

DEYAAR DEVELOPMENT PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

FOR THE SIX MONTHS ENDED 30 JUNE 2013

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2013

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Report on review of interim condensed consolidated financial information

To the shareholders of Deyaar Development PJSC

Introduction

We have reviewed the accompanying interim consolidated balance sheet of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated 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 condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

PricewaterhouseCoopers

1 August 2013

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

INTERIM CONSOLIDATED BALANCE SHEET

		30 June 2013 AED'000 (Unaudited)	31 December 2012 AED'000 As restated (Audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment		34,037	35,550
Investment property	6	252,618	215,916
Trade and other receivables		51,178	3,573
Investments in joint ventures and associates		967,216	1,163,148
Available-for-sale financial assets		22,123	20,517
		1,327,172	1,438,704
Current assets			
Property held for development and sale	7	1,872,842	1,970,278
Inventories		1,456	6,378
Due from related parties	8	2,630,995	2,635,587
Trade and other receivables		118,127	217,010
Cash and bank balances		260,239	203,655
		4,883,659	5,032,908
Assets classified as held for sale	9	133,297	-
Total assets		6,344,128	6,471,612
EQUITY			
Share capital		5,778,000	5,778,000
Statutory reserve		178,267	178,267
Exchange translation reserve		(27,512)	(27,512)
Available for sale fair valuation reserve		2,788	1,182
Accumulated losses		(1,978,411)	(2,025,076)
Total equity		3,953,132	3,904,861
LIABILITIES			
Non-current liabilities			
Borrowings	10	410,229	448,842
Retentions payable		17,184	25,089
Advances from customers		114,405	114,405
Provision for employees' end of service benefits		8,354	8,502
		550,172	596,838
Current liabilities			
Borrowings	10	455,580	438,608
Trade and other payables		786,728	801,598
Retentions payable		69,111	74,602
Advances from customers		515,105	640,459
Due to related parties	8	14,300	14,646
		1,840,824	1,969,913
Total liabilities		2,390,996	2,566,751
Total equity and liabilities		6,344,128	6,471,612

This interim condensed consolidated financial information was approved by the Board of Directors on 01 Aug 2013 and signed on its behalf by:

.....
Saeed Al Qatani
Chief Executive Officer

.....
Hawary H. Marshad
Chief Financial Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the six months ended 30 June 2013

	Note	Six months ended		Three months ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
		AED'000	AED'000	AED'000	AED'000
		As restated		As restated	
		(Unaudited)		(Unaudited)	
Revenue	11	297,459	293,391	93,611	143,490
Direct costs	12	(157,229)	(184,679)	(2,162)	(82,916)
Gross profit		140,230	108,712	91,449	60,574
Other operating income		2,744	3,500	1,178	2,230
Expenses					
General and administrative		(51,632)	(58,597)	(26,059)	(32,817)
Gain from fair value adjustment on investment property	6	36,585	-	36,585	-
Operating profit		127,927	53,615	103,153	29,987
Finance cost		(19,361)	(28,383)	(12,035)	(14,810)
Finance income		963	3,399	467	703
Finance costs – net		(18,398)	(24,984)	(11,568)	(14,107)
Share of results from joint ventures and associates		(5,166)	(611)	(6,632)	2,753
Provision for impairment of joint ventures and associates		(57,698)	-	(57,698)	-
Profit for the period		46,665	28,020	27,255	18,633
Earnings per share attributable to the equity holders of the company during the period – basic and diluted		Fils 0.81	Fils 0.48	Fils 0.47	Fils 0.32

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Six months ended		Three months ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Profit for the period	46,665	28,020	27,255	18,633
Other comprehensive income				
Currency translation differences	-	3,240	-	(3,154)
Change in fair value of available-for-sale financial assets	1,606	-	1,606	-
Total comprehensive income for the period	48,271	31,260	28,861	15,479

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital AED'000	Statutory reserve AED'000	Exchange translation reserve AED'000	Available-for-sale fair valuation reserve AED'000	Accumulated losses AED'000	Total equity AED'000
At 1 January 2012	5,778,000	172,256	(32,282)	172	(2,057,670)	3,860,476
Profit for the period	-	-	-	-	28,020	28,020
Other comprehensive income	-	-	3,240	-	-	3,240
Balance at 30 June 2012 (unaudited)	5,778,000	172,256	(29,042)	172	(2,029,650)	3,891,736
At 1 January 2013	5,778,000	178,267	(27,512)	1,182	(2,025,076)	3,904,861
Profit for the period	-	-	-	-	46,665	46,665
Other comprehensive income	-	-	-	1,606	-	1,606
Balance at 30 June 2013 (unaudited)	5,778,000	178,267	(27,512)	2,788	(1,978,411)	3,953,132

