DEYAAR DEVELOPMENT PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 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 September 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended. Management is responsible for the preparation and fair 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

28 October 2013

Paul Suddaby

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

INTERIM CONSOLIDATED BALANCE SHEET

	Note	30 September 2013 AED'000	31 December 2012 AED'000
			As restated
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property and equipment		27,646	35,550
Investment property	6	252,618	215,916
Trade and other receivables		38,244	3,573
Investments in joint ventures and associates		964,208	1,163,148
Available-for-sale financial assets		22,852	20,517
		1,305,568	1,438,704
Current assets			
Property held for development and sale	7	1,865,525	1,970,278
Inventories		1,542	6,378
Due from related parties	8	2,632,887	2,635,587
Trade and other receivables		112,426	217,010
Cash and bank balances		286,310	203,655
		4,898,690	5,032,908
Assets classified as held for sale	9	133,297	-
Total assets		6,337,555	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		3,517	1,182
Accumulated losses		(1,937,928)	(2,025,076)
Total equity		3,994,344	3,904,861
LIABILITIES			
Non-current liabilities			
Borrowings	10	518,989	448,842
Retentions payable		36,586	25,089
Advances from customers		114,405	114,405
Provision for employees' end of service benefits		7,715	8,502
		677,695	596,838
Current liabilities			
Borrowings	10	327,006	438,608
Trade and other payables		766,756	801,598
Retentions payable		43,873	74,602
Advances from customers		511,211	640,459
Due to related parties	8	16,670	14,646
		1,665,516	1,969,913
Total liabilities		2,343,211	2,566,751
Total equity and liabilities		6,337,555	6,471,612

This interim condensed consolidated financial information was approved by the Board of Directors on 28th Oct 2013 and signed on its behalf by:

....
Saeed Al Qatami
Chief Executive Officer

....
Hawary H. Marshad
Chief Financial Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the nine months ended 30 September 2013

	Note	Nine months ended 30 September 2013 AED'000	Nine months ended 30 September 2012 AED'000 As restated	Three months ended 30 September 2013 AED'000	Three months ended 30 September 2012 AED'000 As restated
		(Unaudited)		(Unaudited)	
Revenue	11	401,252	430,832	103,793	137,441
Direct costs	12	(206,403)	(276,798)	(49,174)	(92,119)
Gross profit		**194,849**	**154,034**	**54,619**	**45,322**
Other operating income		3,519	4,452	775	952
General and administrative		(81,051)	(85,558)	(28,487)	(26,961)
Gain from fair value adjustment on investment property	6	36,585	-	-	-
Gain on disposal of a subsidiary		27,679	-	27,679	-
Operating profit		**181,581**	**72,928**	**54,586**	**19,313**
Finance cost		(31,410)	(43,536)	(12,049)	(15,153)
Finance income		2,540	4,166	1,577	767
Finance costs – net		**(28,870)**	**(39,370)**	**(10,472)**	**(14,386)**
Share of results from joint ventures and associates		(7,865)	(406)	(3,632)	205
Provision for impairment of joint ventures and associates		(57,698)	-	-	-
Profit for the period		**87,148**	**33,152**	**40,482**	**5,132**
Earnings per share attributable to the equity holders of the Company during the period – basic and diluted		**Fils 1.51**	**Fils 0.57**	**Fils 0.70**	**Fils 0.09**

The notes on pages 7 to 18 are an integral part of this interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 September 2013

	Nine months ended		Three months ended	
	30 September 2013 AED'000	30 September 2012 AED'000	30 September 2013 AED'000	30 September 2012 AED'000
	(Unaudited)		(Unaudited)	
Profit for the period	**87,148**	**33,152**	**40,482**	**5,132**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	-	4,771	-	1,531
Change in fair value of available-for-sale financial assets	2,335	-	729	-
Total comprehensive income for the period	**89,483**	**37,923**	**41,211**	**6,663**

