

AL WAHA CAPITAL P.J.S.C.



الواحة كابيتال
Waha Capital

**Reports and condensed consolidated interim financial statements
for the six month period ended 30 June 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

Operations and financial review

Waha Capital continued building on 2010 performance in the first half of 2011, through its efforts to expand its 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.

During the second quarter of 2011, Waha successfully closed a USD 505 million term and revolving credit facility with eleven local, regional and international banks. The facility is for a term of three years and was arranged internally by Waha. The participating banks in the facility are First Gulf Bank PJSC, Emirates NBD Bank PJSC, HSBC Bank Middle East Limited, Union National Bank PJSC, Gulf International Bank B.S.C., Abu Dhabi Commercial Bank PJSC, Maybank International (L) LTD., Deutsche Bank A.G., London Branch, Nomura International PLC, Societe Generale, London Branch and J.P. Morgan Limited. Waha is actively exploring opportunities to deploy this capital in new investments.

In addition, Waha has continued its consultations with stakeholders to embark on the first issue of mandatory convertible notes worth up to AED 500 million. Last year Waha secured the approval of its General Assembly to issue mandatory convertible notes for a total value of AED 1 billion. Waha believes the issuance of these notes will reinforce Waha's financial status and support its future expansion plans and vital projects in a wide range of economic sectors.

The Group also continued the development of Al Markaz, a 6 million square meter industrial development project in Abu Dhabi and commenced building 90,000 square metres of light industrial units and the necessary infrastructure in the first half of 2011 on a 1.5 million square meter plot representing the first phase of the project. The Group plans to deliver the first set of industrial units during the fourth quarter of this year along with the sectional completion of infrastructure works.

During the first half of 2011, the Group achieved a net profit of AED 35.8 million compared to AED 39.4 million in the corresponding half of 2010.

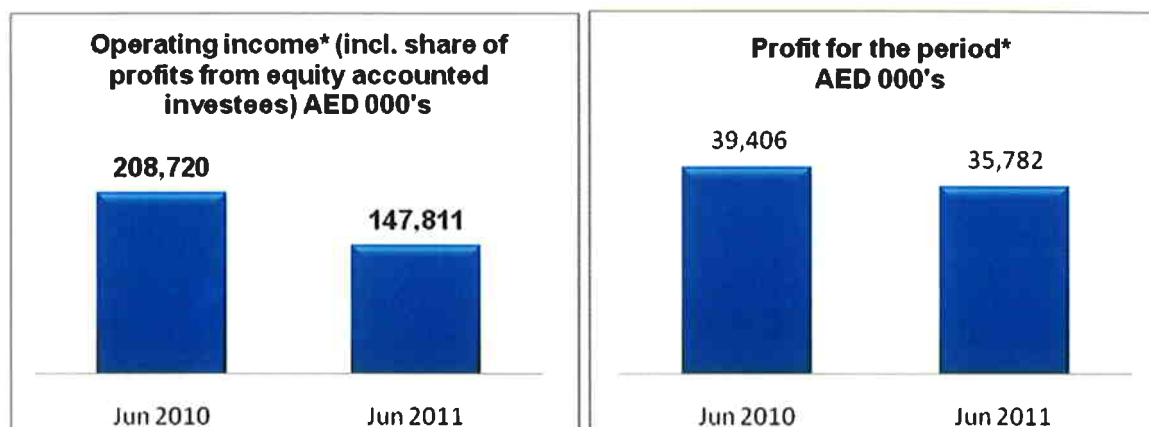
The Group's operating income (including share of profits from investment in equity accounted investees) for the six month period ended 30 June 2011 was AED 147.8 million compared to AED 208.7 million in the same period of the previous year. This was primarily due to the restructuring of the leasing business and consolidation of investments in the aviation sector in the last quarter of 2010.

The Group's operating expenses were AED 61.3 million compared to AED 125.4 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.

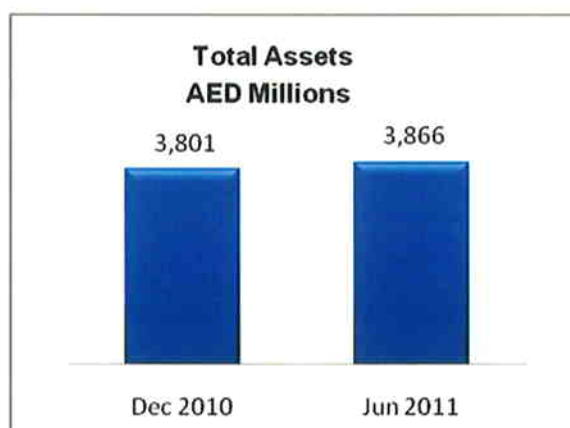
The Group's total assets were AED 3.87 billion as at 30 June 2011 compared to AED 3.80 billion as of 31 December 2010. Further, as at 30 June 2011, the Group had investment commitments of AED 130 million and capital commitments with respect to Al Markaz of AED 427 million.

AL WAHA CAPITAL P.J.S.C.

Operations and financial review (continued)



** for six month 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 30 June 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 six-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 30 June 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

28 JUL 2011

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AL WAHA CAPITAL P.J.S.C.

