

Deyaar Development PJSC

**Consolidated financial statements
for the year ended 31 December 2011**

Deyaar Development PJSC

Consolidated financial statements for the year ended 31 December 2011

	Pages
Independent auditor's report	1 - 2
Consolidated balance sheet	3
Consolidated statement of income	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 43



Independent auditor's report

To the shareholders of Deyaar Development PJSC

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated balance sheet as of 31 December 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standard and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Independent auditor's report (continued)

To the shareholders of Deyaar Development PJSC

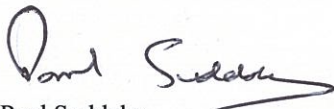
Report on other legal and regulatory requirements

Further, in case of the Company, as required by the UAE Federal Law No (8) of 1984, as amended, we report that:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the financial statements comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended and the Articles of Association of the Company;
- (iii) the Company has maintained proper books of account;and
- (iv) nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended, or of its Articles of Association which would materially affect its activities or its financial position as of 31 December 2011.

PricewaterhouseCoopers

9 February 2012



Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Consolidated balance sheet

		At 31 December	
	Note	2011 AED'000	2010 AED'000 As restated
ASSETS			
Non-current assets			
Property and equipment	5	41,661	50,277
Investment property	6	1,219,718	1,324,686
Investments in associates	7	277,205	288,430
Available-for-sale financial assets	9	19,507	-
Trade and other receivables	11	36,899	146,795
Due from related parties	12	2,394,056	2,237,435
		3,989,046	4,047,623
Current assets			
Properties held for development and sale	10	2,146,707	2,662,230
Inventories		4,875	2,092
Due from related parties	12	18,898	15,541
Trade and other receivables	11	295,073	382,177
Cash and bank balances	13	339,568	442,311
		2,805,121	3,504,351
Total assets		6,794,167	7,551,974
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	5,778,000	5,778,000
Statutory reserve	15	172,256	155,278
Exchange translation reserve		(32,282)	(11,127)
Available for sale fair valuation reserve	9	172	-
Accumulated losses		(2,057,670)	(2,078,395)
Total equity		3,860,476	3,843,756
LIABILITIES			
Non-current liabilities			
Borrowings	16	118,000	476,990
Advances from customers	17	197,967	590,785
Trade and other payables	18	294,368	275,110
Retentions payable	19	49,975	84,615
Provision for employees' end of service benefits	20	7,594	8,529
		667,904	1,436,029
Current liabilities			
Borrowings	16	797,548	554,970
Advances from customers	17	895,735	1,066,741
Trade and other payables	18	488,550	570,023
Retentions payable	19	69,541	62,022
Due to related parties	12	14,413	18,433
		2,265,787	2,272,189
Total liabilities		2,933,691	3,708,218
Total equity and liabilities		6,794,167	7,551,974

These consolidated financial statements were approved by the Board of Directors on 31 January 2012 and signed on its behalf by:

Abdulla Ali Obaïd Al Hamli
Chairman

Saeed Al Qatami
Acting Chief Executive Officer

Consolidated statement of income

	Note	Year ended 31 December	
		2011 AED'000	2010 AED'000 As restated
Revenue	21	805,871	2,777,857
Direct costs	22	(706,914)	(3,372,629)
Gross profit/(loss)		98,957	(594,772)
Other operating income	23	6,216	9,328
Expenses			
General and administrative	24	(103,837)	(408,464)
Marketing and selling		(3,050)	(9,539)
Loss on fair valuation of investment property	6	(97,534)	(805,773)
Loss on fair valuation of investment in associates	7	-	(95,785)
Impairment of goodwill	2.3	-	(968,964)
Operating loss		(99,248)	(2,873,969)
Finance cost	26	(46,769)	(42,263)
Finance income	26	188,277	17,168
Finance income/(costs), net		141,508	(25,095)
Share of results from associates	7	(863)	(2,655)
Profit/(loss) before income tax		41,397	(2,901,719)
Income tax expense		(3,694)	(3,020)
Profit/(loss) for the year		37,703	(2,904,739)
Profit/(loss) attributable to:			
Owners of the parent		37,703	(2,869,824)
Non-controlling interest		-	(34,915)
		37,703	(2,904,739)
Earnings/(loss) per share attributable to the equity holders of the Company during the year - basic and diluted	27	Fils 0.65	Fils (49.67)

Consolidated statement of comprehensive income

	Year ended 31 December	
	2011	2010
	AED'000	AED'000
		As restated
Profit/(loss) for the year	37,703	(2,904,739)
Other comprehensive income		
Exchange translation differences	(21,155)	(3,184)
Change in fair value of available-for-sale financial assets	9	-
Total comprehensive profit/(loss) for the year	16,720	(2,907,923)
Attributable to:		
Owners of the parent	16,720	(2,873,008)
Non-controlling interest	-	(34,915)
Total comprehensive profit/(loss) for the year	16,720	(2,907,923)

