
| <b>Financial assets at FVTOCI</b>  |   |            |   |            |
| <i>Unquoted fund</i>   | 141,715                                 | 141,715    | 132,387                                   | 132,387    |
| <b>Derivatives designated and effective as hedging instruments carried at fair value</b> |   |            |   |            |
| <i>Equity price collar</i>   | 70,340                                  | 70,340     | 629,513                                   | 629,513    |
| <b>Financial assets at FVTPL</b>   |   |            |   |            |
| <i>Derivative assets</i>   | 100,334                                 | 100,334    | 93,229                                    | 93,229     |
| <i>Listed fixed income securities</i>  | 1,152,889                               | 1,152,889  | 652,930                                   | 652,930    |
| <i>Listed equity securities</i>  | 169,439                                 | 169,439    | 228,575                                   | 228,575    |
| <i>Other investments</i>   | 6,035                                   | 6,035      | 6,035                                     | 6,035      |
| <b>Financial assets at amortised cost</b>  |   |            |   |            |
| <i>Listed fixed income securities</i>  | 91,348                                  | 91,778     | 163,791                                   | 164,953    |
| <i>Investments in finance leases</i>   | 20,753                                  | 20,753     | 23,600                                    | 23,600     |
| <i>Loan investments</i>  | 244,221                                 | 244,221    | 244,221                                   | 244,221    |
| <i>Trade and other receivables</i>   | 303,952                                 | 303,952    | 249,330                                   | 249,330    |
| <i>Cash and cash equivalents</i>   | 1,259,033                               | 1,259,033  | 2,460,411                                 | 2,460,411  |
| <b>Financial liabilities</b>   |   |            |   |            |
| <b>Financial liabilities at amortised cost</b>   |   |            |   |            |
| <i>Borrowings</i>  | 5,057,660                               | 5,057,660  | 5,063,599                                 | 5,063,599  |
| <i>Trade and other payables - others</i>   | 273,381                                 | 273,381    | 249,533                                   | 249,533    |
| <b>Financial liabilities at FVTPL</b>  |   |            |   |            |
| <i>Trade and other payables - derivative liabilities</i>                                 | 62,610                                  | 62,610     | 69,860                                    | 69,860     |

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

### 5 Goodwill and intangible assets

On 12 February 2015, the Group acquired a 70% stake in the share capital of an additional healthcare entity in the UAE, Health Bay Polyclinic. The initial accounting for the acquisition has only been provisionally determined at the end of the reporting period. As at the date of finalisation of these condensed consolidated financial statements, the allocation of purchase price had not been finalised and therefore the goodwill arising on acquisition is based on the Group's preliminary estimates.

The revenue included in the condensed consolidated statement of profit or loss since acquisition of Health Bay Polyclinic to 30 June 2015 was AED 26,444 thousand, Health Bay Polyclinic also contributed profit of AED 497 thousand. Had Health Bay Polyclinic been consolidated from 1 January 2015, the revenue of the Group from continuing operations would have been AED 142,929 thousand, and the profit for the period from continuing operations would have been AED 349,837 thousand.

|  | <b>(Unaudited)</b><br><b>AED '000</b> |
|--|---------------------------------------|
| Total consideration                                  | <b>59,500</b>                         |
| Less: Group's share of total identifiable net assets | <b>(7,840)</b>                        |
| Goodwill attributable to the Group                   | <b>51,660</b>                         |

On 24 March 2015, the Group acquired exclusive rights from Oasis Hospital, Al Ain, to manage and operate its Oasis Laboratory for a period of 25 years for a total consideration of AED 28,160 thousand. The laboratory is engaged in providing point of care testing and laboratory service.

The Group carries options to buy out the equity ownership of the non-controlling interest holders in its partially owned subsidiaries within Anglo Arabian Healthcare group, for a fixed predetermined valuation multiple.

