

AL WAHA CAPITAL P.J.S.C.



الواحة كابيتال
Waha Capital

**Reports and condensed consolidated interim financial statements
for the three month period ended 31 March 2011**

AL WAHA CAPITAL P.J.S.C

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AL WAHA CAPITAL P.J.S.C.

Company Information

Board of Directors

| | |
|----------------------|---|
| Chairman | H.E. Hussain Al Nowais |
| Vice chairman | H.E. Saif Al Hajeri |
| Directors | Mr. Abubaker Khouri Mr. Carlos Obeid Mr. Fahad Saeed Al Raqbani Mr. Khaled Al Mass Mr. Mansour Al Mulla |

Chief executive officer Mr. Salem Rashid Al Noaimi

Head office P O Box 28922
4th Floor, Aseel Building
Six Towers, Al Bateen
Abu Dhabi
UAE

Auditors KPMG Lower Gulf Limited
P O Box 7613
16th Floor, Falcon Tower
Al Nasr Street
Abu Dhabi
UAE

AL WAHA CAPITAL P.J.S.C.

Operations and financial review

Building on 2010 performance, Waha Capital continued its strong growth pattern through its efforts to expand a strong investment base in Abu Dhabi, the UAE and globally. Waha has developed a diversified business group to deliver sustained growth and long-term value to its stakeholders.

Waha Capital's strategy is inspired by, and complements, the Abu Dhabi Economic Vision 2030, which seeks to transform the emirate's economy, in part by expanding the non-oil sector and putting a greater focus on knowledge-based industries.

The Group continued with its plans to develop Al Markaz, an industrial development project in Abu Dhabi and commenced building 90,000 square metres of light industrial units and the necessary infrastructure in the first quarter of 2011 on a 1.5 million square meter plot representing first phase of the project. The Group plans to deliver the first set of industrial units by the end of the second quarter or during the third quarter of this year along with the sectional completion of infrastructure works.

During the first quarter of 2011, the Group achieved net profit of AED 29.8 million compared to AED 33.4 million in the corresponding quarter of 2010.

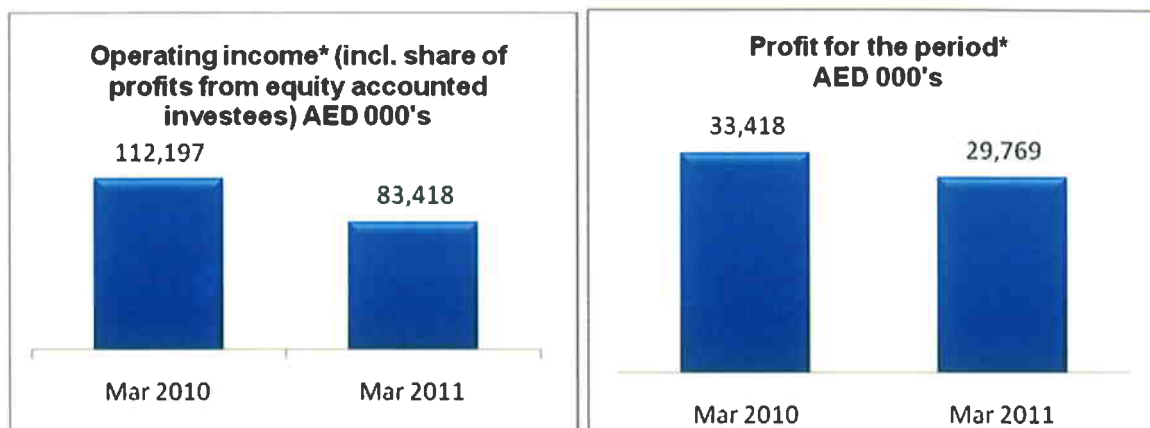
The Group's operating income (including share of profits from investment in equity accounted investees) for the three month period ended 31 March 2011 was AED 83.4 million compared to AED 112.3 million in the same period of the previous year. This was primarily due to the restructuring of the leasing business and consolidation of investments in the aviation sector in the last quarter of 2010.

The Group's operating expenses were AED 33.4 million compared to AED 58.7 million in the corresponding period of the previous year. The reduction is primarily attributable to the restructuring of the leasing business and consolidation of investments in the aviation sector in the last quarter of 2010.

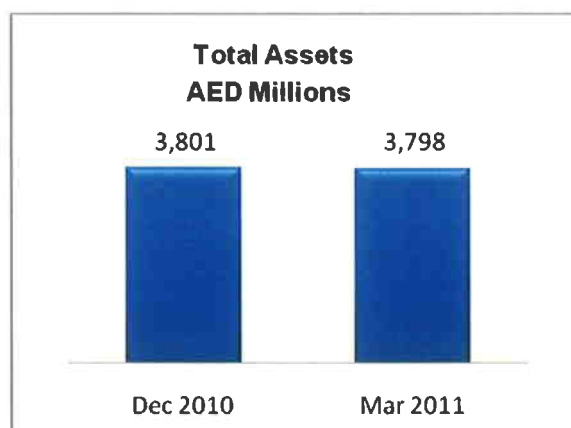
The Group's total assets were AED 3.79 billion as at 31 March 2011 compared to AED 3.8 billion as of 31 December 2010. Further, as at 31 March 2011, the Group had investment commitments of AED 130 million and capital commitments with respect to Al Markaz of AED 349 million.