Consolidated statement of changes in equity

	Attributable to owners of the parent					Total equity AED'000	Non-controlling interest AED'000	Total AED'000
	Share capital AED'000	Statutory reserve AED'000	Exchange translation reserve AED'000	Available for sale fair valuation reserve AED'000	(Accumulated losses)/ retained earnings AED'000			
At 1 January 2010	5,778,000	155,278	(7,943)	-	812,620	6,737,955	13,724	6,751,679
Loss for the year – as previously reported	-	-	-	-	(2,304,897)	(2,304,897)	(34,915)	(2,339,812)
Impact of restatement (Note 2.3)	-	-	-	-	(564,927)	(564,927)	-	(564,927)
Loss for the year – as restated	-	-	-	-	(2,869,824)	(2,869,824)	(34,915)	(2,904,739)
Acquisition of non-controlling interests	-	-	-	-	(21,191)	(21,191)	21,191	-
Other comprehensive income	-	-	(3,184)	-	-	(3,184)	-	(3,184)
Balance at 31 December 2010 - as restated	5,778,000	155,278	(11,127)	-	(2,078,395)	3,843,756	-	3,843,756
Net profit for the year	-	-	-	-	37,703	37,703	-	37,703
Transfer to statutory reserve	-	16,978	-	-	(16,978)	-	-	-
Other comprehensive income	-	-	(21,155)	172	-	(20,983)	-	(20,983)
Balance at 31 December 2011	5,778,000	172,256	(32,282)	172	(2,057,670)	3,860,476	-	3,860,476

Consolidated statement of cash flows

		Year ended 31 December	
		2011	2010
	Note	AED'000	AED'000
Cash flows from operating activities			
Net cash generated/(used in) operating activities	28	72,066	(32,097)
Cash flows from investing activities			
Payments to acquire property and equipment		(1,922)	(1,941)
Proceeds from sale of property and equipment		717	330
Proceeds on reduction of share in an associate		10,362	200,000
Additions to investment property – net of project accruals		(23,162)	(235,864)
Movement in term deposits with original maturity more than three months		236,070	(150,998)
Finance income from deposits		22,398	13,156
Net cash generated from/(used in) investing activities		244,463	(175,317)
Cash flows from financing activities			
Repayment of borrowings		(140,817)	(604,745)
Proceeds from borrowings		-	509,000
Finance costs paid		(53,963)	(85,229)
Net cash used in financing activities		(194,780)	(180,974)
Increase/(decrease) in cash and cash equivalents		121,749	(388,388)
Cash and cash equivalents, beginning of the year		62,447	452,540
Exchange (loss)/gain on cash and cash equivalents		(12,827)	(1,705)
Cash and cash equivalents, end of the year		171,369	62,447

Significant non-cash transactions during the year comprises of a transfer of investment property to Emirates REIT (CEIC) Limited (“REIT”) in return of allotted shares in the REIT (Note 9).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 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 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, mechanical, electrical and plumbing works, brokering, facility and property management services.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets.

As a result of the downturn in the real estate market, the Group’s cash flows have come under pressure. The Group’s success in achieving its objectives is dependent on the realisation of the cash-flow forecasts based on a number of financial and operating assumptions. The actual outcome of these forecasts is mainly reliant on the ability of the Group to successfully roll-over maturing loans.

The Board of Directors believes that these assumptions are realistic and will enable the Group to meet its obligations as they fall due and ensure the continuity of the Group’s operations in the foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Amended standard adopted by the Group

- IAS 1, ‘Presentation of financial statements’ effective 1 January 2011, the amendment clarifies which items should be included in the statement of changes in equity; and
- IAS 24 ‘Related party disclosures’ (revised 2009), effective 1 January 2011, the revised standard clarifies and simplifies the definition of a related party.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) *Amended or revised standards and interpretations mandatory for financial years beginning 1 January 2011 but not currently relevant to the Group*

- Amendment to IFRS 1, 'First-time adoption of IFRS', effective 1 July 2010;
- Amendment to IAS 32, 'Financial instruments: Presentation – Classification of rights issues', effective 1 February 2010;
- Amendment to IFRS 7, 'Financial instruments: Disclosures' (amendment to the credit risk disclosures), effective 1 July 2011;
- Amendment to IFRIC 14, 'IAS 19, effective 1 January 2011; and
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010.

(c) *New standards, amendments and interpretation issued but not effective for the financial year beginning 1 January 2011 and not early adopted*

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities, effective 1 January 2013;
- IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company, effective 1 January 2013;
- IFRS 11, 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form, effective 1 January 2013;
- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles, effective 1 January 2013;
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs, effective 1 January 2013;
- IAS 12 (amendment), 'Deferred tax accounting for investment property at fair value', effective 1 January 2012;
- IAS 27 (revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10, effective 1 January 2013; and
- IAS 28 (revised 2011), 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11, effective 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group did not early adopt any new or amended standards in 2011.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Eliminations on consolidation

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.2 Basis of consolidation (continued)

(d) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's consolidated financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2.3 Restatement

The 2009 consolidated financial statements reflected goodwill of AED 968,964,000 arising on the acquisition of Deyaar Development PSC in 2007. At 31 December 2010, management tested this goodwill for impairment and, as a result, an impairment charge of AED 404,037,000 was recognised in 2010. During the current year, management concluded that the impairment calculation and market conditions existing at 31 December 2010 indicated that the entire goodwill balance was impaired at 31 December 2010. As a result, the consolidated financial statements for the year ended 2010 have been restated. The effect of the restatement is summarised below:

	As previously stated AED'000	Restatement AED'000	As restated AED'000
Income statement			
Impairment of goodwill	(404,037)	(564,927)	(968,964)
Loss for the year	(2,339,734)	(564,927)	(2,904,739)
Balance sheet			
Goodwill	564,927	(564,927)	-
Equity	4,408,683	(564,927)	3,843,756

At 31 December 2010, basic and diluted losses per share increased from AED (0.3989) per share to AED (0.4967) per share.

The restatement does not have an impact on the opening reserves of 2010 or on the 2009 consolidated financial statements. A balance sheet as at 31 December 2009 is, therefore, not included in these consolidated financial statements.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of income within 'other operating income or expense'.

(c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each statement of income are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Buildings	20
Leasehold improvements	4
Furniture and fixtures	4 - 5
Office equipment	4
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised within 'other income or expense' in the consolidated statement of income.