Condensed consolidated income statement

For the six month period ended 30 June

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

	Note	Six month period ended 30 June 2011 (Reviewed)	Six month period ended 30 June 2010 (Reviewed)	Three month period ended 30 June 2011 (Reviewed)	Three month period ended 30 June 2010 (Reviewed)
Operating income		44,977	153,059	21,886	75,852
Share of profit from equity accounted investees	7	102,834	55,661	42,507	20,671
Operating expenses		(61,283)	(125,399)	(27,882)	(66,674)
Administrative and other expenses		(50,073)	(42,296)	(30,805)	(21,526)
Operating profit		36,455	41,025	5,706	8,323
Other (expense) / income		(673)	(1,619)	307	(2,335)
Profit for the period		35,782	39,406	6,013	5,988
Basic and diluted earnings per share (AED)	5	0.019	0.021	0.003	0.003

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 six month period ended 30 June

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

	Six month period ended 30 June 2011 (Reviewed)	Six month period ended 30 June 2010 (Reviewed)	Three month period ended 30 June 2011 (Reviewed)	Three month period ended 30 June 2010 (Reviewed)
Profit for the period	35,782	39,406	6,013	5,988
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	3,850	(5,391)	1,805	(4,643)
Share of effective portion of changes in fair value of cash flow hedges of equity accounted investees	(3,027)	-	-	-
Directors' fees	(9,000)	(9,000)	-	-
Total comprehensive income for the period	27,605	25,015	7,818	1,345

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 30 June 2011 (Reviewed)	As at 31 December 2010 (Audited)
Assets			
Investment property	6	368,562	274,260
Vessels		88,825	89,179
Investments in finance leases		40,023	41,996
Loan investments		481,172	491,203
Investments in equity accounted investees	7	2,298,847	2,202,662
Investments available-for-sale		71,392	68,088
Project costs		35,215	8,033
Furniture and equipment		7,160	8,956
Inventories		31,215	67,307
Financial assets at fair value through profit or loss		120,360	75,991
Cash-encumbered		19,447	14,570
Trade and other receivables		186,933	189,650
Cash and cash equivalents		116,715	268,654
Total assets		3,865,866	3,800,549
EQUITY AND LIABILITIES			
Equity			
Share capital	8	1,897,088	1,732,500
Statutory reserve		89,519	89,519
Fair value reserve		4,941	1,091
Hedge reserve		-	3,027
Retained earnings		125,393	315,174
		2,116,941	2,141,311
Liabilities			
Borrowings		1,585,690	1,517,633
Trade and other payables	9	163,235	141,605
		1,748,925	1,659,238
Total equity and liabilities		3,865,866	3,800,549

These condensed consolidated interim financial statements were authorised for issue by the board of directors on 28 July 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 six month period ended 30 June 2011

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

	Note	Share capital	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		-	-	-	(5,391)	30,406	25,015
Transactions with the owners of the Company, recognized directly in equity							
Dividend	10	157,500	-	-	-	(196,875)	(39,375)
At 30 June 2010		1,732,500	64,610	-	(4,059)	130,400	1,923,451
At 1 January 2011		1,732,500	89,519	3,027	1,091	315,174	2,141,311
Total comprehensive income		-	-	(3,027)	3,850	26,782	27,605
Transactions with the owners of the Company, recognized directly in equity							
Dividend	10	164,588	-	-	-	(216,563)	(51,975)
At 30 June 2011		1,897,088	89,519	-	4,941	125,393	2,116,941

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 six month period ended 30 June

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

	2011 <i>(Reviewed)</i>	2010 <i>(Reviewed)</i>
Cash flows from operating activities		
Profit for the period	35,782	39,406
<i>Adjustments for:</i>		
Depreciation	4,342	58,911
Interest on borrowings	28,031	32,882
(Gain) / loss on derivatives	(1,115)	1,709
Interest on bank deposits	(44)	(511)
Interest income from loan investments	(15,275)	(17,469)
Interest income from investments in finance leases	(1,906)	(2,093)
Share of profit from investments in equity accounted investees	(102,834)	(55,661)
Provision for doubtful receivables	-	2,702
Directors' fees	(9,000)	(9,000)
Amortisation and write off of project costs	10,885	2,875
Loss on valuation of financial assets at fair value through profit or loss	847	2,251
Payments received from loan investments	25,393	32,746
Payments received from investment in finance leases	3,879	3,879
Distribution from equity accounted investees	4,168	4,477
Changes in working capital:		
Change in inventories	36,092	-
Change in trade and other receivables	9,130	(47,236)
Change in trade and other payables	(27,532)	(31,101)
Net cash generated from operating activities	843	18,767

AL WAHA CAPITAL P.J.S.C.

Condensed consolidated statement of cash flows (continued)

For the six month period ended 30 June

(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)
Dry docking costs on vessels	(1,950)	-
Loans provided	(6,500)	-
Proceeds from sale of / dividend received on financial assets at fair value through profit or loss	50	1,586
Net Refund / (purchase) from investments available-for-sale	-	364
Payments made for development of investment property	(91,569)	(29,019)
Purchase of other fixed assets	(242)	(5,252)
Movement in cash-encumbered	(4,877)	17,012
Interest received	44	710
Net cash used in investing activities	(105,044)	(121,261)
Cash flows from financing activities		
Project costs paid	(38,067)	(1,347)
Dividend paid	(51,975)	(39,375)
Interest paid on borrowings	(25,753)	(32,543)
Loans obtained	1,175,121	768,132
Loans repaid	(1,107,064)	(868,671)
Net cash used in financing activities	(47,738)	(173,804)
Net decrease in cash and cash equivalents	(151,939)	(276,298)
Cash and cash equivalents at 1 January	268,654	325,266
Cash and cash equivalents at 30 June	116,715	48,968

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 six month period ended 30 June 2011 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities ("equity accounted investees").

The Group 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, 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. Significant judgments, estimates and assumptions used in preparation of these condensed consolidated interim financial statements are the same as used as at and for the year ended 31 December 2010, except that the attributable share of the results of one of the publically listed associate, where the relevant information is unavailable due to legal restrictions, is based on an estimated profit run rate of previous quarter. The difference between estimated amount and actual results for this associate is recorded in the following quarter.

(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.