2012

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# DELIVERING

ANNUAL REPORT & ACCOUNTS 2012

ALDAR

# 2012 ANNUAL REPORT CONTENT



content

# CHAIRMAN'S STATEMENT

FROM A POSITION OF STRENGTH, WE LOOK NOW TO A FUTURE OF ACTIVITY AND OPPORTUNITY. OUR SHAREHOLDERS WILL BENEFIT FROM BOTH THE CONTINUED EFFORTS OF OUR EMPLOYEES TO REALISE VALUE FROM OUR SIZEABLE ASSET BASE AND FROM OUR PROPOSED MERGER WITH SOROUH THAT WILL CREATE A SIGNIFICANTLY STRONGER PLATFORM FROM WHICH TO DRIVE SUSTAINABLE GROWTH.

**Ali Eid AlMheiri**
CHAIRMAN

On behalf on the Board of Directors of Aldar Properties PJSC, I am pleased to present our annual report and financial statements for the year ended 31 December 2012.

Despite a global economic environment that continues to exhibit uncertainty, 2012 has been a significant year for Aldar. We successfully moved forward in our asset delivery and development programme, meeting a number of major milestones and reinforcing our position as Abu Dhabi's premier developer.

We are pleased to be able to report strong growth in revenue and profits of AED 1,340.7 million dirhams from a significant year of product deliveries in which 1,882 residential units and 111 land plots were completed and handed over to customers. Our investment properties and operating businesses continue to mature. From offices to leisure facilities, from schools to community retail in our residential communities, the quality of our expanding portfolio of investment properties and operational businesses really showcase the capabilities of our development and operational teams.

Looking towards the future, Aldar seeks to deliver projects that are important for the development of Abu Dhabi and its economy. We enter 2013 with a strong pipeline of projects and an increasingly robust investment portfolio that will deliver high quality results on a consistent basis over the coming years. The Company is in a strong position both financially and operationally to continue to fulfil that mandate and the expectations of its stakeholders.

I am delighted to confirm the board's recommendation to merge Aldar with Sorouh Real Estate PJSC. The proposed merger will create a stronger and more diversified company to take advantage of future opportunities in Abu Dhabi and other regional markets in the coming years. The two companies are an excellent fit. They bring together complementary assets and capabilities, diversified portfolios and an enhanced asset base and balance sheet to create a stronger entity that is best positioned for sustainable growth.

The Company will continue to focus on the creation, ownership and operation of quality residential, commercial, retail, leisure and hospitality, and educational establishments. We will continue to invest considerable effort in our core operational strengths, growing recurring revenues and fee-driven operations, to meet its objectives of delivering sustained returns for investors and creating value for all stakeholders.

During 2012, our people have again excelled. Their contribution to improvements in our operational and financial efficiency has made our results possible and, on behalf of the board, I would like to thank them.

Additionally, I would also like to thank the members of the Aldar Executive Management Team and the Board of Directors for their support during the year.

I would also like to thank our shareholders for their continued support. I extend my gratitude to our customers for the opportunities they create for us to demonstrate our commitment to growing prosperity and operating sustainably.

Finally, and on behalf of the Board and staff of Aldar, I would like to give our collective thanks to their Highnesses Sheikh Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates, Supreme Commander of the UAE Armed Forces and Ruler of Abu Dhabi, and Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, for their continued support.

Ali Eid AlMheiri
Chairman of Aldar Properties

Al Raha Beach

# CEO'S STATEMENT

ALDAR IN 2012 WAS A STRONGER, LEANER AND MORE REFINED ORGANISATION THAN EVER BEFORE WITH A SOLID FINANCIAL FOOTING AND RELIABLE CASH FLOWS THAT HAD CLEAR VISIBILITY FOR THE FUTURE. WE STARTED THE YEAR IN A STRONG POSITION TO CONTINUE ON OUR PATH OF SUSTAINABLE GROWTH AND WE MAINTAINED THAT THROUGHOUT THE YEAR.

Sami Asad
CHIEF EXECUTIVE OFFICER

Our three core operational areas of development, investment properties and operating businesses have shown impressive performance during the year.

Development management is a significant part of our operations. We are very proud of our track record of managing major developments and infrastructure on behalf of third parties and of our role as prime development partner for the Government of Abu Dhabi on projects such as Yas Waterworld, World Trade Center Abu Dhabi and Al Falah.

We are particularly proud of our work at Al Falah, the 4,857-villa community that is Abu Dhabi's largest UAE National housing programme, 1457 villas were handed over during the year as part of the ongoing programme of deliveries that will continue in 2013 and the community facilities and retail operations are in advanced stages.

Yas Waterworld Abu Dhabi was completed on schedule and handed over to the operator, Farah Leisure, at the end of the year. It is one of the region's most exciting leisure attractions. Around 700,000 visitors are expected to visit during 2013 and it is another great attraction that will significantly increase footfall on Yas Island.