Capital work-in-progress is stated at cost and includes property that is being developed for future use. When commissioned, capital work-in-progress is transferred to the respective category, and depreciated in accordance with the Group's policy.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (see Note 2.18).

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, to reflect the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.7 Investment property (continued)

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions;
- Status of construction permits; and
- Availability of funding.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the consolidated statement of income. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of income within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to property held for development and sale. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land and goodwill, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss for an asset shall be recognised immediately in the consolidated statement of income. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less residual value over the remaining useful life.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the categories set out below. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables are classified as trade and other receivables, due from related parties, and cash and cash equivalents (Notes 11, 12 and 13) in the consolidated balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income. Dividends on available-for-sale financial assets are recognised in the consolidated statement of income as part of other income when the Group's right to receive payments is established.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired.

A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of income.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated statement of income. Impairment losses recognised in the consolidated statement of income on equity instruments are not reversed through the consolidated statement of income.

2.11 Property held for development and sale

Land and buildings identified as held for sale, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.12 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of income.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.14 Employee benefits

(a) End of service benefits to non-UAE nationals

An accrual is made for employees employed in the UAE for estimated liability for their entitlement to annual leave and leave passage as a result of services rendered up to the balance sheet date.

Provision is also made, using actuarial techniques, for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

(b) Pension and social security policy within the U.A.E

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of income, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law.

2.15 Advances from customers

Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.18 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) *Sales of properties*

Revenue from sales of properties is recognised in the consolidated statement of income when the risks and rewards of ownership are transferred to the buyer, which is deemed to take place when legal title passes to the buyer. The significant risks and rewards are deemed to be transferred when the title deed is registered in the name of the buyer, which in the case of properties, generally takes place only upon completion of construction and physical handover of the property. However, in certain circumstances, equitable interest in the property may vest in the buyer before the legal title passes and therefore the risks and rewards of ownership are transferred at that stage. In such cases, provided that the Group has no further substantial acts to complete in connection with the sale of the property, revenue is recognised when equitable interest in the property passes to the buyer.

(b) *Forfeiture income*

Forfeiture income is recognised in the consolidated statement of income when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil to the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, as per the procedures set out by the Dubai Real Estate Regulatory Authority, the customer continues to default on the contractual terms.

(c) *Contract revenue for mechanical, electrical and plumbing works*

A construction contract is defined by IAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an asset.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition (continued)

(d) Service revenue

Revenue from services such as property management and facilities management is recognised in the accounting period in which the services are rendered.

(e) Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Interest income

Interest income is recognised in the consolidated statement of income on a time-proportion basis using the effective interest method.

(g) Dividend income

Dividend income is recognised when the right to receive the dividend is established.

2.21 Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to operations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.24 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) *Market risk*

(i) *Currency risk*

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's exposure to foreign currency risk is primarily limited to its investment in foreign subsidiaries. The significant net assets (liabilities) of foreign subsidiaries are as follows:

	2011 AED'000	2010 AED'000
Lebanese Pound	(3,428)	(2,700)
Turkish Lira	(25,999)	(33,790)
Kazakhstan Tenge	(29,161)	(30,503)
British Pound	(1,432)	(1,367)
US Dollar	(130,167)	(93,999)

Any variation in exchange rates between the currencies and AED will result in recognition of foreign currency reserve in equity on the opening net investment. It will also result in a change in the rate used for recording of income, expenses and profit in the consolidated financial statements of the next year.

(ii) *Price risk*

The Group is exposed to equity securities price risk through investments held by the Group and classified as available-for-sale. The Group is not exposed to commodity price risk.

(iii) *Cash flow and fair value interest rate risk*

The Group has an insignificant interest rate risk arising from interest bearing bank deposits. Bank deposits are placed with banks offering favourable rates. The Group's interest rate risk arises from its interest bearing liabilities.

At 31 December 2011, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 9,633,000 lower/higher (2010: loss for the year would have been AED 10,811,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, due from related parties, and bank deposits. Trade receivables are made to customers with an appropriate credit history. The Group has no other significant concentrations of credit risk. Bank deposits are limited to high-credit-quality financial institutions.

The table below presents an analysis of short term bank deposits and cash and cash equivalents by rating agency designation at the end of reporting period based on Moody's ratings or its equivalent for the main banking relationships:

	Rating	2011 AED'000	2010 AED'000
Counterparty 1	A2	539	576
Counterparty 2	A2	74	73
Counterparty 3	A3	27	86
Counterparty 4	Baa1	80	-
Counterparty 5	Baa2	28	58
Counterparty 6	Ba3	275,407	378,119
Counterparty 7	Ba3	244	323
Counterparty not rated		62,732	62,501
		339,131	441,736

The table above excludes cash in hand amounting to AED 437,000 (2010: AED 575,000).