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	-	-	-	-	33,152	33,152
Other comprehensive income	-	-	4,771	-	-	4,771
Balance at 30 September 2012 (unaudited)	**5,778,000**	**172,256**	**(27,511)**	**172**	**(2,024,518)**	**3,898,399**
At 1 January 2013	5,778,000	178,267	(27,512)	1,182	(2,025,076)	3,904,861
Profit for the period	-	-	-	-	87,148	87,148
Other comprehensive income	-	-	-	2,335	-	2,335
Balance at 30 September 2013 (unaudited)	**5,778,000**	**178,267**	**(27,512)**	**3,517**	**(1,937,928)**	**3,994,344**

The notes on pages 7 to 18 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2013

	Note	Nine months ended 30 September 2013 AED'000 (Unaudited)	2012 AED'000 As restated (Unaudited)
Cash flows from operating activities			
Net cash generated from operating activities	13	**152,597**	**8,319**
Cash flows from investing activities			
Payments to acquire property and equipment		(7,236)	(483)
Proceeds from sale of property and equipment		5	372
Additions to investment property - net		(117)	(773)
Term deposits maturing after three months		-	479
Income from fixed deposits		2,155	4,166
Net cash (used in)/generated from investing activities		**(5,193)**	**3,761**
Cash flows from financing activities			
Proceeds from borrowings including conversion of overdraft		124,586	26,771
Repayment of borrowings		(41,886)	(24,397)
Finance costs paid		(19,008)	(43,536)
Net cash generated from/(used in) financing activities		**63,692**	**(41,162)**
Net increase/(decrease) in cash and cash equivalents		**211,096**	**(29,082)**
Cash and cash equivalents, beginning of the period		50,842	107,971
Exchange loss on cash and cash equivalents		-	38
Cash and cash equivalents transferred to subsidiary disposed of		4,372	-
Cash and cash equivalents, end of the period		**266,310**	**78,927**

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

		2013	2012
Cash on hand		1,175	421
Current accounts		123,997	49,998
Fixed deposits maturing before three months		161,138	177,921
Cash and bank balances		**286,310**	**228,340**
Less : Deposit maturing after three months		(20,000)	(20,282)
Less: Islamic financing		-	(129,131)
Cash and cash equivalents		**266,310**	**78,927**

The notes on pages 7 to 18 are an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 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.

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.

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

IFRS 11, 'Joint Arrangements' (continued)

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 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 September 2013 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 NINE MONTHS ENDED 30 SEPTEMBER 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 NINE MONTHS ENDED 30 SEPTEMBER 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 September 2012 are as follows:

	Nine months ended 30 September 2012 (previously reported) AED'000	Change in accounting policy AED'000	Nine months ended 30 September 2012 (restated) AED'000	Three months ended 30 September 2012 (previously reported) AED'000	Change in accounting policy AED'000	Three months ended 30 September 2012 (restated) AED'000
Revenue	430,832	-	430,832	137,441	-	137,441
Direct costs	(276,798)	-	(276,798)	(92,119)	-	(92,119)
Gross profit	**154,034**	-	**154,034**	**45,322**	-	**45,322**
Other operating income/(expense)	4,452	-	4,452	952	-	952
General and administrative	(85,153)	(405)	(85,558)	(26,843)	(118)	(26,961)
Operating profit	**73,333**	**(405)**	**72,928**	**19,431**	**(118)**	**19,313**
Finance cost	(47,999)	4,463	(43,536)	(16,662)	1,509	(15,153)
Finance income	7,769	(3,603)	4,166	2,097	(1,330)	767
Finance cost, net	**(40,230)**	**860**	**(39,370)**	**(14,565)**	**179**	**(14,386)**
Share of results from joint ventures and associates	828	(1,234)	(406)	525	(320)	205
Profit before Income Tax	**33,931**	**(779)**	**33,152**	**5,391**	**(259)**	**5,132**
Income tax expense	(779)	779	-	(259)	259	-
Profit for the period	**33,152**	-	**33,152**	**5,132**	-	**5,132**

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

2.2 Significant accounting policies (continued)

Disposal of a subsidiary

On 26 December 2012, the Board of Directors of the Company decided to liquidate a wholly owned subsidiary, Omega Engineering LLC ("Omega"). Accordingly, on 29 August 2013, the Department of Economic Development issued a liquidation certificate and the Company effectively ceased control of Omega.