The expanding portfolio of commercial offices, retail developments and community retail offerings is making a strong and growing contribution to the business. Aldar owns and manages 174,000 square meters of high quality commercial offices around Abu Dhabi, with the majority fully let and occupied on a long-term basis by Government-entities and commercial tenants. We are delighted to have agreed a joint venture with Etihad Airways to purchase the 18,000 sqm Al Noor building at Al Raha Beach, which was completed earlier this year. The building is to be leased on a long-term basis to Etihad Airways.

Our recurring profitability has been positively impacted by the growing contribution of our retail assets, notably Gardens Plaza, community retail at Al Raha Beach, Motorworld, IKEA, as well as ACE Hardware, which opened for trading on Yas Island during the year.

I'm also pleased to report excellent progress at Yas Mall, the 233,000 sqm flagship retail development on Yas Island, where both construction and our tenant-leasing programme continues to advance as scheduled. I look forward to reporting on the completion of Yas Mall in a year's time.

Operating businesses – the hotel portfolio, Aldar Academies, operative villages and leisure assets – continue to mature and we look forward to growing returns from these businesses over the coming years. The success of these evolving businesses is driven by a focus on what it is like to live, work and play within our developments and adopting a customer-centric approach lies at the heart of everything the company does.

Aldar's future strategy will continue to focus on recurrent financial performance, sustainable value creation and ensuring a flexible approach to development in order to be able to be able to take advantage of opportunities that arise. This will enable Aldar to manage its business effectively for the long-term benefit of all its stakeholders.

I would like to take this opportunity to express my appreciation to our employees for the contributions they have made during the course of 2012, to our shareholders for their ongoing support and to the communities in Abu Dhabi and internationally who host our operations.

I believe that with Aldar's financial strength, its committed workforce and our long-term projects and operations, we have set the scene for exciting achievements in 2013 and beyond.

Sami Asad
Chief Executive Officer

# ABOUT ALDAR

ALDAR IS ABU DHABI'S LEADING PROPERTY DEVELOPMENT, INVESTMENT AND MANAGEMENT COMPANY.

ALDAR CONTINUED TO DELIVER EXCELLENT OPERATIONAL AND FINANCIAL RESULTS THROUGHOUT 2012. PROJECT DELIVERIES, COMMUNITY GROWTH AND DEVELOPMENT, NEW LEASE AGREEMENTS AND OTHER OPERATIONAL ACTIVITIES WERE ALL REFLECTED IN THE COMPANY'S STRONG PERFORMANCE DURING THE YEAR.

ALDAR MOVES FORWARD INTO 2013 WITH CONFIDENCE AND DYNAMISM, AND AN IMPRESSIVE PORTFOLIO OF DEVELOPMENTS AT VARIOUS STAGES OF DESIGN OR COMPLETION, A STRONG AND HIGHLY MOTIVATED TEAM, AND A COMMITTED AND DEDICATED EXECUTIVE MANAGEMENT TEAM.

# OUR MISSION

TO CAPTURE SUSTAINABLE RETURNS FOUR OUR SHAREHOLDERS THROUGH THE INVESTMENT IN, DEVELOPMENT AND MANAGEMENT OF QUALITY REAL ESTATE ASSETS THAT FULFIL OUR CUSTOMER NEEDS WHILE OFFERING A REWARDING AND DYNAMIC WORK ENVIRONMENT FOR OUR EMPLOYEES.



# CORPORATE STRUCTURE

ALDAR, ALONG WITH ITS SUBSIDIARIES AND JOINT VENTURES, OPERATES AS A REAL ESTATE INVESTMENT, DEVELOPMENT AND MANAGEMENT GROUP. ALDAR'S OPERATIONS CAN BE BROADLY CATEGORISED INTO THE FOLLOWING AREAS:

### REAL ESTATE DEVELOPMENT

Aldar undertakes major projects including commercial and residential properties, retail developments, hotel and leisure facilities, infrastructure projects, luxury resorts and schools. Additionally, Aldar continues to generate income by providing development management services to third-party investors and government entities.

### REAL ESTATE ASSET MANAGEMENT

As part of its long-term business strategy, Aldar holds and manages selected assets within its investment portfolio, enabling it to secure long-term revenue streams and maximize long term asset value. These comprise of residential, commercial, retail, hospitality and social infrastructure assets.

### INVESTMENT IN OPERATIONAL BUSINESSES, SUBSIDIARIES & JOINT VENTURES

Aldar has direct investments in operational businesses that complement its real estate investment portfolio through a range of wholly owned subsidiaries and strategic partnerships. These investments vary from school operations to minority stakes in real estate mortgage companies in Abu Dhabi.