(c) Liquidity risk

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. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Within 1 year AED'000	2 to 5 years AED'000	More than 5 years AED'000
As at 31 December 2011			
Islamic finance facilities	684,214	131,337	-
Other borrowings	165,762	-	-
Trade and other payables	488,550	396,888	-
Retention payables	69,541	49,975	-
Due to related parties	14,413	-	-
	1,422,480	578,200	
As at 31 December 2010			
Islamic finance facilities	424,136	536,062	-
Other borrowings	168,066	-	-
Trade and other payables	570,023	-	396,888
Retention payables	62,022	84,615	-
Due to related parties	18,433	-	-
	1,242,680	620,677	396,888

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December were as follows:

	2011 AED'000	2010 AED'000
Total borrowings (Note 16)	915,548	1,031,960
Less: cash and bank balances (Note 13)	(339,568)	(442,311)
Net debt	575,980	589,649
Total equity	3,860,476	3,843,756
Total capital	4,436,456	4,433,405
Gearing ratio	13%	13%

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

3 Financial risk management (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2011				
Available-for-sale financial assets	-	-	19,507	19,507
As at 31 December 2010				
Available-for-sale financial assets	-	-	-	-

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the consolidated statement of income. The Group engaged independent valuation specialists to determine the fair values of investment properties as at 31 December 2011. For investment properties under construction, management used a valuation technique based on a discounted cash flow model, as there is a lack of comparable market data because of the nature of the properties.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

4 Critical accounting estimates and judgments (continued)

4.1 Critical accounting estimates and assumptions (continued)

(a) Valuation of investment property (continued)

For investment property under construction or development and measured at fair value, the estimated period from 31 December 2011 to completion is 1 year. If the period to completion was to increase by 1 year, the impact on the fair value would be an estimated decrease of AED 72,251,000 with a corresponding effect to the consolidated statement of income.

The future rental rates were estimated depending on the actual location, type and quality of the properties, and taking into account market data and projections at the valuation date. Were the market rentals assumed in the discounted cash flow analysis to increase or decrease by 10% from management's estimate, the carrying amount of investment property that are valued by the discounted cash flow method (DCF) would be an estimated AED 144,373,000 higher or lower, respectively.

Were the discount rate used in the DCF analysis to increase by 10%, the carrying amount of investment property would be an estimated decrease of AED 167,502,000 with a corresponding effect to the consolidated statement of income.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

5 Property and equipment

	Land and buildings AED'000	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Capital work- in-progress AED'000	Total AED'000
Cost							
At 1 January 2010	10,798	381	17,639	22,035	6,508	1,650	59,011
Additions	547	-	9	1,470	-	140	2,166
Disposals	-	-	(378)	-	(736)	-	(1,114)
Reversal of accruals	-	-	-	-	-	(226)	(226)
Transfers from investment properties (note 6)	24,500	-	-	-	-	-	24,500
At 31 December 2010	35,845	381	17,270	23,505	5,772	1,564	84,337
Additions	1,253	-	69	584	-	16	1,922
Disposals	-	-	(10,028)	(120)	(3,480)	-	(13,628)
Transfers	-	-	-	1,580	-	(1,580)	-
At 31 December 2011	37,098	381	7,311	25,549	2,292	-	72,631
Depreciation							
At 1 January 2010	405	353	10,361	9,700	3,469	-	24,288
Charge for the year	740	22	3,599	4,996	1,402	-	10,759
Disposals	-	-	(342)	-	(645)	-	(987)
At 31 December 2010	1,145	375	13,618	14,696	4,226	-	34,060
Charge for the year	1,928	6	1,661	4,256	910	-	8,761
Disposals	-	-	(8,609)	(44)	(3,198)	-	(11,851)
At 31 December 2011	3,073	381	6,670	18,908	1,938	-	30,970
Net book amount - 31 December 2010	34,700	6	3,652	8,809	1,546	1,564	50,277
Net book amount - 31 December 2011	34,025	-	641	6,641	354	-	41,661

Buildings with a carrying value of AED 24,528,000 (2010: AED 24,779,000) are mortgaged under Islamic finance obligations (Note 16).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

5 Property and equipment (continued)

	Year ended 31 December 2011 AED'000	Year ended 31 December 2010 AED'000
Depreciation charge is included under:		
Direct costs	1,334	2,117
General and administrative expenses (Note 24)	7,427	8,642
	8,761	10,759

6 Investment property

	Land AED'000	Buildings AED'000	Capital work- in-progress AED'000	Total AED'000
1 January 2010	366,905	123,705	1,451,333	1,941,943
Additions	3,795	38,469	135,935	178,199
Reversal of accruals	(2,197)	-	-	(2,197)
Capitalised borrowing costs (Note 26)	-	-	37,014	37,014
Transfer to property and equipment (Note 5)	-	(24,500)	-	(24,500)
Net loss from fair value adjustments on investment property	(86,429)	(47,189)	(672,155)	(805,773)
31 December 2010	282,074	90,485	952,127	1,324,686
Additions	-	1,512	-	1,512
Reversal of accruals	(5,360)	(431)	(7,348)	(13,139)
Capitalised borrowing costs (Note 26)	-	-	30,293	30,293
Transfer to a real estate investment trust (Note 9)	-	(19,335)	-	(19,335)
Transfer to a related party	-	(6,765)	-	(6,765)
Net loss from fair value adjustments on investment property	(11,482)	(9,616)	(76,436)	(97,534)
31 December 2011	265,232	55,850	898,636	1,219,718

The Group determined that the fair value of all of its investment properties under construction at 31 December 2011 were reliably determinable on a continuing basis. The investment property under construction has been internally determined using a valuation technique, as there is a lack of comparable market data because of the nature of the property. The valuation was based on a discounted cash flow model supported by current market rents for similar properties in the same location adjusted to reflect the level of completion of construction of these properties.

At 31 December 2011, the Group did not have any un-provided contractual obligations for future repairs and maintenance.

Bank borrowings are secured on investment property to the value of AED 106,952,000 (2010: AED 112,150,000) (Note 16).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

6 Investment property (continued)

The following amounts have been recognised in the consolidated statement of income in respect of investment property:

	2011 AED'000	2010 AED'000
Rental income (Note 21)	1,885	1,080
Direct operating expenses arising from investment properties under lease	(756)	(44)
	1,129	1,036

7 Investments in associates

	2011 AED'000	2010 AED'000
At 1 January	288,430	586,870
Share of loss	(863)	(2,655)
Impairment	-	(95,785)
Capital reduction	(10,362)	(200,000)
At 31 December	277,205	288,430

The Group has a 22.72% interest in SI Al Zorah Equity Investments Inc ('Al Zorah Equity'), a company registered in the Cayman Islands. The associate is a holding company investing in companies engaged in property development.