AL WAHA CAPITAL P.J.S.C.

Operations and financial review (continued)



** for three months period ended*



Chief Executive Officer



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Independent Auditors' Report on review of condensed consolidated interim financial information

The Shareholders
Al Waha Capital PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Waha Capital PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2011 and related condensed consolidated statement of comprehensive income (comprising a condensed consolidated statement of comprehensive income and separate condensed consolidated statement of income), condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated 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 condensed consolidated interim financial information as at 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Sharad Bhandari
Partner
Abu Dhabi
Registration No. 267

KPMG

24 APR 2011

AL WAHA CAPITAL P.J.S.C.

Condensed consolidated income statement

For the three month period ended 31 March

(All amounts in thousands of AED, unless otherwise stated)

| | Note | 2011 (Reviewed) | 2010 (Reviewed) |
|---|------|--------------------|--------------------|
| Operating income | | 23,091 | 77,207 |
| Share of profit from equity accounted investees | 7 | 60,327 | 34,990 |
| Operating expenses | | (33,401) | (58,725) |
| Administrative and other expenses | | (19,268) | (20,770) |
| Operating profit | | 30,749 | 32,702 |
| Other income | | (980) | 716 |
| Profit for the period | | 29,769 | 33,418 |
| Basic and diluted earnings per share (AED) | 5 | 0.02 | 0.02 |

The notes numbered 1 to 15 are an integral part of these condensed consolidated interim financial statements

AL WAHA CAPITAL P.J.S.C.

Condensed consolidated statement of comprehensive income

For the three month period ended 31 March

(All amounts in thousands of AED, unless otherwise stated)

| | 2011 <u>(Reviewed)</u> | 2010 <u>(Reviewed)</u> |
|--|---------------------------|---------------------------|
| Profit for the period | 29,769 | 33,418 |
| Other comprehensive income | | |
| Net change in fair value of available-for-sale financial assets | 2,045 | (748) |
| Effective portion of changes in fair value of cash flow hedges | (3,027) | - |
| Directors' fees | <u>(9,000)</u> | <u>(9,000)</u> |
| Total comprehensive income for the period | <u>19,787</u> | <u>23,670</u> |

The notes numbered 1 to 15 are an integral part of these condensed consolidated interim financial statements

AL WAHA CAPITAL P.J.S.C.

Condensed consolidated statement of financial position

(All amounts in thousands of AED, unless otherwise stated)

| | Note | As at 31 March 2011 (Reviewed) | As at 31 December 2010 |
|---|------|--------------------------------------|------------------------------|
| Assets | | | |
| Investment property | 6 | 311,974 | 274,260 |
| Vessels | | 88,024 | 89,179 |
| Investments in finance leases | | 41,021 | 41,996 |
| Loan investments | | 482,580 | 491,203 |
| Investments in equity accounted investees | 7 | 2,259,465 | 2,202,662 |
| Investments available-for-sale | | 70,133 | 68,088 |
| Project costs | | 7,829 | 8,033 |
| Furniture and equipment | | 8,088 | 8,956 |
| Inventories | | 61,126 | 67,307 |
| Financial assets at fair value through profit or loss | | 73,421 | 75,991 |
| Cash-encumbered | | 16,454 | 14,570 |
| Trade and other receivables | | 171,125 | 189,650 |
| Cash and cash equivalents | | 206,395 | 268,654 |
| Total assets | | 3,797,635 | 3,800,549 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 8 | 1,732,500 | 1,732,500 |
| Stock dividend reserve | 10 | 164,588 | - |
| Statutory reserve | | 89,519 | 89,519 |
| Fair value reserve | | 3,136 | 1,091 |
| Hedge reserve | | - | 3,027 |
| Retained earnings | | 119,380 | 315,174 |
| | | 2,109,123 | 2,141,311 |
| Liabilities | | | |
| Borrowings | | 1,516,273 | 1,517,633 |
| Trade and other payables | 9 | 172,239 | 141,605 |
| | | 1,688,512 | 1,659,238 |
| Total equity and liabilities | | 3,797,635 | 3,800,549 |

These condensed consolidated interim financial statements were authorised for issue by the board of directors on 24 April 2011 and signed on their behalf by:



Chairman



Chief Executive Officer

The notes numbered 1 to 15 are an integral part of these interim 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 2011