Yas Waterworld

# BUSINESS REVIEW

LAND BANK AVAILABLE FOR FUTURE DEVELOPMENT

| PROJECT | LAND AREA (sqm) | FREEHOLD/LEASEHOLD |
|---|---|---|
| Al Raha Beach | | |
| East | 9,182 | Freehold |
| Central and West Precinct | 3,627,417 | Freehold |
| Yas Island | | |
| Zone JA and JB Golf Estate | 139,476 | Freehold |
| Zone IB & TP | 955,318 | Freehold |
| Zone NY - North Yas | 6,120,224 | Freehold |
| Zone E (507A) | 5,343 | Freehold |
| Zone E (503) | 70,746 | Freehold |
| Zone HB | 11,265 | Freehold |
| Zone S (SM-06 Beach) | 66,477 | Freehold |
| Zone S (SM-05) | 19,049 | Freehold |
| Zone S (SM 01-04) | 24,411 | Freehold |
| Nareel Island | 707,445 | Freehold |
| Motor World | 2,711,272 | Freehold |
| Al Falah Town Centre | 2,149,717 | Freehold |
| Al Gurm - Phase II | 700,000 | Freehold |
| Al Shabhat | 253,749 | Freehold |
| Al Ain Al Mutared | 24,975 | Freehold |
| Capital City District | 51,022 | Freehold |
| Al Merief | 690,894 | Freehold |
| Eastern Mangrove | 219,459 | Freehold |
| Noor Al Ain | 86,800 | Leasehold |
| Sheibat Al Watah | 476,928 | Leasehold |
| Total | 19,121,170 | |

PROJECTS

| PROJECT | PROJECT TYPE |
|---|---|
| Noor Al Ain | Retail |
| Al Raha Beach | Mixed use (Residential, offices and retail) |
| Motor World | Mixed use (Residential, motor showrooms and retail) |
| Al Gurm - Phase II | Mixed use (Leisure and residential) |
| Al Merief (Previously Airport site) | Residential |
| Al Falah Town Centre | Mixed use (Residential and retail) |
| Al Gurm - Phase II | High-End Residential |
| Yas Island | |
| Zone JA/JB – Golf estates | Residential & golf leisure |
| Zone NY – North Yas | Residential / mixed use |
| Zone E - Yas Mall | Retail |
| Zone TP – Theme Park | Leisure |



## ABU DHABI


## AL AIN

COMPLETED PROJECTS

| PROJECT | PROJECT TYPE | COMPLETION DATE | STATUS |
|---|---|---|---|
| Al Jimi Mall | Retail | Acquisition: July 2005<br>Expansion: March 2006 | Owned and operated by Aldar |
| Diabetes Centre | Healthcare | April 2006 | Handed over to Mubadala Development Company |
| The Pearl Primary School | School | September 2007 | Owned and operated by Aldar Academies |
| Al Mamoura | Offices | Building A: December 2007<br>Building B: June 2009 | Owned and operated by Aldar |
| Al Raha Gardens | Residential | Phase 1: December 2007<br>Phase 2: June 2009 | Unit/Villa sales continue, common areas operated by Aldar |
| Etihad Plaza (Previously Abraj Towers) | Mixed Use (Residential, Offices, Retail) | Phase 1: December 2007<br>Final Phase: June 2009 | Sold to a joint venture between Aldar & Etihad Airways PJSC |
| Al Yasmina School | School | September 2008 | Owned and operated by Aldar Academies |
| Injazat Data Centre | Offices | June 2009 | Sold |
| Baniyas Towers | Offices | July 2009 | Owned and operated by Aldar |
| Al Muna Primary School | School | September 2009 | Owned and operated by Aldar Academies |
| Yas Marina Circuit | Race Track | September 2009 | Sold |
| **Aldar Hotels** | | | |
| Yas Viceroy | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Radisson Blu | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Crowne Plaza | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Rotana | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Hala Arjaan | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Park Inn | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Centro | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Staybridge Suites | Hotel | October 2009 | Owned by Aldar, operated by global brand |
| Yas Marina | Marina | October 2009 | Sold |
| Yas Infrastructure | Infrastructure | October 2009 | Sold |
| Yas Links (Yas Island) | Leisure | February 2010 | Owned and operated by Aldar |
| Al Bandar (Al Raha Beach) | Residential | September 2010 | Unit/Villa sales continue, common areas operated by Aldar |
| Al Gurm (Phase 1) | Residential | October 2010 | Unit/Villa sales continue, common areas operated by Aldar |
| HQ (Al Raha Beach) | Offices | October 2010 | Owned and operated by Aldar |
| Ferrari World Abu Dhabi (Yas Island) | Leisure | November 2010 | Sold and operated by Farah Leisure |
| Welcome Pavilion and Cascade Walk (Yas Island) | Retail/Leisure | November 2010 | Sold and operated by Farah Leisure |
| Central Market WTCAD | Retail | December 2010 | Sold |
| IKEA Yas Island | Retail | March 2011 | Owned and operated by Aldar |
| Al Zeina (Al Raha Beach) | Residential | July 2011 | Unit/Villa sales continue, common areas operated by Aldar |
| Al Muneera (Al Raha Beach) | Residential | September 2011 | Unit/Villa sales continue, common areas operated by Aldar |
| Al Bateen School | School | September 2011 | Owned and operated by Aldar Academies |
| Al Mushrif School | School | September 2011 | Owned and operated by Aldar Academies |
| Al Ain International School | School | September 2011 | Owned and operated by Aldar Academies |
| Motor World Phase 1 | Mixed Use | October 2011 | Owned and operated by Aldar |