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

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

|  | <b>Six month period<br/>ended<br/>30 June 2015<br/>(Unaudited)<br/>AED '000</b> | Year ended<br>31 December 2014<br>(Audited)<br>AED '000 |
|--|---|---|
| At 1 January                                 | <b>4,118,227</b>  | 2,667,864   |
| Acquisitions                                 | -   | 279,732   |
| Disposals                                    | -   | (662,799)   |
| Share of income, <i>net</i>                  | <b>300,066</b>  | 527,047   |
| Deemed disposal gain on AerCap Holdings N.V. | -   | 1,306,629   |
| Share of equity reserves                     | <b>771</b>  | 5,873   |
| Distributions received                       | <b>(14,700)</b>   | (6,119)   |
|  | <b>4,404,364</b>  | 4,118,227   |

Investments in equity-accounted associates and joint ventures domiciled outside UAE amount to AED 4,059,740 thousand (31 December 2014: AED 3,770,105 thousand).

The Group's investments with a carrying amount of AED 4,053,919 thousand (31 December 2014: AED 3,764,284 thousand) are collateralised against the Group's borrowings (note 10).

Following a share buyback program by AerCap, Waha Capital's beneficial ownership has increased from 12.6% to 13.6%.

**Notes to the condensed consolidated financial statements (continued)**
**7 Financial investments**

|  | <b>30 June 2015</b><br><i>(Unaudited)</i><br><b>AED '000</b> | 31 December 2014<br><i>(Audited)</i><br>AED '000 |
|--|--|--|
| <b>Financial assets at FVTOCI</b>  |  |  |
| Unquoted fund  | 141,715  | 132,387  |
| <b>Derivatives designated and effective as hedging instruments carried at fair value</b> |  |  |
| Equity price collar  | 70,340   | 629,513  |
| <b>Financial assets at amortised cost</b>  |  |  |
| Listed fixed income securities   | 91,348   | 163,791  |
| <b>Financial assets at fair value through profit or loss</b>                             |  |  |
| Derivative assets  | 100,334  | 93,229   |
| Listed fixed income securities   | 1,152,889  | 652,930  |
| Listed equity securities   | 169,439  | 228,575  |
| Others investments   | 6,035  | 6,035  |
|  | <b>1,732,100</b>   | <b>1,906,460</b>                                 |

Derivative assets held by the Group have a notional value of AED 1,320,304 thousand (31 December 2014: AED 1,422,650 thousand).

Listed fixed income securities totalling AED 1,191,141 thousand (31 December 2014: AED 816,721 thousand) are pledged as security against the Group's borrowings under repurchase agreements (note 10). The repurchase agreements are subject to a master netting agreement.

Financial investments held outside the UAE amount to AED 1,352,352 thousand (31 December 2014: AED 1,534,794 thousand).

For significant movements in fair values, refer to note 4.

**8 Trade and other receivables**

|  | <b>30 June 2015</b><br><i>(Unaudited)</i><br><b>AED '000</b> | 31 December 2014<br><i>(Audited)</i><br>AED '000 |
|--|--|--|
| Trade receivables                          | 108,652  | 77,613   |
| Allowance for doubtful debts               | (21,135)   | (22,192)   |
| Prepayments and advances                   | 33,718   | 13,394   |
| Accrued interest                           | 58,812   | 56,482   |
| Amounts set aside for prior year dividends | 46,666   | 23,762   |
| Deposits under lien                        | 35,000   | 70,000   |
| Other receivables                          | 42,239   | 30,271   |
|  | <b>303,952</b>   | <b>249,330</b>                                   |



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

### 9 Share capital and dividend

On 24 March 2015, the Company held its Annual General Meeting which, among other things, approved a 30% cash dividend amounting to AED 568,136 thousand representing AED 0.30 per share (20 March 2014: cash dividend of AED 189,709 thousand representing AED 0.10 per share).

