DEYAAR DEVELOPMENT PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2011

Report on review of interim condensed consolidated financial statements

To the Board of Directors 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 of 30 June 2011 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these 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 statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

PricewaterhouseCoopers
9 August 2011

Jacques E Fakhoury
Registered Auditor Number 379
Dubai, United Arab Emirates

Deyaar Development PJSC

INTERIM CONSOLIDATED BALANCE SHEET
At 30 June 2011

	Note	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment		44,220	50,277
Investment property	6	1,343,189	1,324,686
Trade and other receivables		45,245	146,795
Goodwill		564,927	564,927
Investments in associates		277,787	288,430
Due from related parties	8	2,314,421	2,237,435
		4,589,789	4,612,550
Current assets			
Properties held for development and sale	7	2,375,740	2,662,230
Inventories		5,057	2,092
Due from related parties	8	19,283	15,541
Trade and other receivables		446,096	382,177
Cash and bank balances		367,239	442,311
		3,213,415	3,504,351
Total assets		7,803,204	8,116,901
EQUITY			
Equity attributable to owners of the parent			
Share capital		5,778,000	5,778,000
Statutory reserve		155,278	155,278
Exchange translation reserve		(16,106)	(11,127)
Accumulated losses		(1,469,048)	(1,513,468)
Total equity		4,448,124	4,408,683
LIABILITIES			
Non-current liabilities			
Borrowings	9	86,667	476,990
Trade and other payables		284,576	275,110
Retentions payable		52,338	84,615
Advances from customers		495,303	590,785
Provision for employees' end of service benefits		7,861	8,529
		926,745	1,436,029
Current liabilities			
Borrowings	9	870,400	535,265
Trade and other payables		637,478	589,728
Retentions payable		89,016	62,022
Advances from customers		816,905	1,066,741
Due to related parties	8	14,536	18,433
		2,428,335	2,272,189
Total liabilities		3,355,080	3,708,218
Total equity and liabilities		7,803,204	8,116,901

These interim condensed consolidated financial statements were approved by the Board of Directors on ___ August 2011 and signed on its behalf by:

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Chairman Acting Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 AED'000	Six months ended 30 June 2010 AED'000	Three months ended 30 June 2011 AED'000	Three months ended 30 June 2010 AED'000
		(Unaudited)		(Unaudited)	
Revenue	10	480,151	325,224	334,306	111,768
Direct costs	11	(439,872)	(365,479)	(328,096)	(136,829)
Gross profit/(loss)		**40,279**	**(40,255)**	**6,210**	**(25,061)**
Other operating income		3,654	8,899	4,063	3,779
Expenses					
General and administrative		(26,303)	(117,056)	(30,201)	(54,616)
Marketing and selling		(735)	(10,451)	(394)	-
Loss on fair valuation of investment property	6	(35,818)	(164,083)	(27,359)	(164,083)
Operating loss		**(18,923)**	**(322,946)**	**(47,681)**	**(239,981)**
Finance cost		(23,093)	(28,168)	(15,053)	(7,010)
Finance income		87,444	8,619	81,079	3,447
Finance costs – net		**64,351**	**(19,549)**	**66,026**	**(3,563)**
Share of results from associates		(280)	1,463	(257)	617
Profit/(loss) before income tax		**45,148**	**(341,032)**	**18,088**	**(242,927)**
Income tax expense		(728)	(3,020)	-	(33)
Profit/(loss) for the period		**44,420**	**(344,052)**	**18,088**	**(242,960)**
Profit/(loss) attributable to:					
Owners of the parent		44,420	(343,299)	18,088	(242,987)
Non-controlling interest		-	(753)	-	27
		44,420	**(344,052)**	**18,088**	**(242,960)**
Earnings/(loss) per share attributable to the equity holders of the company during the period – Basic and diluted		**Fils 0.77**	**Fils (5.94)**	**Fils 0.31**	**Fils (4.20)**