REIMBURSABLE PROJECTS

Aldar provides development management services for third parties including Government and Government related entities. Aldar provides end-to-end project management services ranging from design, procurement, site preparation, construction to fit-outs. The project management services are being provided by Aldar for a fee and the funding of the project is provided by the third party. Major projects being undertaken on behalf of the Government are shown bellow.

| PROJECT | PROJECT TYPE |
|---|---|
| Cleveland Clinic Abu Dhabi | Healthcare |
| Sheikha Salama Mosque | Mosque |
| Al Falah | Residential |
| World Trade Center Abu Dhabi | Mixed Use (Residential, Retail, Hotel, Offices) |
| Yas Waterworld Abu Dhabi | Leisure |
| Abu Dhabi Plaza, Astana | Mixed Use (Residential, Retail, Hotel, Offices) |
| Interchanges at Al Raha Beach | Infrastructure |
| Shabhat Infrastructure | Infrastructure |
| Masdar Institution of Science & Technology | Education |
| Masdar Courtyard Offices | Commercial |
| Sheibat Al Watah Infrastructure | Infrastructure |
| Sheibat Al Watah National Housing | Residential |
| Zone K Residential Community - Yas Island | Residential |
| Abu Dhabi Science Center | Education |

Al Bateen Park

# COMPLETED PROJECTS 2012

### YAS WATERWORLD

Located right next door to Ferrari World Abu Dhabi and at the centre of Yas Island's entertainment complex, Yas Waterworld Abu Dhabi is the largest waterpark in the capital. Spread over 15 hectares, the waterpark features a thrilling range of 43 rides, slides and attractions with four completely new rides that have never been seen in a waterpark before.

Yas Waterworld Abu Dhabi›s theme is based on a legend that represents local Emirati culture and heritage. Visitors can enjoy attractions that follow the adventures of the waterpark›s main character Dana – a young Emirati girl in search of a legendary pearl that brought prosperity to her village. Building on the legend, the park has a unique pearl diving attraction that showcases the role pearl diving played in the UAE's rich history.

The park was officially opened to the public on schedule in January 2013.

### ACE HARDWARE

Another project delivered on schedule, ACE Hardware at Yas Island opened its doors for customers in August 2012. With 5,200 square meters of retail space, the UAE's second largest ACE Hardware store offers several new services including timber cutting, an outdoor garden centre paint colour centre, a café in addition to outdoor lifestyle, gardening, house & home, decorating, automotive and pet care sections.



### AL BATEEN PARK

Al Bateen Park is a residential development featuring apartments, townhouses and villas, set amongst lush landscaped surroundings and high quality recreational areas in the premier district of Al Bateen.

Residents will benefit from access to a clubhouse and swimming pool on site, as well as shops, restaurants and cafes. The site is in close proximity to amenities such as the new Aldar Academies Al Bateen School, retail shopping malls, mosques and other schools providing residents with easy access to their everyday needs.

Al Bateen Park was delivered in the fourth quarter of 2012.

### AL FALAH PHASE 1

Al Falah is a brand new community for middle income UAE national families that consists of several villages built around a town centre. This project forms part of a wider Government initiative to create more housing for the local population. Al Falah is already an attractive, functional and culturally appropriate residential community located close to the Abu Dhabi international airport.

The master plan for Al Falah provides full community facilities and extensive housing opportunities for Emirate's citizens. It will also provide integrated retail, commercial, educational, health and leisure facilities aimed at residents. The community offers its residents around 5,000 villas of varying sizes with parking and large gardens. The villages will also have schools, kindergartens, clinics, mosques, shops and parks. Al Falah will provide a high quality of life for its residents with well-designed attractive public areas, parklands and landscaping. Aldar is constructing the villages and associated infrastructure in liaison with the Urban Planning Council.

To date, a total of 2,079 villas have been handed over.

### AL WARD (AL RAHA GARDENS)

Al Ward is the latest phase of homes that were developed in Al Raha Gardens, Aldar's established residential community in Khalifa City A, Abu Dhabi.

Located at the Eastern end of Al Raha Gardens, Al Ward is made up of five bedroom villas designed in a contemporary Arabic style. All homes are designed in the Type S format seen across Al Raha Gardens, which has proved popular with owners and tenants.

Opened in 2007, Al Raha Gardens was the first freehold property development dedicated to UAE nationals in Abu Dhabi and the UAE, encompassing a number of gated residential villa precincts and schools.

Al Ward villas are to be handed over to owners in the first quarter of 2013.

# MAJOR PROJECTS 2013

## YAS ISLAND

Yas Island is Aldar's major leisure and entertainment destination and host venue for the Formula 1™ Etihad Airways Abu Dhabi Grand Prix. This flagship development is characterised by comprehensive planning, innovation and a commitment to excellence in urban design, town planning and sustainable development.

Aldar is committed to protecting Abu Dhabi's native ecology. With the project utilising 32 kilometres of the island's natural coastline, Aldar, working with His Highness Sheikh Hamdan Bin Zayed Al Nahyan, and the Environment Agency – Abu Dhabi, has planted over 100,000 mangroves on the western shores of Yas Island, covering an area of over two square kilometres.