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 AED'000	2012 AED'000
		(Unaudited)	As restated (Unaudited)
Cash flows from operating activities			
Net cash generated from operating activities	13	97,945	18,194
Cash flows from investing activities			
Payments to acquire property and equipment		(660)	(366)
Proceeds from sale of property and equipment		5	290
Additions to investment property - net		(117)	(769)
Term deposits maturing after three months		-	(970)
Income from deposits		963	3,399
Net cash generated from investing activities		191	1,584
Cash flows from financing activities			
Net movement in borrowings		94,184	(24,946)
Finance costs paid		(11,253)	(4,826)
Net cash generated from/(used in) financing activities		82,931	(29,772)
Net increase/(decrease) in cash and cash equivalents		181,067	(9,994)
Cash and cash equivalents, beginning of the period		50,842	107,971
Exchange loss on cash and cash equivalents		-	38
Cash and cash equivalents, end of the period		231,909	98,015
For the purpose of statement of cash flows, cash and cash equivalents comprise:			
Cash on hand		1,777	544
Current accounts		86,237	73,067
Fixed deposits		172,225	178,085
Cash and bank balances		260,239	251,696
Less : Deposit maturing after 3 Months		(20,000)	(21,730)
Less: Islamic financing		(8,330)	(131,951)
Cash and cash equivalents		231,909	98,015

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013

1 LEGAL STATUS AND ACTIVITIES

Deyaar Development PJSC (the “Company”) was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, UAE on 10 July 2007. The registered address of the Company is P. O. Box 30833, Dubai, United Arab Emirates.

The principal activities of the Company and its subsidiaries (together, “the Group”) are property investment and development, brokering, facility and property management services.

This interim condensed consolidated financial information has been reviewed, not audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2012, except as discussed below:

Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

IFRS 11, ‘Joint Arrangements’

IFRS 11 was issued in May 2011 and supercedes IAS 30 ‘Interests in joint ventures’ and SIC 13 ‘Jointly controlled entities – Non monetary contributions by venturers’.

Before 1 January 2013, the Group’s interests in joint ventures were proportionately consolidated.

On 1 January 2013, the Group has applied the new policy for its interest in the joint ventures in accordance with the transition provisions of IFRS 11. The Group recognised its investment in joint ventures at the beginning of the earliest period presented (1 January 2012), as the aggregation of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group’s investments in joint ventures for applying equity accounting.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

IFRS 11, 'Joint Arrangements' (continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012. There is no impact on the net assets of the periods presented.

The effects of the change in accounting policies on the consolidated balance sheet as at 1 January 2012 and 31 December 2012 and the statement of comprehensive income on 30 June 2012 are summarised below. The change in accounting policy has had no impact on earnings per share.

Restatements of the Group's assets and liabilities as at 1 January 2012 are as follows:

	As at 1 January 2012 (previously reported) AED'000	Change in accounting policy AED'000	As at 1 January 2012 (restated) AED'000
ASSETS			
Property and equipment	41,661	-	41,661
Investment property	1,219,718	(1,017,267)	202,451
Trade and other receivables	331,972	(50,144)	281,828
Investments in joint ventures and associates	277,205	892,893	1,170,098
Available-for-sale financial assets	19,507	-	19,507
Property held for development and sale	2,146,707	-	2,146,707
Inventories	4,875	-	4,875
Due from related parties	2,412,954	119,367	2,532,321
Cash and bank balances	339,568	(63,398)	276,170
Total assets	6,794,167	(118,549)	6,675,618
LIABILITIES			
Borrowings	915,548	-	915,548
Retentions payable	119,516	(6,535)	112,981
Advances from customers	1,093,702	-	1,093,702
Provision for employees' end of service benefits	7,594	-	7,594
Trade and other payables	782,918	(112,049)	670,869
Due to related parties	14,413	35	14,448
Total liabilities	2,933,691	(118,549)	2,815,142
Total equity	3,860,476	-	3,860,476

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

IFRS 11, 'Joint Arrangements' (continued)

Restatements of the Group's assets and liabilities as at 31 December 2012 are as follows:

	As at 31 December 2012 (previously reported) AED'000	Change in accounting policy AED'000	As at 31 December 2012 (restated) AED'000
ASSETS			
Property and equipment	35,550	-	35,550
Investment property	1,206,077	(990,161)	215,916
Trade and other receivables	271,197	(50,614)	220,583
Investments in joint ventures and associates	273,828	889,320	1,163,148
Available-for-sale financial assets	20,517	-	20,517
Property held for development and sale	1,970,278	-	1,970,278
Inventories	6,378	-	6,378
Due from related parties	2,516,120	119,467	2,635,587
Cash and bank balances	268,379	(64,724)	203,655
Total assets	6,568,324	(96,712)	6,471,612
LIABILITIES			
Borrowings	887,450	-	887,450
Retentions payable	106,266	(6,575)	99,691
Advances from customers	754,864	-	754,864
Provision for employees' end of service benefits	8,502	-	8,502
Trade and other payables	891,030	(89,432)	801,598
Due to related parties	15,351	(705)	14,646
Total liabilities	2,663,463	(96,712)	2,566,751
Total equity	3,904,861	-	3,904,861

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

IFRS 11, 'Joint Arrangements' (continued)

Restatements of the Group's statement of income for the period ended 30 June 2012 are as follows:

	Six months ended 30 June 2012 (previously reported) AED'000	Change in accounting policy AED'000	Six months ended 30 June 2012 (restated) AED'000	Three months ended 30 June 2012 (previously reported) AED'000	Change in accounting policy AED'000	Three months ended 30 June 2012 (restated) AED'000
Revenue	293,391	-	293,391	143,490	-	143,490
Direct costs	(184,679)	-	(184,679)	(82,916)	-	(82,916)
Gross profit	108,712	-	108,712	60,574	-	60,574
Other operating income/(expense)	3,500	-	3,500	2,230	-	2,230
General and administrative	(58,310)	(287)	(58,597)	(32,355)	(462)	(32,817)
Operating profit	53,902	(287)	53,615	30,449	(462)	29,987
Finance cost	(31,337)	2,954	(28,383)	(13,075)	(1,735)	(14,810)
Finance income	5,672	(2,273)	3,399	1,583	(880)	703
Finance cost, net	(25,665)	681	(24,984)	(11,492)	(2,615)	(14,107)
Share of results from joint ventures and associates	303	(914)	(611)	196	2,557	2,753
Profit before Income Tax	28,540	(520)	28,020	19,153	(520)	18,633
Income tax expense	(520)	520	-	(520)	520	-
Profit for the period	28,020	-	28,020	18,633	-	18,633

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

3 ESTIMATES AND ASSUMPTIONS

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

In preparing this interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial information, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012.

There has been no change in the risk management policies since the year end.

4.2 Liquidity risk factors

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

5 SEGMENTAL INFORMATION

Operating segment:

For management purposes, the Group is organised into three major operating segments: Property development, electrical and mechanical works, and property and facilities management.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss. Transactions between segments are conducted at estimated rates which approximate to market rates on an arm's length basis.

	Property development activities AED'000	Electrical and mechanical works AED'000	Property and facilities management AED'000	Total AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	
Six months ended 30 June 2013				
Segment revenues – external	261,777	3,631	32,051	297,459
Segment profit	32,609	-	14,056	46,665
As at 30 June 2013				
Segment assets	6,238,875	35,004	70,249	6,344,128
Six months ended 30 June 2012				
Segment revenues – external	262,094	13,845	17,452	293,391
Segment profit/(loss)	19,630	(5,012)	13,402	28,020
As at 30 June 2012				
Segment assets	6,533,788	46,566	72,660	6,653,014

Geographic information

No revenues from properties outside the United Arab Emirates were earned during the six months ended 30 June 2013 and during the six months ended 30 June 2012. Total assets located outside the United Arab Emirates amount to AED 107,069,000 (31 December 2012: AED 98,871,000).

6 INVESTMENT PROPERTY

	Land AED'000	Buildings AED'000	Total AED'000
Six months ended 30 June 2012			
1 January 2012	146,573	55,877	202,450
Additions	-	769	769
30 June 2012 – unaudited	146,573	56,646	203,219
Six months ended 30 June 2013			
1 January 2013	159,218	56,698	215,916
Additions	-	117	117
Gain from fair value adjustments	36,585	-	36,585
30 June 2013 – unaudited	195,803	56,815	252,618

