DEYAAR DEVELOPMENT PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED 31 MARCH 2013

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the three months ended 31 March 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 31 March 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 May 2013

Paul Suddaby

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

INTERIM CONSOLIDATED BALANCE SHEET

	Note	31 March 2013 AED'000	31 December 2012 AED'000
			As restated
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property and equipment		34,653	35,550
Investment property	6	218,007	215,916
Trade and other receivables		5,371	3,573
Investments in joint ventures and associates		1,164,534	1,163,148
Available-for-sale financial assets		20,517	20,517
		1,443,082	1,438,704
Current assets			
Property held for development and sale	7	1,846,707	1,970,278
Inventories		6,808	6,378
Due from related parties	8	2,632,312	2,635,587
Trade and other receivables		211,080	217,010
Cash and bank balances		211,975	203,655
		4,908,882	5,032,908
Total assets		6,351,964	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		1,182	1,182
Accumulated losses		(2,005,666)	(2,025,076)
Total equity		3,924,271	3,904,861
LIABILITIES			
Non-current liabilities			
Borrowings	9	307,580	448,842
Retentions payable		16,246	25,089
Advances from customers		114,405	114,405
Provision for employees' end of service benefits		8,651	8,502
		446,882	596,838
Current liabilities			
Borrowings	9	579,164	438,608
Trade and other payables		797,637	801,598
Retentions payable		76,293	74,602
Advances from customers		513,418	640,459
Due to related parties	8	14,299	14,646
		1,980,811	1,969,913
Total liabilities		2,427,693	2,566,751
Total equity and liabilities		6,351,964	6,471,612

This interim condensed consolidated financial information was approved by the Board of Directors on 1st May 2013 and signed on its behalf by:

....
Abdulla Ali Obaid Al Hamli
Chairman

....
Saeed Al Qatami
Chief Executive Officer

The notes on pages 7 to 17 are an integral part of this interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF INCOME

	Note	Three months ended 31 March 2013 AED'000	 2012 AED'000
			As restated
		(Unaudited)	(Unaudited)
Revenue	10	203,848	149,901
Direct costs	11	(155,067)	(101,763)
Gross profit		**48,781**	**48,138**
Other operating income		1,566	1,270
Expenses			
General and administrative		(25,573)	(25,780)
Operating profit		**24,774**	**23,628**
Finance cost		(7,326)	(13,573)
Finance income		496	2,696
Finance cost, net		**(6,830)**	**(10,877)**
Share of results from joint ventures and associates		1,466	(3,364)
Profit before income tax		**19,410**	**9,387**
Income tax expense		-	-
Profit for the period		**19,410**	**9,387**
Earnings per share attributable to the equity holders of the Company during the period – basic and diluted		**Fils 0.34**	**Fils 0.16**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2013 **AED'000**	**2012** **AED'000**
	(Unaudited)	
Profit for the period	19,410	9,387
Other comprehensive income		
Currency translation differences	-	6,394
Total comprehensive income for the period	**19,410**	**15,781**

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	-	-	-	-	9,387	9,387
Other comprehensive income	-	-	6,394	-	-	6,394
Balance at 31 March 2012 (unaudited)	**5,778,000**	**172,256**	**(25,888)**	**172**	**(2,048,283)**	**3,876,257**
At 1 January 2013	5,778,000	178,267	(27,512)	1,182	(2,025,076)	3,904,861
Profit for the period and total comprehensive income	-	-	-	-	19,410	19,410
Balance at 31 March 2013 (unaudited)	**5,778,000**	**178,267**	**(27,512)**	**1,182**	**(2,005,666)**	**3,924,271**

The notes on pages 7 to 17 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Three months ended 31 March 2013 AED'000 (Unaudited)	2012 AED'000 As restated (Unaudited)
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	12	**10,811**	**(14,497)**
Cash flows from investing activities			
Payments to acquire property and equipment		(275)	(307)
Proceeds from sale of property and equipment		3	291
Repurchase/Investments in Associates and Joint Ventures		80	-
Additions to investment property - net		(2,091)	(395)
Term deposits maturing after three months		20,000	20,760
Income from deposits		496	2,696
Net cash (used in)/generated from investing activities		**18,213**	**23,045**
Cash flows from financing activities			
Net movement in borrowings		(688)	(21,147)
Finance costs paid		-	(4,989)
Net cash generated from/(used in) financing activities		**(688)**	**(26,136)**
Net increase/(decrease) in cash and cash equivalents		**28,336**	**(17,588)**
Cash and cash equivalents, beginning of the period		50,842	107,971
Exchange loss on cash and cash equivalents		-	(6)
Cash and cash equivalents, end of the period		**79,178**	**90,377**