The first phase of this project, which includes the Yas Marina Circuit, seven hotels, the Yas Marina and all related infrastructure was delivered ahead of the Formula 1™ Etihad Airways Grand Prix in November 2009. During 2009, the Group disposed of certain infrastructure and property assets at Yas Island, including Yas Marina Circuit, to the Government of Abu Dhabi under a sale purchase agreement.

The region's first links golf course, Yas Links, opened in 2010 as did Ferrari World Abu Dhabi, the world's largest indoor theme park.

Yas Island will also be home to further marinas, leisure parks, major retail locations, hotels, restaurants, and many other exciting venues and facilities. Major developments currently in progress at Yas Island are:

## YAS MALL

Yas Mall will be the heart of Aldar's retail offering at Yas Island. A regional shopping mall with 232,000 square metres of gross leasable area, Yas Mall will offer a complete shopping experience with the full spectrum of shops to suit all tastes and needs.

Adjoining Ferrari World Abu Dhabi and with easy access to Yas Island and Sheikh Khalifa Highway, Yas Mall will be a home for the world's leading brands, from volume retail to high-end designer labels. Substantial progress has been made on leasing, with in excess of 75% leased or under negotiation at year end.

Yas Mall is scheduled for completion in the first quarter of 2014.



## THE OFFICES WTCAD

Located within the southern quarter of World Trade Centre Abu Dhabi and in the heart of the Central Business District, the 59-storey office tower will become Abu Dhabi's most sought-after business address. The architecturally unparalleled tower will be home to 72,000 sq m of Grade A Premium Office Space, with staff and clients benefitting from the full range of the WTCAD amenities, including fine and casual dining, residential and hotel accommodation and secure underground car parking.

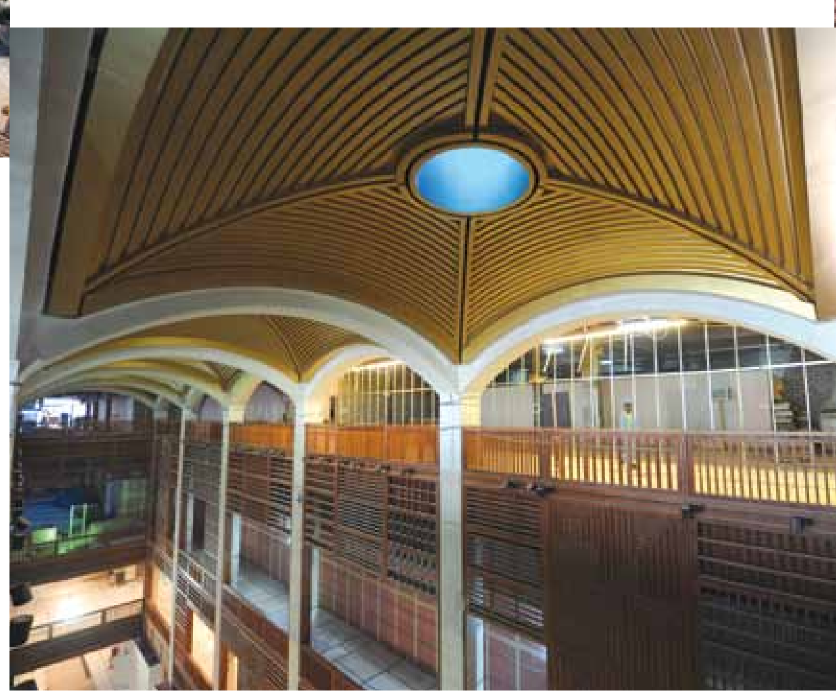
Pre-leasing of WTCAD Offices is already underway and the tower is on course for completion by end of January 2013.

## THE RESIDENCES WTCAD

With a central location and panoramic sea views, this will be Abu Dhabi's most prestigious residential address with luxurious apartments ranging from 1 to 5 bedrooms.

A diverse offering of well-appointed apartments and penthouses is complemented with lifestyle facilities, gymnasium, swimming pool and secure underground car parking.

Construction is scheduled to complete in the first half of 2013.



## THE MALL WTCAD

At The Mall at WTCAD, many retail brands are preparing to take residence once construction is completed, including Ted Baker, Bebe, Sacoor Brother's, Evita Perioni, and the first House of Fraser in the Middle East.

Set to become Abu Dhabi's high fashion destination, The Mall at WTCAD will feature 130 chic boutiques, offering a blend of local international brands, as well as food and beverage outlets and an 8-screen cinema over eight levels of cool spacious arcades diffused with natural light and greenery.

Construction is moving forward towards a completion date in April 2013.

## CLEVELAND CLINIC

The expertise of one of the most respected hospitals in the United States, along with comprehensive diagnostic facilities and treatments, will ensure that Cleveland Clinic Abu Dhabi will provide the very best in medical care for the UAE and the region.

Located on Maryah Island, this 360-bed, 22-storey healthcare facility, which is being built by Aldar for Mubadala Healthcare, will provide the most advanced medical services in the Middle East when it opens in in late 2014.