On 17 September 2014, the Company's Board of Directors approved the implementation of a share buy-back programme for up to 10% of the outstanding shares of the Company. The Securities & Commodities Authority (SCA) approved the programme on 20 October 2014. As of 30 June 2015, the Company had bought 61,726,349 shares at AED 172,994 thousand (31 December 2014: 18,075,075 shares at AED 49,087 thousand) and carried the same as treasury shares.

The basic and diluted earnings per share of the comparative six month period ended 30 June 2014 have been recomputed using 1,944,514,687 issued, subscribed and fully paid up shares outstanding. Further, the basic and diluted earnings per share for the current period ended 30 June 2015 has been calculated using the weighted average number of shares outstanding during the period after considering the effect of treasury shares.

|   | <b>Six month<br/>period<br/>ended 30<br/>June 2015<br/>(Unaudited)<br/>AED '000</b> | Six month<br>period<br>ended 30<br>June 2014<br>(Unaudited)<br>AED '000 | <b>Three<br/>month<br/>period<br/>ended 30<br/>June 2015<br/>(Unaudited)<br/>AED '000</b> | Three<br>month<br>period<br>ended 30<br>June 2014<br>(Unaudited)<br>AED '000 |
|---|---|---|---|--|
| Profit for the period attributable to owners of the Company   | <b>349,030</b>  | 1,289,315   | <b>166,857</b>  | 1,137,761  |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | <b>1,898,586</b>  | 1,944,515   | <b>1,887,606</b>  | 1,944,515  |

### 10 Borrowings

The movement of borrowings is presented below:

|   | <b>Six month<br/>period ended<br/>30 June 2015<br/>(Unaudited)<br/>AED '000</b> | Year ended<br>31 December 2014<br>(Audited)<br>AED '000 |
|---|---|---|
| At 1 January  | <b>5,063,599</b>  | 2,379,768   |
| Loans drawn-down  | <b>7,610,086</b>  | 8,112,472   |
| Loan arrangement and prepaid interest costs, net of amortisations | <b>21,360</b>   | (115,609)   |
| Loans repaid  | <b>(7,637,385)</b>  | (9,267,018)   |
| Funding against collared assets                                   | <b>-</b>  | 3,953,986   |
|   | <b>5,057,660</b>  | 5,063,599   |

The investments and assets pledged to lenders as security against the Group's secured borrowings are the Group's interests in equity accounted associates and joint ventures (note 6), investment property, and certain financial investments (note 7).

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

### 11 Trade and other payables

|                                  | <b>30 June 2015</b><br><i>(Unaudited)</i><br><b>AED '000</b> | 31 December 2014<br><i>(Audited)</i><br>AED '000 |
|----------------------------------|--|--|
| Trade payables                   | 50,029   | 24,512   |
| Interest accrued on borrowings   | 43,039   | 41,163   |
| Derivative liabilities*          | 62,610   | 69,860   |
| End of service benefit provision | 20,935   | 18,236   |
| Dividends payable                | 49,385   | 26,671   |
| Other payables and accruals      | 109,993  | 138,951  |
|                                  | <b>335,991</b>   | <b>319,393</b>                                   |

\* Derivative liabilities held by the Group have a notional value of AED 1,279,105 thousand (31 December 2014: AED 1,386,573 thousand).