For the purpose of statement of cash flows, cash and cash equivalents comprise:

	2013	2012
Cash on hand	821	413
Current accounts	68,929	58,278
Fixed deposits	142,225	182,697
Cash and bank balances	**211,975**	**241,388**
Less: Islamic financing	(132,797)	(151,011)
Cash and cash equivalents	**79,178**	**90,377**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 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:

IFRS 11, ‘Joint Arrangements’

IFRS 11 was issued in May 2011 and supercedes IAS 31 ‘Interests in joint ventures’ and SIC 13 ‘Jointly controlled entities – Non monetary contributions by venturers’.

Before 1 January 2013, the Group’s interests in jointly 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 THREE MONTHS ENDED 31 MARCH 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 31 March 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 THREE MONTHS ENDED 31 MARCH 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**

Restatements of the Group's statement of income for the period ended 31 March 2012 are as follows:

	Period ended 31 March 2012 (previously reported) AED'000	Change in accounting policy AED'000	Period ended 31 March 2012 (restated) AED'000
Revenue	149,901	-	149,901
Direct costs	(101,763)	-	(101,763)
Gross profit	**48,138**	**-**	**48,138**
Other operating income/(expense)	1,270	-	1,270
General and administrative	(25,955)	175	(25,780)
Operating profit	**23,453**	**175**	**23,628**
Finance cost	(18,262)	4,689	(13,573)
Finance income	4,089	(1,393)	2,696
Finance cost, net	**(14,173)**	**3,296**	**(10,877)**
Share of results from joint ventures and associates	107	(3,471)	(3,364)
Profit for the period	**9,387**	**-**	**9,387**

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 THREE MONTHS ENDED 31 MARCH 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)	
Three months ended 31 March 2013				
Segment revenues – external	187,470	2,213	14,165	203,848
Segment profit	12,680	-	6,730	19,410
As at 31 March 2013				
Segment assets	6,254,053	33,158	64,753	6,351,964
Three months ended 31 March 2012				
Segment revenues – external	130,016	7,365	12,520	149,901
Segment profit/(loss)	2,833	(1,877)	8,431	9,387
As at 31 March 2012				
Segment assets	6,450,049	66,893	73,975	6,590,917

Geographic information

No revenues from properties outside the United Arab Emirates were earned during the three months ended 31 March 2013 and during the three months ended 31 March 2012. Total assets located outside the United Arab Emirates amount to AED 98,831,000 (31 December 2012: AED 98,871,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2013 (continued)

6 INVESTMENT PROPERTY

	Land AED'000	Buildings AED'000	Total AED'000
Three months ended 31 March 2012			
1 January 2012	146,573	55,877	202,450
Additions	-	395	395
31 March 2012 – unaudited	146,573	56,272	202,845
Three months ended 31 March 2013			
1 January 2013	159,218	56,698	215,916
Additions	-	2,091	2,091
31 March 2013 – unaudited	159,218	58,789	218,007

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	-	-	30,893	30,893
Reversal of accruals	-	-	(166)	(166)
Provision for impairment	-	(49,492)	(920)	(50,412)
Reversal of impairment	-	5,113	3,642	8,755
Borrowing costs capitalised	-	-	719	719
Transfers	-	244,094	(244,094)	-
Sales	-	(46,127)	-	(46,127)
31 March 2012 – unaudited	240,000	822,887	1,027,482	2,090,369
1 January 2013	240,000	796,212	934,066	1,970,278
Additions	-	-	26,839	26,839
Provision for impairment	-	(61,418)	(32,144)	(93,562)
Reversal of impairment	-	26,125	-	26,125
Borrowing costs capitalised	-	-	148	148
Transfers	-	176,584	(176,584)	-
Sales	-	(83,121)	-	(83,121)
31 March 2013 – unaudited	240,000	854,382	752,325	1,846,707

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2013 (continued)

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:

	Three months ended 31 March 2013 AED'000	Three months ended 31 March 2012 AED'000
	(Unaudited)	(Unaudited)
Other operating income/finance income		
A significant shareholder	134	445

(b) Remuneration of key management personnel

	Three months ended 31 March 2013 AED'000	Three months ended 31 March 2012 AED'000
	(Unaudited)	(Unaudited)
Compensation to key management personnel		
Salaries and other short term employee benefits	5,955	5,382
Termination and post employment benefits	172	150
Directors' fees	218	218
	6,345	5,750

(c) Due from related parties comprises:

	31 March 2013 AED'000	31 December 2012 AED'000
	(Unaudited)	(Audited)
Due from joint ventures	134,987	138,322
Due from other related parties	2,497,325	2,497,265
	2,632,312	2,635,587

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

At 31 March 2013, the Group had bank borrowings from a significant shareholder of AED 372,258,000 (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.