World Trade Center Abu Dhabi

# ALDAR OPERATING BUSINESSES

Yas Island

# HOTELS

ALDAR OWNS A TOTAL OF SEVEN HOTELS ON YAS ISLAND, ALL OF THEM ARE OPERATED BY LEADING GLOBAL HOSPITALITY BRANDS.

### THE YAS HOTEL YAS ISLAND

As Yas Island Abu Dhabi's premier hotel, Yas Viceroy Abu Dhabi sets the standard for exceptional service throughout its 499 impeccable rooms and suites, 12 innovative dining venues and lounges, and the sumptuous ESPA at Yas Viceroy Abu Dhabi. The interiors of this Abu Dhabi resort embody a contemporary fusion of elegance and momentum, created with sensuous curves and sleek lines.

The Yas Hotel is operated by Viceroy Hotel Group which also operates signature hotels in Santa Monica, Anguilla, Miami and Snowmass. The incredible "Gridshell"of the hotel can be seen for miles around and mimics the throw of a local fishing net, whilst the architecture embraces environment perfectly. The Gridshell comprises of 5,096 individual panes of glass which can be lit via a sophisticated LED system, programmed to provide different shades and colours across the façade of the hotel.

The hotel consists of two primary buildings; one sits in the Yas Marina, and the other on the Yas Marina Circuit. Both are connected via a link bridge which houses an executive mezzanine level for VIPs and the Rush Bar Club, Abu Dhabi's hottest new nightspot.

### CROWN PLAZA YAS ISLAND

Set along the Yas Links Abu Dhabi and the turquoise Arabian Gulf, CROWNE PLAZA Abu Dhabi Yas Island is located in the heart of one of the UAE's most exciting destinations and is within walking distance of the exciting Yas Marina Circuit, Ferrari World Abu Dhabi theme park and Yas Waterworld. The hotel hosts a delicious variety of dining options with five excellent bars and restaurants to choose from and all 428 stylish guest rooms and suites feature magnificent views. Crowne Plaza Yas Island is operated by IHG.

### STAYBRIDGE SUITES YAS ISLAND

Staybridge Suites is an extended-stay hotel for guests who are seeking an alternative to the conventional hotel experience and for longer visits. Whether relocating to the area, on a long-term project or an extended business trip, Staybridge Suites' unique mix of domestic environment and hotel services lets guests live life their way. Staybridge Suites Yas Island is operated by IHG.

### RADISSON BLU YAS ISLAND

Elegant and stylish, the guestrooms in this hotel are designed for comfort and equipped with the latest amenities. Each of the 397 guest rooms, including 30 suites offer spectacular views of the Arabian Gulf, Yas Links and Yas Marina Circuit. Radisson Blu Yas Island is operated by Rezidor.

### PARK INN YAS ISLAND

Park Inn by Radisson Abu Dhabi, Yas Island has 204 guestrooms and suites offering stunning views over Yas Links, Yas Marina Circuit and the Arabian Gulf. Guests are sure to enjoy the clean, modern design of this hotel with luxurious finishing touches. Park Inn Yas Island is operated by Rezidor.

### CENTRO YAS ISLAND

Centro is a contemporary concept that is young and fresh in its approach, original in its presentation, and dynamic in its offerings. It is designed for a new generation of travelling executives who demand both finesse and functionality at reasonable rates. Centro Yas Island is operated by Rotana.

### ROTANA YAS ISLAND

Yas Island Rotana is a 4-star deluxe hotel conveniently located on the spectacular Yas Island. The hotel offers 281 rooms and 27 suites with international flair to suit guests seeking high quality standards and personalised service. Yas Island Rotana offers six exquisite dining venues; to suit all tastes.



# SCHOOLS

## ALDAR ACADEMIES LLC

ALDAR ACADEMIES' MISSION IS TO CREATE WORLD CLASS INTERNATIONAL SCHOOLS THAT SET THE BENCHMARK FOR EXCELLENCE IN EDUCATION AND AT THE SAME TIME ARE A HOME AWAY FROM HOME FOR ALL CHILDREN. WE SEEK TO CREATE SCHOOLS THAT PROVIDE AN INSPIRING LEARNING ENVIRONMENT AT THE HEART OF OUR COMMUNITIES AND ACROSS THE EMIRATE OF ABU DHABI.

Aldar Academies' schools offer a broad and varied educational experience for pupils aged 3 to 18 years, taking into consideration local cultural requirements and differing international expectations. Across our portfolio of six schools we have capacity this academic year for 3500 pupils.

### AL YASMINA SCHOOL

Children from age 3 to 18 benefit from the best primary and secondary education at Al Yasmina School, all based on the British Curriculum, and taught by teachers with international expertise.

Located within the eastern end of the Al Raha Gardens villas complex, adjacent to Abu Dhabi Golf Club, the school currently caters for 1455 pupils.

The school opened in September 2008.

### THE PEARL PRIMARY SCHOOL

Pearl Primary was the first Aldar Academies school, set up in 2007 with a capacity of 575 students, offering Astroturf pitches, swimming pool, netball courts and sports hall and classrooms equipped with interactive whiteboards, computer suites with the latest technology and a well-stocked library.