The Group has a 40% interest in Landmark Properties LLC ('Landmark Properties'), a company registered in the United Arab Emirates which is involved in real estate brokerage.

Summarised financial information relating to the Group's share of its associates is as follows:

Name	% interest held	Assets AED'000	Liabilities AED'000	Revenue AED'000	Net profit/(loss) AED'000
31 December 2010					
Al Zorah	22.72	265,750	54,880	8,613	647
Landmark properties	40	17,295	9,735	3,518	(3,302)
		283,045	(64,615)	12,131	(2,655)
31 December 2011					
Al Zorah	22.72	254,020	(50,350)	3,983	1,801
Landmark properties	40	14,174	(9,295)	3,286	(2,664)
		268,194	(59,645)	7,269	(863)

The excess of carrying amount over the share of net assets represent premiums paid by the Group at the time of acquisition of the investments. As a result of the impairment analysis, an impairment charge of AED Nil (2010: AED 95,785,000) has been recognised.

The Group's share of its associates' commitments amounts to AED 11,986,000 (2010: AED 5,198,000).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

8 Investments in joint ventures

The Group has a 50% interest in the following joint ventures, which are engaged in property development. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint ventures. They also include consolidation adjustments made at the Group's level to ensure uniform accounting policies. They are included in the consolidated balance sheet and statement of income of the Group:

Name	% interest held	Non-current assets AED'000	Current assets AED'000	Non-current liabilities AED'000	Current liabilities AED'000	Net profit / (loss) AED'000
31 December 2010						
Arady Development LLC Dubai International Development Co. LLC (*)	50	952,114	67,659	346	576,717	(680,547)
Alarko Deyaar Gayrimenkul	50	-	150	-	-	(1)
	50	104,610	80,272	-	17	31,976
		1,056,724	148,081	346	576,734	(648,572)
31 December 2011						
Arady Development LLC Dubai International Development Co. LLC (*)	50	940,576	35,216	6,535	528,689	(31,013)
Alarko Deyaar Gayrimenkul	50	-	150	-	-	-
	50	117,811	79,489	-	5	33,524
		1,058,387	114,855	6,535	528,694	(2,511)

The Group's proportionate share in joint ventures commitments is AED 292,659,000 (2010: AED 187,375,000).

(*) This joint venture did not carry out any operations during the year.

9 Available-for-sale financial assets

	2011 AED'000	2010 AED'000
Transfer from investment property (Note 6)	19,335	-
Change in fair value	172	-
31 December	19,507	-

During the year, the Group contributed investment property to Emirates REIT (CEIC) Limited as its investment. Fair valuation gain of AED 172,000 (2010: AED Nil) was recorded in the consolidated statement of comprehensive income.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

10 Property 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	2,669,855	5,885,564
Additions	-	281,515	28,409	309,924
Reversal of accruals	(3,540)	-	-	(3,540)
Provision for impairment (Note 22)	(58,952)	(370,544)	(68,374)	(497,870)
Land returned on cancellation of a purchase agreement	-	(419,958)	-	(419,958)
Capitalised borrowing costs (Note 26)	-	9,341	-	9,341
Write offs	-	(4,158)	(152,455)	(156,613)
Sales net of returns	(227,183)	-	(2,237,435)	(2,464,618)
31 December 2010	252,342	2,169,888	240,000	2,662,230
Additions	-	98,354	-	98,354
Provision for impairment (Note 22)	(113,139)	(4,294)	-	(117,433)
Reversal of impairment (Note 22)	9,363	35,777	-	45,140
Capitalised borrowing costs (Note 26)	-	5,121	-	5,121
Transfers	1,067,438	(1,067,438)	-	-
Sales net of returns (Note 22)	(546,705)	-	-	(546,705)
31 December 2011	669,299	1,237,408	240,000	2,146,707

Management's assessment of the net realisable value of the property held for development and sale resulted in a net write down of AED 72,293,000 (2010: AED 429,496,000), charged to the consolidated statement of income under 'direct costs' (Note 22).

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the current market.

A building and a plot of a land with a total carrying value of AED 277,400,000 (2010: AED 276,345,000) are mortgaged under Islamic finance obligations (Note 16).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

11 Trade and other receivables

	2011 AED'000	2010 AED'000
Trade receivables	217,387	277,639
Less: provision for impairment of trade receivables	(150,803)	(157,763)
	66,584	119,876
Retention receivables	51,051	68,582
Less: provision for impairment of retention receivables	(1,817)	-
	49,234	68,582
Advance for purchase of property	187,510	187,510
Receivable on cancelled purchase agreement	120,163	133,886
Advances to contractors	61,973	94,054
Advances to suppliers	11,799	13,254
Amounts due from customers for contract works	3,343	23,940
Other debtors	13,797	57,287
Prepayments and other receivables	5,079	18,093
Less: provision for impairment of other receivables	(187,510)	(187,510)
	216,154	340,514
	331,972	528,972
Less: current portion	(295,073)	(382,177)
Non-current portion	36,899	146,795

	2011 AED'000	2010 AED'000
Amounts due from customers for contract works are analysed as follows:		
Contract costs incurred and recognised profits	1,041,102	988,617
Less: progress billings	(1,056,802)	(966,735)
	(15,700)	21,882
Analysed as:		
Amounts due to customers for contract works (Note 18)	(19,043)	(2,058)
Amounts due from customers for contract works	3,343	23,940