The notes on pages 7 to 15 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

	Six months ended		Three months ended	
	30 June 2011 AED'000	30 June 2010 AED'000	30 June 2011 AED'000	30 June 2010 AED'000
	(Unaudited)		(Unaudited)	
Profit/(loss) for the period	44,420	(344,052)	18,088	(242,960)
Other comprehensive income				
Currency translation differences	(4,979)	(5,157)	(4,640)	(3,602)
Total comprehensive profit/(loss) for the period	**39,441**	**(349,209)**	**13,448**	**(246,562)**
Attributable to				
Owners of the parent	39,441	(348,456)	13,448	(246,589)
Non-controlling interest	-	(753)	-	27
Total comprehensive profit/(loss) for the period	**39,441**	**(349,209)**	**13,448**	**(246,562)**

The notes on pages 7 to 15 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2011

	Attributable to owners of the parent						
	Share capital AED'000	Statutory reserve AED'000	Translation reserve AED'000	Retained earnings AED'000	Total equity AED'000	Non-controlling interest AED'000	Total AED'000
At 1 January 2010	5,778,000	155,278	(7,943)	812,620	6,737,955	13,724	6,751,679
Comprehensive income							
Loss for the period	-	-	-	(343,299)	(343,299)	(753)	(344,052)
Other comprehensive income							
Translation reserve	-	-	(5,157)	-	(5,157)	-	(5,157)
Balance at 30 June 2010 (unaudited)	5,778,000	155,278	(13,100)	469,321	6,389,499	12,971	6,402,470
At 1 January 2011	5,778,000	155,278	(11,127)	(1,513,468)	4,408,683	-	4,408,683
Comprehensive income							
Net profit for the period	-	-	-	44,420	44,420	-	44,420
Other comprehensive income							
Translation reserve	-	-	(4,979)		(4,979)	-	(4,979)
Balance at 30 June 2011 (unaudited)	5,778,000	155,278	(16,106)	(1,469,048)	4,448,124	-	4,448,124

The notes on pages 7 to 15 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 AED'000 (unaudited)	2010 AED'000 (unaudited)
Cash flows from operating activities			
Net cash generated by/(used in) operating activities	12	**16,977**	**(5,038)**
Cash flows from investing activities			
Payments to acquire property and equipment		(507)	(1,782)
Proceeds from sale of property and equipment		403	198
Repurchase/(investment) in associates		10,363	(813)
Additions to investment property net of project cost accruals		(30,021)	(120,359)
Term deposits maturing after three months		204,598	(22,576)
Income from deposits		5,856	7,471
Net cash generated from/(used in) investing activities		**190,692**	**(137,861)**
Cash flows from financing activities			
Net movement in borrowings		(60,555)	(136,496)
Finance costs paid		(20,233)	(53,938)
Net cash used in financing activities		**(80,788)**	**(190,434)**
Increase/(decrease) in cash and cash equivalents		**126,881**	**(333,333)**
Cash and cash equivalents, beginning of the period		62,447	452,540
Exchange losses on cash and cash equivalents		(2,721)	(2,691)
Cash and cash equivalents, end of the period		**186,607**	**116,516**

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

	2011	2010
Cash in hand	431	570
Current accounts	185,940	213,474
Fixed deposits	180,868	156,384
Cash and bank balances	**367,239**	**370,428**
Less : Deposits maturing after 3 months	(52,232)	(128,408)
Less : Bank overdrafts	(128,400)	(125,504)
Cash and cash equivalents	**186,607**	**116,516**

The notes on pages 7 to 15 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 principal activities of the company are property investment and development, brokering, managing and renting of buildings and provision of related support services.

The address of its registered office is P. O. Box 30833, Dubai, United Arab Emirates.