It is a British Curriculum school in the centre of Abu Dhabi educating young minds from Foundation Stage (Kindergarten) to Year 6.

### AL MUNA PRIMARY SCHOOL

Located in downtown Abu Dhabi, and catering for 575 pupils, Al Muna's facilities include a 25-metre swimming pool, a football pitch, a netball court, a sports hall, a library and a computer suite. Al Muna also has dedicated play areas for the Foundation State, Key Stage One and Key Stage Two pupils.

### AL BATEEN SCHOOL

Al Bateen School is the secondary receiving school for the Pearl and Al Muna Schools, providing high quality education for English-speaking students from the ages of 11 to 18. It provides much-needed secondary education in a great learning environment in the Al Bateen area of Abu Dhabi Island. The school opened in September 2011.

### AL MUSHRIF SCHOOL

Al Mushrif School opened in September 2011 and provides an outstanding education for all pupils from Foundation Stage 1 to Year 6. Capacity for 2011/12 stands at 375 pupils.

To enable early opening, Al Mushrif School has been temporarily based within the Al Bateen Secondary School Campus. Beyond 2013, plans are in place for Al Mushrif School to re-locate to a new school site.

### AL AIN INTERNATIONAL SCHOOL

Al Ain International School is being developed on the site of an existing Government school, less than a kilometre from the Hilton Hotel, Al Ain.

The school opened in September 2011, with 84 pupils in its first year of operation.

Facilities will include a sports hall, theatre, full size football pitch, swimming pools, large recreation areas, computer suites, specialist classrooms, as well as more than 40 teaching classrooms.

Yas links Abu Dhabi

# GOLF

The first Links golf course in the Middle East region, Yas Links presents the kind of challenges golfers the world over dream about. Designed by Kyle Phillips, one of the world's leading golf course designers, Yas Links incorporates an eighteen-hole course, a nine-hole academy course, clubhouse, golf academy and floodlit practice facilities, all set against dramatic views of the Arabian Gulf.

Yas Links was voted as one of the world's top 25 golf courses and the number one in the Middle East by Golf Digest, the world's biggest golf magazine.




# THEME PARKS

Farah Leisure Park Management LLC (Farah) operates the region's first Ferrari theme park on Yas Island, the largest indoor park in the world and has just started operating Yas Waterworld Abu Dhabi.

# FINANCIAL REVIEW

THE FINANCIAL INFORMATION CONTAINED IN THIS REVIEW IS BASED ON THE CONSOLIDATED FINANCIAL STATEMENTS. THE NATURE AND ACCOUNTING POLICIES FOR INDIVIDUAL LINE ITEMS HAVE BEEN DETAILED IN NOTE 3 TO THE CONSOLIDATED FINANCIAL STATEMENTS. EXTRACTS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF CASH FLOWS ARE AS FOLLOWS:

| Key consolidated income statement information | 2012 AED million | 2011 AED million |
|---|---|---|
| Revenue | 11,403.9 | 6,742.6 |
| Direct costs | (8,166.3) | (5,097.1) |
| Selling and marketing expenses | (11.4) | (35.5) |
| General and administrative expenses [i]: | | |
| Staff costs | (197.9) | (243.8) |
| Depreciation and amortisation | (434.6) | (590.3) |
| Pre-opening expenses of operational businesses | - | (3.4) |
| Other general and administrative expenses | (100.5) | (132.0) |
| | (733.0) | (969.5) |
| Finance costs, net | (612.4) | (982.1) |
| Other income[ii] | 565.9 | 4,014.4 |
| Profit before impairments and fair value movements | 2,446.7 | 3,672.8 |
| Provisions for impairments/write-offs/cancellation/onerous contracts | (936.1) | (2,489.6) |
| Fair value loss on investment properties | (169.9) | (540.7) |
| | (1,106.0) | (3,030.3) |
| Profit for the year | 1,340.7 | 642.5 |



| Key consolidated statement of financial position information | 2012 AED million | 2011 AED million |
|---|---|---|
| Property, plant and equipment | 3,632.2 | 4,866.3 |
| Investment properties | 6,078.1 | 6,000.7 |
| Development work in progress | 4,222.7 | 7,133.9 |
| Trade and other receivables | 13,337.0 | 12,413.8 |
| Cash and bank balances | 2,259.8 | 4,157.7 |
| Financing[iii] | (14,014.3) | (18,295.5) |
| Advances from customers | (2,129.5) | (4,740.0) |
| Trade and other payables | (6,461.8) | (8,417.1) |
| Net assets (total assets less total liabilities) | 8,179.5 | 7,093.6 |

| Key consolidated statement of cash flows information | 2012 AED million | 2011 AED million |
|---|---|---|
| Net cash generated from operating activities | 4,471.9 | 4,300.3 |
| Net cash (used in)/generated from investing activities | (1,398.9) | 7,296.0 |
| Net cash used in financing activities | (5,434.9) | (8,873.4) |
| Cash and cash equivalents at the end of the year | 1,009.3 | 3,371.2 |
| Short term deposits and restricted balances with banks | 1,250.5 | 786.5 |
| Cash and bank balances at the end of the year | 2,259.8 | 4,157.7 |

[i] Excludes provisions for impairments /write offs/ cancellation /onerous contracts, which has been shown separately.