The revenue and results for the period ended 29 August 2013 and net assets of Omega at that date were as follows:

	29 August 2013 AED'000
	(Unaudited)
Total assets	15,536
Total liabilities	132,957
Net liabilities	117,421
Investment in Omega impaired by the Company	(10,000)
Receivables from Omega impaired by the Company	(77,187)
Provision for liabilities recorded following the disposal	(2,555)
Net gain on disposal	27,679

	For the period ended 29 August 2013 AED'000
	(Unaudited)
Revenue	4,004
Loss for the period	-

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.

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

4 FINANCIAL RISK MANAGEMENT (continued)

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.

5 SEGMENTAL INFORMATION

Operating segments:

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)	
Nine months ended 30 September 2013				
Segment revenues – external	350,842	4,004	46,406	401,252
Segment profit	69,534	-	17,614	87,148
As at 30 September 2013				
Segment assets	6,256,099	-	81,456	6,337,555
Nine months ended 30 September 2012				
Segment revenues – external	372,823	16,628	41,381	430,832
Segment profit/(loss)	24,934	(7,857)	16,075	33,152
As at 30 September 2012				
Segment assets	6,439,697	43,736	71,308	6,554,741

Geographic information

No revenues from properties outside the United Arab Emirates were earned during the nine months ended 30 September 2013 and during the nine months ended 30 September 2012. Total assets located outside the United Arab Emirates amount to AED 107,068,000 (31 December 2012: AED 98,871,000).

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

6 INVESTMENT PROPERTY

	Land AED'000	Buildings AED'000	Total AED'000
Nine months euded 30 September 2012			
1 January 2012	146,573	55,877	202,450
Additions	-	773	773
30 September 2012 – unaudited	146,573	56,650	203,223
Nine months ended 30 September 2013			
1 January 2013	159,218	56,698	215,916
Additions	-	117	117
Gain from fair value adjustments	36,585	-	36,585
30 September 2013 – unaudited	195,803	56,815	252,618

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	-	-	106,760	106,760
Provision for impairment	-	(137,720)	-	(137,720)
Reversal of impairment	-	34,572	26,171	60,743
Borrowing costs capitalised	-	-	1,475	1,475
Transfers	-	474,693	(474,693)	-
Sales	-	(174,772)	-	(174,772)
30 September 2012 – unaudited	240,000	866,072	897,121	2,003,193
1 January 2013	240,000	796,212	934,066	1,970,278
Additions	3,996	-	82,232	86,228
Provision for impairment	-	(64,874)	(18,229)	(83,103)
Reversal of impairment	-	112,887	-	112,887
Borrowing costs capitalised	-	-	314	314
Transfers	-	174,855	(174,855)	-
Sales	-	(221,079)	-	(221,079)
30 September 2013 – unaudited	243,996	798,001	823,528	1,865,525

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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:

	Nine months ended 30 September 2013 AED'000	Nine months ended 30 September 2012 AED'000
	(Unaudited)	(Unaudited)
Other operating income/finance income		
A significant shareholder	521	698

(b) Remuneration of key management personnel

	Nine months ended 30 September 2013 AED'000	Nine months ended 30 September 2012 AED'000
	(Unaudited)	(Unaudited)
Compensation to key management personnel		
Salaries and other short term employee benefits	18,157	16,999
Termination and post employment benefits	556	769
Directors' fees	653	653
	19,366	18,421

(c) Due from related parties comprises:

	30 September 2013 AED'000	31 December 2012 AED'000
	(Unaudited)	(Audited)
Due from joint ventures	135,528	138,322
Due from other related parties	2,497,359	2,497,265
	2,632,887	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 30 September 2013, the Group had bank borrowings from a significant shareholder of AED 364,419,000 (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.

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

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Due from related parties comprises (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.

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 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
Current		
Due to a significant shareholder	1,637	2,347
Due to a related party	2,734	-
Due to joint ventures	12,299	12,299
	16,670	14,646

9 ASSETS CLASSIFIED AS HELD-FOR-SALE

The investment in Alarko Deyaar Real Estate Dev. Co., a joint venture, has been presented as held for sale following the approval of the Group's management and Board of Directors to sell this investment. The completion date of transaction is expected by December 2013. This asset is part of the property development segment.