The accompanying interim condensed consolidated financial statements combine the activities of the company and the following subsidiaries and joint ventures (collectively referred to as the "group"):

Subsidiaries	*Principal activity*	*Country of incorporation*	*Percentage of equity*
Omega Engineering L.L.C.	Mechanical, electrical and plumbing	U.A.E.	100%
Nationwide Realtors L.L.C. *	Brokerage and other related services	U.A.E.	100%
Beirut Bay SAL*	Property investment and development	Lebanon	100%
Deyaar For Development SA*	Representative Office of Deyaar	Lebanon	100%
Deyaar (UK) Ltd*	Representative Office of Deyaar	UK	100%
Deyaar Cayman Ltd *	Investment holding company	Cayman Islands	100%
Deyaar West Asia Cooperatief U.A.*	Investment holding company	Netherlands	100%
Deyaar Development Corporation *	Property investment and development	USA	100%
Deyaar Mauritius Ltd *	Property investment and development	Mauritius	100%
Deyaar City Mauritius Ltd *	Property investment and development	Mauritius	100%
Deyaar Malaysia Sdn Bhd *	Property investment and development	Malaysia	100%
Flamingo Creek L.L.C.*	Property investment and development	U.A.E.	100%
Deyaar Hospitality L.L.C. *	Property investment and development	U.A.E.	100%
Deyaar International L.L.C. *	Property investment and development	U.A.E.	100%
Deyaar Ventures L.L.C. *	Property investment and development	U.A.E.	100%
Deyaar Property Management L.L.C. *	Property investment and development	U.A.E.	100%
Deyaar Limited *	Property investment and development	U.A.E.	100%
Deyaar Al Emarat Holding WLL *	Property investment and development	Bahrain	100%
Deyaar Al Tawassol LilTatweer Aleqare Co.*	Property investment and development	Saudi Arabia	100%
Omega Plus Building Maintenance LLC *	Facility Management Services	U.A.E.	100%

* These subsidiaries did not carry out any activities during the period.

On 5 January 2011 the company signed an agreement with the minority shareholders of Omega Engineering L.L.C to acquire the remaining 45% shares in the subsidiary for no consideration. As a result of this acquisition, the group assumed the losses of the non controlling interests and accordingly absorbed AED 21,191,000 in this respect as of 31 December 2010 in accumulated losses.

Joint ventures	*Principal activity*	*Country of incorporation*	*Percentage of equity*
Arady Development L.L.C.	Property development	U.A.E.	50%
Dubai International Development. Co. LLC *	Property development	U.A.E.	50%
Alarko Deyaar Gayrimenkul	Property development	Turkey	50%

* This joint venture did not carry out any operations during the period.

These interim condensed consolidated financial statements have been reviewed, not audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, 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 profit already recognised.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2010, except as discussed below:

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption of this amendment did not have any impact on the financial position or performance of the group.

3 ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed consolidated financial statements 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 these interim condensed consolidated financial statements, 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 2010.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The group's activities 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 statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the group's annual consolidated financial statements as at 31 December 2010.

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

4.2 Liquidity risk factors

The group monitors its risk of a possible shortage of funds using a recurring liquidity forecasting tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (continued)

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Liquidity risk factors (continued)

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 segment:

For management purposes the group is organised into three major operating segments: Property development, electrical and mechanical works and properties 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 2011				
Segment revenues – external	410,872	47,685	21,594	480,151
Segment profit/(losses)	44,100	(8,668)	8,988	44,420
As at 30 June 2011				
Segment assets	7,635,880	97,049	70,275	7,803,204
Six months ended 30 June 2010				
Segment revenues – external	173,643	128,450	23,131	325,224
Segment profit/(losses)	(351,347)	(1,634)	8,929	(344,052)
As at 30 June 2010				
Segment assets	10,361,957	211,832	67,688	10,641,477

Geographic information

Revenue earned from properties outside the United Arab Emirates amounts to AED 14,439,000 (Period ended 30 June 2010: AED 56,278,000). Total assets located outside the United Arab Emirates amount to AED 332,338,000 (31 December 2010: AED 340,661,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (continued)

6 INVESTMENT PROPERTY

	AED '000 (Unaudited)
Six months ended 30 June 2010	
1 January 2010	1,899,943
Additions	94,388
Borrowing costs capitalised	18,487
Loss on fair valuation of investment property	(164,083)
30 June 2010 – unaudited	1,848,735
Six months ended 30 June 2011	
1 January 2011	1,324,686
Additions	37,675
Borrowing costs capitalised	16,646
Loss on fair valuation of investment property	(35,818)
30 June 2011- unaudited	1,343,189