	2011 AED'000	2010 AED'000
The non-current portion of trade and other receivables is analysed as follows:		
Non-current trade receivables	6,222	117,808
Non-current retention receivables	30,677	28,987
	36,899	146,795

As of 31 December 2011, trade receivables of AED 52,985,000 (2010: AED 75,244,000) were fully performing.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

11 Trade and other receivables (continued)

As of 31 December 2011, trade receivables of AED 16,942,000 (2010: AED 68,572,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 AED'000	2010 AED'000
Up to 3 months	4,461	5,369
Over 3 months	12,481	63,203
	16,942	68,572

As of 31 December 2011, trade receivables of AED 150,803,000 (2010: AED 157,763,000) were impaired and fully provided for. The individually impaired receivables mainly relate to customers who are in difficult economic situations. The ageing analysis of these trade receivables is as follows:

	2011 AED'000	2010 AED'000
Over 6 months	150,803	157,763

Movements on the Group's provision for impairment of trade receivables are as follows:

	2011 AED'000	2010 AED'000
At 1 January	157,763	80,000
Provision for impairment of trade receivables (Note 24)	18,180	80,533
Reversal	(25,140)	(2,770)
At 31 December	150,803	157,763

Movements on the Group's provision for impairment of retention receivables are as follows:

	2011 AED'000	2010 AED'000
At 1 January	-	-
Provision for impairment of retention receivables (Note 24)	1,817	-
At 31 December	1,817	-

Movements on the Group's provision for impairment of other receivables are as follows:

	2011 AED'000	2010 AED'000
At 1 January	187,510	-
Provision for impairment of other receivables (Note 24)	-	187,510
At 31 December	187,510	187,510

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

11 Trade and other receivables (continued)

The creation and release of the provision for impaired receivables have been included in the consolidated statement of income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold or post dated cheques as security.

12 Transactions and balances with related parties

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 year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2011 AED'000	2010 AED'000
A significant shareholder		
Other operating income/finance income	2,936	3,045
Transfer of investment property (Note 6)	6,765	-
Other related parties		
Purchases – other related parties	-	13,600
Transfer of investment property to a real estate investment trust and a related party (Note 6)	19,335	-

(b) Remuneration of key management personnel

	2011 AED'000	2010 AED'000
Compensation to key management personnel		
Salaries and other short term employee benefits	21,832	25,059
Termination and post employment benefits	649	703
Directors' fees	720	720
	23,201	26,482

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

12 Transactions and balances with related parties (continued)

(c) Due from related parties comprises:

	2011 AED'000	2010 AED'000
Non-current		
Due from other related party	2,394,056	2,237,435
	2,394,056	2,237,435
Current		
Due from joint ventures	17,782	14,926
Due from other related parties	1,116	615
	18,898	15,541

Cash and bank balances include a fixed deposit amount of AED 80,917,000 (31 December 2010: AED 177,464,000) deposited with Dubai Islamic Bank, a significant shareholder of the Company.

At 31 December 2011, the Group had bank borrowings from Dubai Islamic Bank of AED 390,000,000 (2010: AED 463,475,000).

In the prior year, 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 (Note 21).

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

- The sale consideration is receivable on or before 1 June 2016;
- 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
- The commitment on the remaining purchase price of the land held for development remains with the Group.

The non-current due from other related party balance represents the discounted value of the above consideration at a rate of 7% per annum. The finance income relating to its unwinding amounted to AED 156,621,000 in 2011 (Note 26).

(c) Due to related parties comprises:

	2011 AED'000	2010 AED'000
Current		
Due to a significant shareholder	2,148	2,873
Due to joint ventures	12,265	12,282
Due to other related parties	-	3,278
	14,413	18,433

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

13 Cash and bank balances

	2011 AED'000	2010 AED'000
Cash and bank balances including call deposits	154,183	158,306
Short-term fixed deposits	184,948	283,430
Cash on hand	437	575
	339,568	442,311

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2011 AED'000	2010 AED'000
Cash and bank balances	339,568	442,311
Less: bank overdraft	(147,439)	(123,034)
Less: deposits with original maturity more than three months	(20,760)	(256,830)
Cash and cash equivalents	171,369	62,447

Short-term fixed deposits have original maturities of three months or less. Short-term fixed and call deposits bear interest ranging from 0.20% to 3.125% per annum (2010: 0.27 to 3.75% per annum).

14 Share capital

At 31 December 2011, share capital comprised of 5,778,000,000 shares of AED 1 each (2010: 5,778,000,000 shares of AED 1 each). All shares are authorised, issued and fully paid up.

15 Legal reserve

In accordance with the UAE Commercial Companies Law of 1984 (as amended) and the Company's Articles of Association, 10% of the profit for the year is transferred to a statutory reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital.

16 Borrowings

	2011 AED'000	2010 AED'000
Non-current		
Islamic finance obligations	118,000	476,990
	118,000	476,990
Current		
Islamic finance obligations	646,167	401,485
Other Islamic borrowings	151,381	153,485
	797,548	554,970
Total borrowings	915,548	1,031,960

Current borrowings include borrowings due within 12 months from the balance sheet date.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

16 Borrowings (continued)

	Islamic finance obligations AED'000	Other Islamic borrowings AED'000	Total AED'000
1 January 2010	955,242	174,924	1,130,166
Additions	509,000	11,661	520,661
Repayments	(585,767)	(33,100)	(618,867)
31 December 2010	878,475	153,485	1,031,960
Additions	-	32,186	32,186
Repayments	(114,308)	(34,290)	(148,598)
31 December 2011	764,167	151,381	915,548

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 4.5% to 9.5% per annum (31 December 2010: 6.5% to 7.5% per annum).