### 12 Revenue from sale of goods and services

|                   | Six month period ended<br>30 June 2015<br><i>(Unaudited)</i> AED '000 |                 |               | Three month period ended<br>30 June 2015<br><i>(Unaudited)</i> AED '000 |                 |               |
|-------------------|---|-----------------|---------------|---|-----------------|---------------|
|                   | Revenue   | Cost of Sale    | Gross Profit  | Revenue   | Cost of Sale    | Gross Profit  |
| Sales of services | 119,994   | (41,589)        | 78,405        | 71,232  | (22,074)        | 49,158        |
| Rental income*    | 14,771  | -               | 14,771        | 7,729   | -               | 7,729         |
| Sale of inventory | 67  | (67)            | -             | 40  | (40)            | -             |
|                   | <b>134,832</b>  | <b>(41,656)</b> | <b>93,176</b> | <b>79,001</b>   | <b>(22,114)</b> | <b>56,887</b> |
|                   | Six month period ended<br>30 June 2014<br><i>(Unaudited)</i> AED '000 |                 |               | Three month period ended<br>30 June 2014<br><i>(Unaudited)</i> AED '000 |                 |               |
|                   | Revenue   | Cost of Sale    | Gross Profit  | Revenue   | Cost of Sale    | Gross Profit  |
| Sales of services | 67,014  | (18,566)        | 48,448        | 36,629  | (9,853)         | 26,776        |
| Rental income*    | 6,020   | -               | 6,020         | 3,008   | -               | 3,008         |
| Sale of inventory | 364   | (364)           | -             | 226   | (226)           | -             |
|                   | <b>73,398</b>   | <b>(18,930)</b> | <b>54,468</b> | <b>39,863</b>   | <b>(10,079)</b> | <b>29,784</b> |

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

\* Costs directly attributable to rental income from the investment properties amounted to AED 5,444 thousand (30 June 2014: AED 4,425 thousand) and are included in the general and administrative expenses.

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

### 13 Income from capital markets transactions

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

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

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

### 14 General and administrative expenses

|                                       | Six month period ended<br>30 June 2015<br>(Unaudited) AED '000 |               |                | Three month period ended<br>30 June 2015<br>(Unaudited) AED '000 |               |                |
|---------------------------------------|--|---------------|----------------|--|---------------|----------------|
|                                       | Company  | Subsidiaries  | Total          | Company  | Subsidiaries  | Total          |
| Staff costs                           | 44,731   | 44,879        | 89,610         | 24,438   | 25,684        | 50,122         |
| Legal and other professional expenses | 5,165  | 2,220         | 7,385          | 2,095  | 479           | 2,574          |
| Depreciation                          | 1,612  | 2,426         | 4,038          | 826  | 1,338         | 2,164          |
| Amortisation of intangible assets     | -  | 6,145         | 6,145          | -  | 4,922         | 4,922          |
| Other                                 | 9,975  | 37,435        | 47,410         | 4,542  | 24,237        | 28,779         |
|                                       | <b>61,483</b>  | <b>93,105</b> | <b>154,588</b> | <b>31,901</b>  | <b>56,660</b> | <b>88,561</b>  |
|                                       | Six month period ended<br>30 June 2014<br>(Unaudited) AED '000 |               |                | Three month period ended<br>30 June 2014<br>(Unaudited) AED '000 |               |                |
|                                       | Company  | Subsidiaries  | Total          | Company  | Subsidiaries  | Total          |
| Staff costs                           | 94,299   | 30,063        | 124,362        | 63,733   | 16,374        | 80,107         |
| Legal and other professional expenses | 7,697  | 2,214         | 9,911          | 5,685  | 1,279         | 6,964          |
| Depreciation                          | 1,547  | 1,589         | 3,136          | 748  | 693           | 1,441          |
| Amortisation of intangible assets     | -  | 912           | 912            | -  | 456           | 456            |
| Other                                 | 12,627   | 18,085        | 30,712         | 7,630  | 9,921         | 17,551         |
|                                       | <b>116,170</b>   | <b>52,863</b> | <b>169,033</b> | <b>77,796</b>  | <b>28,723</b> | <b>106,519</b> |

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

**15 Related parties**

Significant transactions with related parties:

| <i>Key management personnel compensation</i> | <b>Six month period ended 30 June 2015 (Unaudited) AED '000</b> | Six month period ended 30 June 2014 (Unaudited) AED '000 | <b>Three month period ended 30 June 2015 (Unaudited) AED '000</b> | Three month period ended 30 June 2014 (Unaudited) AED '000 |
|--|---|--|---|--|
| Salary and benefits                          | <b>4,907</b>  | 5,087  | <b>2,115</b>  | 2,230  |
| End of service benefits                      | <b>326</b>  | 314  | <b>163</b>  | 157  |
|  | <b>5,233</b>  | 5,401  | <b>2,278</b>  | 2,387  |

Significant balances with related parties:

Loan investments provided to an associate of AED 23,541 thousand at 30 June 2015 (31 December 2014: AED 23,541 thousand).