7 PROPERTIES HELD FOR DEVELOPMENT AND SALE

	Properties held for sale AED'000	Properties under construction AED'000	Land held for future development AED'000	Total AED'000
1 January 2010	542,017	2,673,692	1,611,334	4,827,043
Additions	-	100,568	6,969	107,537
Borrowing cost capitalised	-	4,503	-	4,503
Write offs	-	(825)	(22,546)	(23,371)
Sales	(138,292)	-	-	(138,292)
30 June 2010 – unaudited	403,725	2,777,938	1,595,757	4,777,420
1 January 2011	252,342	2,169,888	240,000	2,662,230
Additions	-	94,462	-	94,462
Provision / (reversal) for impairment	(58,321)	19,377	-	(38,944)
Transfers	1,099,823	(1,099,823)	-	-
Borrowing cost capitalised	682	2,375	-	3,057
Sales	(345,065)	-	-	(345,065)
30 June 2011 – unaudited	949,461	1,186,279	240,000	2,375,740

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (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 directly or indirectly by the significant shareholders or directors or over which they exercise significant management influence.

(a) Related party transactions

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

	Six months ended 30 June 2011 AED'000 (Unaudited)	Six months ended 30 June 2010 AED'000 (Unaudited)
Major shareholders		
Income on fixed deposits	1,625	1,835
Other operating income	163	200
Other related parties		
Purchases	-	6,653

(b) Remuneration of key management personnel

Compensation to key management personnel comprises:		
- Salaries and other short term employee benefits	10,100	15,443
- Termination and post employment benefits	300	448
- Director's fees	435	1,350
	10,835	17,241

	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
(c) Due from related parties comprises:		
Current		
Due from joint ventures	18,489	14,926
Due from other related parties	794	615
	19,283	15,541
Non-current		
Due from other related parties	2,314,421	2,237,435

Cash and cash equivalents include a fixed deposit amount of AED 76,590,000 (31 December 2010: 177,464,000) deposited with a major shareholder.

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Due from related parties (continued)

In the prior year, the company entered into a sale and purchase agreement with a related party to sell properties with a carrying value of AED 1,337,845,960 and rights to purchase plots amounting to AED 899,589,105.

The salient terms of and conditions of the transaction are 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 company.

(d) Due to related parties comprises:	**30 June 2011 AED'000** (Unaudited)	**31 December 2010 AED'000** (Audited)
Current		
Due to major shareholders	2,257	2,873
Due to joint ventures	12,279	12,282
Due to other related parties	-	3,278
	14,536	18,433

9 BORROWINGS

	30 June 2011 AED'000 (Unaudited)	**31 December 2010 AED'000** (Audited)
Non-current		
Islamic finance obligations	86,667	476,990
	86,667	476,990
Current		
Islamic finance obligations	461,158	401,485
Other Islamic borrowings	409,242	133,780
	870,400	535,265
Total borrowings	957,067	1,012,255

9 BORROWINGS (continued)

	Islamic finance obligations AED'000	Other Islamic borrowings AED'000	Total AED'000
Movement in borrowings are analysed as follows:			
1 January 2010	955,242	174,924	1,130,166
Additions	75,000	6,009	81,009
Repayments	(185,942)	(31,554)	(217,496)
30 June 2010 – Unaudited	844,300	149,379	993,679
1 January 2011	878,475	133,780	1,012,255
Additions	-	25,396	25,396
Repayments	(75,650)	(4,934)	(80,584)
30 June 2011 – Unaudited	802,825	154,242	957,067

The Islamic finance obligations represent Ijarah and Mudarabah facilities obtained from Dubai Islamic Bank PJSC (a related party and majority 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 4.5% to 7.4% per annum (31 December 2010: 6.5% to 7.5% per annum). The obligations are payable between one to five years. Management is in process of negotiating revised repayment plans for these obligations. At the balance sheet date, where revised repayment plans were not agreed and the group was in default, the related borrowings have therefore been classified as current.