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

7 PROPERTY HELD FOR DEVELOPMENT AND SALE

	Land held for development and sale AED'000	Property held-for-sale AED'000	Property under construction AED'000	Total AED'000
1 January 2012	240,000	669,299	1,237,408	2,146,707
Additions	-	-	74,069	74,069
Reversal of accruals	-	-	(166)	(166)
Provision for impairment	-	(96,321)	-	(96,321)
Reversal of impairment	-	67,091	22,549	89,640
Borrowing costs capitalised	-	-	1,208	1,208
Transfers	-	256,953	(256,953)	-
Sales	-	(160,949)	-	(160,949)
30 June 2012 – unaudited	240,000	736,073	1,078,115	2,054,188
1 January 2013	240,000	796,212	934,066	1,970,278
Additions	3,996	-	46,023	50,019
Provision for impairment	-	(64,874)	(20,663)	(85,537)
Reversal of impairment	-	82,150	-	82,150
Borrowing costs capitalised	-	-	230	230
Transfers	-	173,660	(173,660)	-
Sales	-	(144,298)	-	(144,298)
30 June 2013 – unaudited	243,996	842,850	785,996	1,872,842

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the significant shareholders, key management personnel, associates, joint ventures, directors and businesses which are controlled or jointly controlled, directly or indirectly, by the significant shareholders or directors.

(a) Related party transactions

During the period, the Group entered into the following significant transactions with related parties:

	Six months ended 30 June 2013 AED'000 (Unaudited)	Six months ended 30 June 2012 AED'000 (Unaudited)
Other operating income/finance income		
A significant shareholder	404	806

(b) Remuneration of key management personnel

	Six months ended 30 June 2013 AED'000 (Unaudited)	Six months ended 30 June 2012 AED'000 (Unaudited)
Compensation to key management personnel		
Salaries and other short term employee benefits	12,137	11,084
Termination and post employment benefits	353	498
Directors' fees	435	435
	12,925	12,017

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

8 RELATED PARTY TRANSACTIONS AND BALANCES

(c) Due from related parties comprises:

	30 June 2013	31 December 2012
	AED'000	AED'000
	(Unaudited)	(Audited)
Due from joint ventures	133,645	138,322
Due from other related parties	2,497,350	2,497,265
	2,630,995	2,635,587

Cash and cash equivalents include fixed deposits of AED 50,000,000 (31 December 2012: AED 40,000,000) deposited with a significant shareholder.

At 30 June 2013, the Group had bank borrowings from a significant shareholder of AED 362,630,000 (31 December 2012: AED 377,739,000).

In 2010, the Group entered into a sale and purchase agreement with a related party to sell properties with a carrying value of AED 1,337,846,000 and rights to purchase plots amounting to AED 899,589,000.

The salient terms of and conditions of the transaction were as follows:

- i. The sale consideration is receivable on or before 1 June 2016;
- ii. The sale consideration can be settled in cash or kind or a combination of both, at the discretion of the purchaser. Where settlement is in kind, the fair value of the assets transferred will be determined by an independent valuation expert, to be selected by the seller and purchaser; and
- iii. The commitment on the remaining purchase price of the land held for development remains with the Group.

Following the amendments to the original agreement, the sale consideration has been reduced by AED 730 million, as a result of the purchaser's commitment to settle this balance on demand, in cash or in kind, or a combination of both. Management's expectation is that the receivable will be settled during the current year.

(d) Due to related parties comprises:

	30 June 2013	31 December 2012
	AED'000	AED'000
	(Unaudited)	(Audited)
Current		
Due to a significant shareholder	2,001	2,347
Due to joint ventures	12,299	12,299
	14,300	14,646

9 ASSETS CLASSIFIED AS HELD-FOR-SALE

The investment in Alarko Deyaar Real Estate Dev. Co., a joint venture, has been classified as held for sale following the approval of the Group's management and Board of Directors to sell this investment. The expected completion date of the transaction is within one year from the reporting date. This asset is part of the property development segment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

10 BORROWINGS

	30 June 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
Non-current		
Islamic finance obligations	410,229	446,871
Other islamic borrowings	-	1,971
	410,229	448,842
Current		
Islamic finance obligations	447,250	302,283
Other islamic borrowings	8,330	136,325
	455,580	438,608
Total borrowings	865,809	887,450

	Islamic finance obligations AED'000	Other Islamic borrowings AED'000	Total AED'000
1 January 2012	764,167	151,381	915,548
Additions	19,977	4,005	23,982
Repayments	(19,833)	(21,026)	(40,859)
30 June 2012 – Unaudited	764,311	134,360	898,671
1 January 2013	749,154	138,296	887,450
Additions	-	8,761	8,761
Repayments	(20,770)	(9,632)	(30,402)
Transfer	129,095	(129,095)	-
30 June 2013 – Unaudited	857,479	8,330	865,809