**16 Asset classified as held for sale, net**

The Group plans to dispose of its investment in Siraj Finance and anticipates that the disposal will be completed in the next 12 months. This asset was classified as held for sale on 14 April 2015.

The major classes of assets of Siraj Finance at the end of the reporting period are as follows:

|   | <b>30 June 2015 (Unaudited) AED '000</b> |
|---|--|
| Cash and cash equivalents               | <b>44,396</b>                            |
| Trade receivables, net                  | <b>35,110</b>                            |
| Assets classified as held for sale, net | <b>79,506</b>                            |

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

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

### 17 Operating segments

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2015 and 2014, respectively:

| Six month period ended 30 June<br>(Unaudited)<br>AED '000       | Principal Investments                   |           | Capital Markets |         | Industrial Real Estate |           | Corporate |           | Consolidated |           |
|---|---|-----------|-----------------|---------|------------------------|-----------|-----------|-----------|--------------|-----------|
|   | 2015                                    | 2014      | 2015            | 2014    | 2015                   | 2014      | 2015      | 2014      | 2015         | 2014      |
|   | Revenue from sale of goods and services | 120,061   | 67,378          | -       | -                      | 14,771    | 6,020     | -         | -            | 134,832   |
| Income from equity-accounted associates and joint ventures, net | 300,066                                 | 135,970   | -               | -       | -                      | -         | -         | -         | 300,066      | 135,970   |
| Income from capital markets transactions                        | -                                       | -         | 138,618         | 124,256 | -                      | -         | -         | -         | 138,618      | 124,256   |
| Profit for the period   | 286,842                                 | 1,440,912 | 122,036         | 113,645 | 10,698                 | (123,341) | (70,198)  | (140,174) | 349,378      | 1,291,042 |
| Other comprehensive (loss) / income                             | (549,074)                               | 4,188     | -               | -       | -                      | -         | -         | -         | (549,074)    | 4,188     |

Segment income reported above represents income generated from external customers. There was no inter-segment income during the period (2014: nil).

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2015 and 31 December 2014, respectively:

|                   | Principal Investments                   |   | Capital Markets                         |   | Industrial Real Estate                  |   | Corporate                               |   | Consolidated                            |   |
|-------------------|---|---|---|---|---|---|---|---|---|---|
|                   | 30 June 2015<br>(Unaudited)<br>AED '000 | 31 December 2014<br>(Audited)<br>AED '000 | 30 June 2015<br>(Unaudited)<br>AED '000 | 31 December 2014<br>(Audited)<br>AED '000 | 30 June 2015<br>(Unaudited)<br>AED '000 | 31 December 2014<br>(Audited)<br>AED '000 | 30 June 2015<br>(Unaudited)<br>AED '000 | 31 December 2014<br>(Audited)<br>AED '000 | 30 June 2015<br>(Unaudited)<br>AED '000 | 31 December 2014<br>(Audited)<br>AED '000 |
| Total assets      | 5,042,411                               | 5,165,293                                 | 2,174,886                               | 1,718,878                                 | 720,285                                 | 708,061                                   | 993,544                                 | 2,199,228                                 | 8,931,126                               | 9,791,460                                 |
| Total liabilities | 108,127                                 | 83,738                                    | 1,302,838                               | 1,008,665                                 | 15,812                                  | 18,596                                    | 3,966,874                               | 4,271,993                                 | 5,393,651                               | 5,382,992                                 |