The Islamic finance obligations include an amount of AED 417,825,000 (31 December 2010: AED 463,475,000) obtained from the majority shareholder.

Other Islamic borrowings include an overdraft facility amounting to AED 128,400,000 (31 December 2010: AED 123,034,000) with a local Islamic bank and carries an effective profit rate based on EIBOR.

Other Islamic borrowings also include loans obtained to finance the purchase of motor vehicles and equipment. The loans are secured by mortgages over the vehicles and equipment purchased. These loans carry profit at an average rate of 4.3% per annum and are repayable in equal monthly instalments over a period of three to four years.

10 REVENUE

	Six months ended 30 June 2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)
Sale of properties	397,891	195,357
Forfeiture income	81,697	15,403
Contract revenue	46,697	124,206
Property management	14,441	15,793
Facilities management	7,153	7,338
Leasing	5,937	10,957
Others	988	4,244
Properties returned	(74,653)	(48,074)
	480,151	325,224

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (continued)

11 DIRECT COSTS

	Six months ended 30 June	
	2011	**2010**
	AED'000	**AED'000**
	(unaudited)	(unaudited)
Cost of properties sold	385,235	172,937
Contract costs	46,371	118,811
Provision for impairment	38,944	-
Project costs written-off	-	89,598
Leasing	4,851	11,351
Facilities management	3,308	3,856
Others	1,333	3,571
Properties returned	(40,170)	(34,645)
	439,872	365,479

12 CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities		
Profit/(loss) before tax	45,148	(341,032)
Adjustment for		
Depreciation	4,895	5,573
Provision for employees' end of service benefits	1,437	3,403
Provision for doubtful debts	(20,604)	35,000
Impairment and write-offs	38,944	89,598
Finance income	(87,444)	(8,619)
Finance costs	23,093	28,168
Share of results from associates	280	(1,463)
Loss on fair valuation of investment properties	35,818	164,083
Loss/(gain) on disposal of property and equipment	1,266	(146)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	42,833	(25,435)
Payment of employees' end of service benefits	(2,105)	(6,196)
Increase in non-current trade and other receivables	106,152	-
Decrease in non-current retentions payable	(32,277)	(14,254)
(Decrease) / increase in non-current advances from customers	(95,482)	187,710
Changes in working capital:		
Property held for development and sale net of project cost accruals	245,734	138,126
Trade and other receivables	(45,572)	218,420
Inventories	(2,965)	2,079
Due from related parties	(3,742)	11,451
Retentions payable	26,994	-
Advances from customers	(249,836)	(321,433)
Trade and other payables	31,140	(192,792)
Due to related parties	(3,897)	(2,714)
Net cash generated by/(used in) operating activities	**16,977**	**(5,038)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (continued)

13 COMMITMENTS

At 30 June 2011, the group had commitments of AED 401,494,000 (31 December 2010: AED 451,110,000) 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 2010: AED 419,639,000).

14 CONTINGENT LIABILITIES

At June 2011, the group had contingent liabilities in respect of performance and other guarantees issued by 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 63,133,000 (31 December 2010:AED 72,003,000).

15 COMPARATIVES

Prior year figures have been reclassified to align with the current year classifications. These reclassifications do not have any impact on the results for the period or the group's net assets. The impact of these reclassifications is summarised in the table below:

	As previously stated AED'000	Reclassifications AED'000	As restated AED'000
Trade and other receivables	358,381	23,796	382,177
Due from related parties	32,323	(16,782)	15,541
Inventories	-	2,092	2,091
Trade and other payables	(580,622)	(9,106)	(589,728)
Net balance sheet impact	**(189,918)**	**-**	**(189,918)**
Revenue	275,733	49,491	325,224
Direct costs	(260,626)	(104,853)	(365,479)
Other operating income	45,838	(36,939)	8,899
Impairments and write offs	(89,598)	89,598	-
Finance income	5,916	2,703	8,619
Net income statement impact	**(22,737)**	**-**	**(22,737)**