The Islamic finance obligations represent Ijarah, Murabaha and Mudarabah facilities obtained from Dubai Islamic Bank PJSC (a significant shareholder), and from other local Islamic banks and financial institutions. The facilities are used to finance the properties under construction. The Islamic finance obligations carried an effective profit rate of 1 month EIBOR + 3%, with a minimum of 5%, to 6.25% per annum (2012: 1 month EIBOR + 3%, with a minimum of 5% to 6.25% per annum), and are repayable in equal monthly or quarterly instalments over a period of five to ten years from the balance sheet date. The Islamic finance obligations are secured by mortgages over properties classified under property held for development and sale (Note 7), property and equipment and investment property (Note 6).

The Islamic finance obligations also include term loan facility amounting to AED 129,096,000 (2012: AED 129,096,000) with a local Islamic bank and carried an effective profit rate based on 3 months EIBOR + 4.5%, with a minimum of 9.5% (2012: 3 months EIBOR + 4.5%, with a minimum of 9.5%). During the Six months ended 30 June 2013, the Group has signed a restructuring agreement with the bank (subject to certain conditions), whereby this loan has been restructured into a loan repayable over a six-year period, with a revised profit rate of 3 months EIBOR + 3%, with a minimum of 5.5%. The revised profit rate is effective from 1 March 2012.

The borrowings include an amount of AED 362,630,000 (2012: AED 377,739,000) obtained from the significant shareholder.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

11 REVENUE

	Six months ended		Three months ended	
	30 June		30 June	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Sale of properties	147,072	160,249	64,075	115,816
Forfeiture income	101,002	82,454	3,787	3,750
Property management	18,935	15,219	10,908	7,784
Facilities management	13,116	13,379	6,544	4,675
Leasing	13,703	7,949	6,879	4,689
Contract revenue	3,631	13,845	1,418	6,630
Others	-	296	-	146
	297,459	293,391	93,611	143,490

12 DIRECT COSTS

	Six months ended		Three months ended	
	30 June		30 June	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Cost of properties sold	144,298	160,949	61,177	114,822
Facilities management	6,050	5,592	4,037	1,547
Provision for/ (reversal of) impairment of property held for development and sale, net	3,387	6,681	(64,050)	(34,976)
Leasing	1,774	1,743	507	516
Contract costs	1,620	8,909	415	638
Others	100	805	76	369
	157,229	184,679	2,162	82,916

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (continued)

13 CASH FLOWS FROM OPERATING ACTIVITIES

	Six months ended 30 June	
	2013	2012
	AED'000	AED'000
	(Unaudited)	As restated (Unaudited)
Profit before income tax	46,665	28,020
Adjustment for		
Depreciation	2,171	3,364
Provision for employees' end of service benefits	815	1,343
Provision/(reversal) of provision for doubtful debts	1,652	6,225
Provision for impairment of property held for development and sale, net	3,387	6,681
Gain from fair value adjustments on investment property	(36,585)	-
Provision for impairment in Joint Ventures and Associates	57,698	-
Finance income	(963)	(3,399)
Finance cost	19,361	28,383
Share of results from joint ventures and associates	5,166	611
Gain on disposal of property and equipment	(3)	(116)
Payment of employees' end of service benefits	(963)	(437)
Increase in non-current trade and other receivables	(47,605)	6,415
Decrease in non-current retentions payable	(7,905)	(13,013)
Decrease in non-current advances from customers	-	94,738
Changes in working capital:		
Property held for development and sale net of project cost accruals	94,279	85,838
Trade and other receivables	97,231	(6,086)
Inventories	4,922	409
Due from related parties	4,592	(101,164)
Retentions payable	(5,491)	19,941
Advances from customers	(125,354)	(282,036)
Trade and other payables	(14,779)	142,399
Due to related parties	(346)	78
Net cash generated from operating activities	97,945	18,194

14 COMMITMENTS

At 30 June 2013, the Group had total commitments of AED 345,571,000 (31 December 2012: AED 395,603,000) with respect to project related contracts issued as of the end of the period/year net of invoices received and accruals made at that date. The Group also had commitments with respect to purchase of land of AED 419,639,000 (31 December 2012: AED 419,639,000).

15 CONTINGENT LIABILITIES

At 30 June 2013, the Group had contingent liabilities in respect of performance and other guarantees issued by a bank on behalf of a joint venture and a subsidiary, in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to AED 44,976,000 (31 December 2012: AED 27,227,000).