(All amounts in thousands of AED, unless otherwise stated)

| | Note | Share capital | Stock dividend reserve | Statutory reserve | Hedge reserve | Fair value reserve | Retained earnings | Total |
|---|------|---------------|------------------------|-------------------|---------------|--------------------|-------------------|-----------|
| At 1 January 2010 | | 1,575,000 | - | 64,610 | - | 1,332 | 296,869 | 1,937,811 |
| Total comprehensive income | | - | - | - | - | (748) | 24,418 | 23,670 |
| Transactions with the owners of the Company, recognized directly in equity | | | | | | | | |
| Dividend | 10 | - | 157,500 | - | - | - | (196,875) | (39,375) |
| At 31 March 2010 | | 1,575,000 | 157,500 | 64,610 | - | 584 | 124,412 | 1,922,106 |
| At 1 January 2011 | | 1,732,500 | - | 89,519 | 3,027 | 1,091 | 315,174 | 2,141,311 |
| Total comprehensive income | | - | - | - | (3,027) | 2,045 | 20,769 | 19,787 |
| Transactions with the owners of the Company, recognized directly in equity | | | | | | | | |
| Dividend | 10 | - | 164,588 | - | - | - | (216,563) | (51,975) |
| At 31 March 2011 | | 1,732,500 | 164,588 | 89,519 | - | 3,136 | 119,380 | 2,109,123 |

The notes numbered 1 to 15 are an integral part of these condensed consolidated interim financial statements

AL WAHA CAPITAL P.J.S.C.

Condensed consolidated statement of cash flows

For the three month period ended 31 March

(All amounts in thousands of AED, unless otherwise stated)

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | <u>(Reviewed)</u> | <u>(Reviewed)</u> |
| Cash flows from operating activities | | |
| Profit for the period | 29,769 | 33,418 |
| <i>Adjustments for:</i> | | |
| Depreciation | 2,989 | 30,160 |
| Interest on borrowings | 13,867 | 14,931 |
| Loss on derivatives | (563) | 5,912 |
| Interest on bank deposits | (30) | (484) |
| Interest income from loan investments | (7,002) | (8,648) |
| Interest income from investments in finance leases | (964) | (1,057) |
| Share of profit from investments in equity accounted investees | (60,327) | (34,990) |
| Provision for doubtful receivables | - | 2,260 |
| Amortisation and write off of project costs | 5,721 | 1,429 |
| Loss / (gain) on valuation of financial assets at fair value through profit or loss | 1,000 | (111) |
| Payments received from loan investments | 23,129 | 29,727 |
| Payments received from investment in finance leases | 1,939 | 1,940 |
| Distribution from equity accounted investees | 497 | 1,063 |
| Changes in working capital: | | |
| Change in inventories | 5,374 | - |
| Change in trade and other receivables | 17,521 | (7,694) |
| Change in trade and other payables | (30,271) | (10,018) |
| Net cash generated from operating activities | 2,649 | 57,838 |

AL WAHA CAPITAL P.J.S.C.

Condensed consolidated statement of cash flows (continued)

For the three month period ended 31 March

(All amounts in thousands of AED, unless otherwise stated)

| | 2011 <i>(Reviewed)</i> | 2010 <i>(Reviewed)</i> |
|---|---------------------------|---------------------------|
| Cash flows from investing activities | | |
| Investments in equity accounted investees | - | (106,662) |
| Loans provided | (6,500) | |
| Refund from investments available-for-sale | - | 1,318 |
| Payments made for development of investment property | (36,597) | (25,306) |
| Purchase of other fixed assets | (159) | (3,178) |
| Movement in cash-encumbered | (1,884) | 24,124 |
| Interest received | 30 | 683 |
| Net cash used in investing activities | (45,110) | (109,021) |
| Cash flows from financing activities | | |
| Project costs paid | (5,517) | (1,140) |
| Interest paid on borrowings | (12,921) | (16,132) |
| Loans obtained | - | 774,403 |
| Loans repaid | (1,360) | (711,824) |
| Net cash (used in) / from financing activities | (19,798) | 45,307 |
| Net decrease in cash and cash equivalents | (62,259) | (5,876) |
| Cash and cash equivalents at 1 January | 268,654 | 325,266 |
| Cash and cash equivalents at 31 March | 206,395 | 319,390 |

The notes numbered 1 to 15 form an integral part of the condensed consolidated interim financial statement

AL WAHA CAPITAL P.J.S.C.

Notes to the condensed consolidated interim financial statements

(All amounts in thousands of AED, unless otherwise stated)

1 Reporting entity

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 was incorporated on 12 July 1997.

The condensed consolidated interim financial statements for the three month period ended 31 March 2011 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The Group is engaged in big-ticket asset leasing, maritime sector, real estate development and financial services.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are at its website www.wahacapital.ae and are also available upon request at the Company's registered office at P.O Box 28922, fourth floor, Aseel building, Six Towers, Al Bateen, Abu Dhabi, UAE.

2 Statement of compliance

These condensed consolidated interim 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 2010.

3 Significant accounting policies and estimates

The significant accounting policies, judgements and estimates, risk management principles and methods of computation applied by the Group in these condensed consolidated interim 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 2010 except as disclosed in note 3(a).

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

(a) New Standards and interpretation adopted

During the period the Group adopted the following standard effective for annual periods beginning on or after 1 January 2011.

(i) IAS 24 Related Party disclosures

The revised IAS 24 related party disclosures amend the definition of a related party and included an exemption for government related entities.