The Islamic finance obligations include an amount of AED 390,000,000 (2010: AED 463,475,000) obtained from the significant shareholder.

Other Islamic borrowings include an overdraft facility amounting to AED 147,439,000 (2010: AED 123,034,000) with a local Islamic bank and carries an effective profit rate based on EIBOR.

Islamic borrowings are secured by mortgages over property held for development and sale (Note 10), a building (Note 5) and an investment property (Note 6). These loans carry profit at a rate of 5.5% to 6% per annum (2010: average rate of 4.3%) and are repayable in equal monthly instalments over a period of three to five years from the date of initial draw down.

17 Advances from customers

Advances from customers represent instalments received from customers towards purchases of land and property held for development and sale of AED 1,088,038,000 (2010: AED 1,629,630,000) and towards customer contracts of AED 5,664,000 (2010: AED 27,896,000).

18 Trade and other payables

	2011 AED'000	2010 AED'000
Trade payables	106,820	129,061
Payables for purchase of land	308,348	288,531
Project cost accruals	131,835	223,768
Accrued Islamic facilities charges	49,715	40,754
Tax payable	6,880	3,020
Amounts due to customers for contract works	19,043	2,058
Other payables and accrued expenses	160,277	157,941
	782,918	845,133
Less: current portion	(488,550)	(570,023)
Non-current portion	294,368	275,110

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

19 Retentions payable

	2011 AED'000	2010 AED'000
Non-current portion	49,975	84,615
Current portion	69,541	62,022
Retentions payable	119,516	146,637

Non-current retentions are due to be paid to contractors within 1 to 5 years from the balance sheet date. The fair value of non-current retentions payable approximate to their carrying amounts as the impact of discounting is not significant.

20 Provision for employees' end of service benefits

	2011 AED'000	2010 AED'000
At 1 January	8,529	13,742
Charge for the year (Note 25)	2,208	3,547
Payments	(3,143)	(8,760)
At 31 December	7,594	8,529

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations as at 31 December 2011 and 2010, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour law. Under this method an assessment has been made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Future salary increases have been estimated on a basis consistent with the natural progression of an employee's salary in line with the Group's salary scales, past experience and market conditions. Management has assumed average increment/promotion costs of 5% (2010: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.5% (2010: 4.5%).

21 Revenue

	2011 AED'000	2010 AED'000
Sale of properties	634,723	314,611
Forfeiture income	139,545	66,208
Contract revenue	52,485	152,849
Property management	27,863	29,446
Facilities management	16,569	15,075
Leasing income on subleased property	5,931	22,895
Leasing income from investment property	1,885	1,080
Sale of plots and assignment of rights to purchased plots (Note 12)	-	2,237,435
Others	1,712	7,035
Properties returned	(74,842)	(68,777)
	805,871	2,777,857

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

22 Direct costs

	2011 AED'000	2010 AED'000
Cost of properties sold (Note 10)	587,010	277,022
Cost of plots and advance paid against purchase of plots (Note 12)	-	2,237,435
Contract costs	73,646	218,200
Write off and provision for impairment, net (Note 10)	72,293	654,483
Leasing cost on sublease property	5,064	20,236
Facilities management	6,504	8,830
Others	2,702	6,262
Properties returned (Note 10)	(40,305)	(49,839)
	706,914	3,372,629

23 Other operating income

Consolidation fees	2,043	3,519
Other operating income	4,173	5,809
	6,216	9,328

24 General and administrative expenses

Staff costs (Note 25)	56,176	56,759
Legal and professional charges	11,950	11,551
Association fees	11,108	7,184
Depreciation (Note 5)	7,427	8,642
(Reversal)/provision for impairment of trade and other receivables, net (Note 11)	(5,144)	265,273
Write-off of trade receivable	2,770	-
Loss/(gain) on sale of fixed assets	1,060	(203)
Others	18,490	59,258
	103,837	408,464

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

25 Staff costs

	2011 AED'000	2010 AED'000
Salaries and wages	43,600	51,148
End of service benefits (Note 20)	2,208	4,547
Other benefits	10,368	2,064
	56,176	56,759

26 Finance income / (costs) - net

Interest expense on bank borrowings	62,924	78,960
Interest expense on unwinding of discounted trade payables	19,258	9,658
Less: amounts capitalised on qualifying assets (Notes 6, 10)	(35,413)	(46,355)
Total finance cost	46,769	42,263
Interest income on short-term bank deposits	22,398	13,156
Interest income on unwinding of discounted receivable from a related party (Note 12)	156,621	-
Interest income on unwinding of discounted trade receivables	9,258	4,012
Total finance income	188,277	17,168
Net finance income / (costs)	141,508	(25,095)

27 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (Note 14).