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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.

During 2012, the Company has signed an amendment to the original sale and purchase agreement whereby, with effect from 20 April 2012, the sale consideration has been reduced by AED 731 million, as a result of the purchaser's commitment to settle this balance on demand in cash or 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:

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

9 BORROWINGS

	31 March 2013 AED'000	31 December 2012 AED'000
	(Unaudited)	(Audited)
Non-current		
Islamic finance obligations	200,000	446,871
Other Islamic borrowings	107,580	1,971
	307,580	448,842
Current		
Islamic finance obligations	549,154	302,283
Other Islamic borrowings	30,010	136,325
	579,164	438,608
Total borrowings	886,744	887,450

9 BORROWINGS (continued)

	Islamic finance obligations AED'000	Other Islamic borrowings AED'000	Total AED'000
1 January 2012	764,167	151,381	915,548
Additions	-	3,028	3,028
Repayments	(19,833)	(770)	(20,603)
31 March 2012 – Unaudited	744,334	153,639	897,973
1 January 2013	749,154	138,296	887,450
Repayments	-	(706)	(706)
31 March 2013 – Unaudited	749,154	137,590	886,744

The Islamic finance obligations represent Ijarah 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 other Islamic borrowings include an overdraft facility amounting to AED 132,797,000 (2012: AED 132,815,000) 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 three months ended 31 March 2013, the Group has signed a restructuring agreement with the bank (subject to certain conditions), whereby the overdraft 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 372,258,000 (2012: AED 377,739,000) obtained from the significant shareholder.

10 REVENUE

	Three months ended 31 March	
	2013 AED'000	2012 AED'000
	(Unaudited)	
Sale of properties	82,997	44,433
Forfeiture income	97,215	78,704
Facilities management	6,572	8,704
Property management	8,027	7,435
Contract revenue	2,213	7,215
Leasing	6,824	3,260
Others	-	150
	203,848	149,901

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2013 (continued)

11 DIRECT COSTS

	Three months ended 31 March	
	2013	**2012**
	AED'000	**AED'000**
	(Unaudited)	
Cost of properties sold	83,121	46,127
Provision for impairment, net	67,437	41,657
Contract costs	1,205	8,271
Facilities management	2,013	4,045
Leasing	1,267	1,227
Others	24	436
	155,067	101,763

12 CASH FLOWS FROM OPERATING ACTIVITIES

	Three months ended 31 March	
	2013	**2012**
	AED'000	**AED'000**
	(Unaudited)	(Unaudited)
Profit before income tax	19,410	9,387
Adjustment for		
Depreciation	1,171	1,752
Provision for employees' end of service benefits	352	459
Provision/(reversal) of provision for doubtful debts	179	(1,026)
Provision for impairment	67,437	41,656
Finance income	(496)	(2,696)
Finance costs	7,326	13,573
Share of results from Associates and Joint Ventures	(1,466)	3,364
Gain on disposal of property and equipment	(3)	(117)
Payment of employees' end of service benefits	(204)	(251)
Payment of taxes	-	(2,728)
Increase in non-current trade and other receivables	(1,798)	20,870
Decrease in non-current retentions payable	(8,843)	(21,232)
Changes in working capital:		
Property held for development and sale net of project cost accruals	56,134	14,682
Trade and other receivables	5,751	(25,075)
Inventories	(430)	598
Due from related parties	3,275	25
Retentions payable	1,691	30,323
Advances from customers	(127,041)	99,117
Trade and other payables	(11,287)	(197,314)
Due to related parties	(347)	136
Net cash generated from/(used in) operating activities	**10,811**	**(14,497)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2013 (continued)

13 COMMITMENTS

At 31 March 2013, the Group had total commitments of AED 382,333,000 (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).

14 CONTINGENT LIABILITIES

At 31 March 2013, the Group had contingent liabilities in respect of performance and other guarantees issued by a bank on behalf of one of the subsidiaries in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 27,461,000 (31 December 2012: AED 27,227,000).