10 BORROWINGS

	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
Non-current		
Islamic finance obligations	518,989	446,871
Other islamic borrowings	-	1,971
	518,989	448,842
Current		
Islamic finance obligations	327,006	302,283
Other islamic borrowings	-	136,325
	327,006	438,608
Total borrowings	845,995	887,450

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

10 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	19,978	8,462	28,440
Repayments	(22,833)	(21,542)	(44,375)
30 September 2012 – Unaudited	761,312	138,301	899,613
1 January 2013	749,154	138,296	887,450
Additions	-	8,761	8,761
Repayments	(32,254)	(9,632)	(41,886)
Borrowing related to a subsidiary disposed of	-	(8,330)	(8,330)
Transfer	129,095	(129,095)	-
30 September 2013 – Unaudited	845,995	-	845,995

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 carry 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 129,095,000 (2012: AED 129,095,000) 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 nine months ended 30 September 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 346,419,000 (2012: AED 377,739,000) obtained from the significant shareholder.

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

11 REVENUE

	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Sale of properties	223,126	188,570	76,054	28,321
Forfeiture income	104,861	169,397	3,859	86,943
Property management	25,373	22,443	6,438	7,224
Facilities management	21,033	18,937	7,917	5,262
Leasing	22,855	14,857	9,152	6,908
Contract revenue	4,004	16,628	373	2,783
	401,252	430,832	103,793	137,441

12 DIRECT COSTS

	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Cost of properties sold	221,079	174,772	76,781	13,823
Facilities management	10,163	10,840	4,113	4,154
(Reversal of)/provision for impairment of property held for development and sale, net	(29,784)	76,977	(33,171)	70,296
Leasing	2,767	2,968	993	1,225
Contract costs	1,993	11,131	373	2,222
Others	185	110	85	399
	206,403	276,798	49,174	92,119

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

13 CASH FLOWS FROM OPERATING ACTIVITIES

	Nine months ended 30 September	
	2013 AED'000	2012 AED'000
	(Unaudited)	As restated (Unaudited)
Profit for the period	87,148	33,152
Adjustment for		
Depreciation	8,459	4,948
Provision for employees' end of service benefits	2,542	1,997
Provision for doubtful debts	2,716	8,327
(Reversal of)/provision for impairment of property held for development and sale, net	(29,784)	76,977
Gain on disposal of subsidiary	(27,679)	-
Gain from fair value adjustments on investment property	(36,585)	-
Provision for impairment in joint ventures and associates	57,698	-
Finance income	(2,540)	(4,166)
Finance cost	31,410	43,536
Share of results from joint ventures and associates	7,865	406
Gain on disposal of property and equipment	(3)	(199)
Payment of employees' end of service benefits	(2,196)	(863)
(Increase)/decrease in non-current trade and other receivables	(34,671)	26,837
Increase/(decrease) in non-current retentions payable	11,497	(18,735)
Changes in working capital:		
Property held for development and sale net of project cost accruals	132,139	66,537
Trade and other receivables	83,492	(2,283)
Inventories	(1,542)	(21)
Due from related parties	2,700	(102,868)
Retentions payable	(28,036)	25,314
Advances from customers	(129,248)	(286,211)
Trade and other payables	15,191	135,553
Due to related parties	2,024	81
Net cash generated from operating activities	**152,597**	**8,319**

14 COMMITMENTS

At 30 September 2013, the Group had total commitments of AED 314,927,000 (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 September 2013, the Group had contingent liabilities in respect of performance and other guarantees issued by a bank on behalf of a joint venture and Omega, in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to AED 76,370,000 (31 December 2012: AED 27,227,000).

16 SUBSEQUENT EVENTS

Subsequent to the period-end the Company has signed a Sale Purchase Agreement to exit from its joint venture , Alarko Deyaar Gayrimenkul Geliştirme Anonim Şirketi ("Alarko Deyaar"), by selling its share to the other joint venture partner. The investment is currently classified as "Assets classified as held for sale".