	2011	2010 As restated
Profit/(loss) attributable to equity holders of the Company (AED'000)	37,703	(2,869,824)
Weighted average number of ordinary shares in issue (thousands)	5,778,000	5,778,000
Earnings/(loss) per share (AED)	0.65	(49.67)

Diluted

The Company has not issued any instruments which would have a dilutive impact on earnings/(loss) per share when exercised.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

28 Cash flow from operating activities

	2011 AED'000	2010 AED'000 As restated
Profit/(loss) before tax	41,397	(2,901,719)
Adjustment for		
Depreciation (Note 5)	8,761	10,759
Provision for employees' end of service benefits (Note 20)	2,208	3,547
(Reversal)/provision for doubtful debts (Note 24)	(5,144)	265,273
Write-off of trade receivable (Note 24)	2,770	-
Write off and provision for impairment of property held for development and sale (Note 22)	72,293	654,483
Impairment on goodwill (Note 2.3)	-	968,964
Finance income (Note 26)	(188,277)	(17,168)
Finance costs (Note 26)	46,769	42,263
Share of results from associates (Note 7)	863	2,655
Loss on fair valuation of investment properties (Note 6)	97,534	805,773
Impairment of investment in associates (Note 7)	-	95,786
Loss/(gain) on disposal of property and equipment (Note 24)	1,060	(203)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	80,234	(69,587)
Payment of employees' end of service benefits	(3,143)	(8,760)
Decrease /(increase) in non-current trade and other receivables	119,154	(113,353)
Decrease in non-current retentions payable	(34,640)	(69,329)
(Decrease)/increase in non-current advances from customers	(392,818)	72,572
Changes in working capital:		
Property held for development and sale net of project cost accruals	471,719	2,706,588
Trade and other receivables	81,151	596,708
Inventories	(2,783)	2,714
Due from related parties	(3,357)	(2,211,866)
Retentions payable	7,519	62,022
Advances from customers	(171,007)	(359,900)
Trade and other payables	(75,943)	(641,997)
Due to related parties	(4,020)	2,091
Net cash generated from/(used in) operating activities	72,066	(32,097)

29 Commitments

At 31 December 2011, the Group had total commitments of AED 489,549,000 (31 December 2010: AED 451,110,000) with respect to project related contracts issued 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).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

30 Contingent liabilities

At 31 December 2011, the Group had contingent liabilities in respect of performance and other guarantees issued by banks on behalf of one of the subsidiaries in the ordinary course of business, amounting to AED 63,133,000 (31 December 2010: AED 72,003,000).

31 Comparatives

Prior year figures have been reclassified to align with the current year classifications. With the exception of the adjustment to goodwill discussed in Note 2.3, these reclassifications do not have any impact on the results for the year 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 (current)	358,381	23,796	382,177
Due from related parties (current)	32,323	(16,782)	15,541
Inventories	-	2,092	2,092
Goodwill	564,927	(564,927)	-
Trade and other payables (current)	(580,622)	10,599	(570,023)
Borrowings	(535,265)	(19,705)	(554,970)
Accumulated losses	1,513,468	564,927	2,078,395
Net balance sheet impact - 31 December 2010	1,335,212	-	1,335,212
Revenue	2,643,153	134,704	2,777,857
Direct costs	(2,688,989)	(683,640)	(3,372,629)
Other operating income	115,974	(106,646)	9,328
Selling and general expenses	(148,767)	148,767	-
General and administrative	-	(408,464)	(408,464)
Marketing and selling	-	(9,539)	(9,539)
Impairments and write offs	(413,972)	413,972	-
Impairment of goodwill	(404,037)	(564,927)	(968,964)
Provision for doubtful debts	(73,067)	73,067	-
Provision for impairment of properties under construction	(370,544)	370,544	-
Provision for impairment of properties held for sale	(58,952)	58,952	-
Finance income	8,885	8,283	17,168
Net income statement impact - 31 December 2010	(1,390,316)	(564,927)	(1,955,243)

The above reclassifications have been made to better reflect the substance of certain transactions.

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

32 Segment 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.

	Property development activities AED'000	Electrical and mechanical works AED'000	Property and facilities management AED'000	Total AED'000
31 December 2011				
Segment revenues – external	707,243	54,197	44,431	805,871
Segment profit/(loss)	69,195	(51,434)	19,942	37,703
Segment assets	6,640,407	84,278	69,482	6,794,167
31 December 2010 – as restated				
Segment revenues – external	2,573,452	159,885	44,520	2,777,857
Segment profit/(loss)	(2,844,393)	(77,555)	17,209	(2,904,739)
Segment assets	7,380,033	108,508	63,433	7,551,974

Geographic information

Revenue earned from properties outside the United Arab Emirates amounts to AED 19,198,000 (2010: AED 56,278,000). Total assets located outside the United Arab Emirates amount to AED 315,490,000 (31 December 2010: AED 340,661,000).

Deyaar Development PJSC

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

33 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2011	Loans and receivables AED'000	Available- for-sale AED'000	Total AED'000
Assets as per the balance sheet			
Available-for-sale financial assets	-	19,507	19,507
Trade and other receivables excluding prepayments, advances to contractors and suppliers	253,120	-	253,120
Due from related parties	2,412,954	-	2,412,954
Cash and bank balances	339,568	-	339,568
	3,005,642	19,507	3,025,149

	Amortised cost AED'000	Total AED'000
Liabilities as per the balance sheet		
Trade and other payables excluding amounts due from customers on contract works	763,875	763,875
Retentions payable	119,516	119,516
Borrowings	915,548	915,548
Due to related parties	14,413	14,413
	1,813,352	1,813,352

31 December 2010	Loans and receivables AED'000	Available- for-sale AED'000	Total AED'000
Assets as per the balance sheet			
Trade and other receivables excluding prepayments, advances to contractors and suppliers	403,571	-	403,571
Due from related parties	2,252,976	-	2,252,976
Cash and bank balances	442,311	-	442,311
	3,098,858	-	3,098,858

	Amortised cost AED'000	Total AED'000
Liabilities as per the balance sheet		
Trade and other payables excluding amounts due from customers on contract works	843,075	843,075
Retentions payable	146,637	146,637
Borrowings	1,031,960	1,031,960
Due to related parties	18,433	18,433
	2,040,105	2,040,105