[ii] Includes share of profits/loss from associates and joint ventures, impairment of available for sale investments, project provisions write back and cost recoveries, profit from assets held for sale and government grant income.

[iii] Financing is defined as outstanding balances from all borrowings, convertible and non-convertible bonds.

# FINANCIAL REVIEW (continued)

Greg Fewer
Chief Financial Officer

## HIGHLIGHTS

I am pleased to report on a year of strong operational and financial performance with a net profit of AED 1,340.7 million, an increase of 108.7% compared to last year. This has led to significant growth in earnings per share of AED 0.30 compared to AED 0.15 for 2011. During 2012, we completed and delivered a number of projects resulting in consistent growth in revenue and profitability.

The Group's revenue for the year grew to AED 11,403.9 million compared to AED 6,742.6 million for the year 2011. Earnings before Interest, Depreciation and Amortisation (EBIDA) for the year was AED 2,387.6 million compared to AED 2,214.9 million for the year ended 31 December 2011. The Group has a policy to reassess the recoverable amounts and fair values of certain of its assets at the end of each reporting period and to adjust the value of its assets to reflect the prevailing market conditions. Accordingly, additional provisions for impairment and fair value losses amounting to AED 1,106.0 million were recognised during the year.

## OPERATIONAL ACHIEVEMENTS

- 1,882 residential units were handed over to the customers during the year.
- Yas Waterworld Abu Dhabi was delivered to operator Al Farah Leisure Parks on schedule with official opening on 24 January 2013.
- Development of Yas Mall is progressing as per the planned schedule. Construction of the atrium (the largest indoor atrium in the Middle East) was completed during the year and installation of the roof skylights is now underway.
- The Village Retail developments at Al Falah, Abu Dhabi's largest housing scheme for UAE Nationals, are ready for tenants to fit out.
- Entered into an agreement to sell off Al Noor building at Al Raha Beach to a newly formed joint venture with Etihad Airways.
- 80% of leasable space of HQ has been leased or under agreed head of terms.
- Increase in average occupancy of our hotel portfolio from 61% to 65% in 2012.

## MERGER

On 21 January 2013, the board of directors of Aldar (the Aldar Board) and the board of directors of Sorouh (the Sorouh Board) announced the terms of a proposed merger between Aldar and Sorouh (the Merger). The Merger, which has the unanimous support of the Aldar Board and the Sorouh Board, will, if effected, create one of the largest listed real estate companies in the MENA region. The combined businesses of Aldar and Sorouh (the Combined Group) will have a diversified portfolio of assets including significant projects under development in Abu Dhabi. The Combined Group will be the owner of one of the largest land banks in the region, 90% of which is located in investment zones.

The Aldar Board and the Sorouh Board believe that the Combined Group will offer significant benefits to all stakeholders. The Merger will bring together two complementary businesses that will have a more diversified and balanced asset portfolio, a strong balance sheet, visible high quality earnings, better access to capital markets and synergies of up to AED 110 million per annum by 2015. Customers will benefit from a broader product suite across a range of assets within the Emirate of Abu Dhabi. The Combined Group will become a stronger partner for the Government of Abu Dhabi, as it continues to deliver strategic assets and various projects for the Government.

The Merger is subject to a number of conditions, including the approval of the Merger by at least 75 per cent by value of the shares represented at the Extraordinary General Meetings of Aldar and Sorouh.

Upon completion of the Merger, the name of the Combined Group will be "Aldar Sorouh Properties PJSC". Further details about the Merger are available on the website: http://www.aldar-sorouh.com

## ANALYSIS OF INCOME STATEMENT

Significant income statement variations have been analysed individually as follows:

### REVENUE

The Group's revenue is primarily generated from the sale of land and completed properties, rental income from investment properties and income from its operational businesses. The Group earned AED 9,965.9 million from property development activities mainly from sale of land plots and completed properties. The increase compared to previous year was primarily due to revenue from sales of land and residential units to the Government of Abu Dhabi.

The recurring revenue from the Group's investment properties, operative villages and other operational businesses was AED 1,438.0 for 2012 compared to AED 1,307.4 million for 2011.

### DIRECT COSTS

Our direct operating costs include costs for infrastructure development, construction costs of projects, costs of operational businesses and direct costs incurred in the normal operating cycle of investment properties. For the year ended 31 December 2012, direct costs included AED 7,216.3 million for cost of land and completed properties sold, and AED 950.0 million as direct costs of operating businesses. The increase in direct costs is in line with the increase in revenue due to deliveries of land and units.

### GENERAL AND ADMINISTRATIVE EXPENSES (EXCLUDING DEPRECIATION, AMORTISATION AND IMPAIRMENTS)

The overall general and administrative expenses (excluding depreciation, amortisation and impairments) for the year ended 31 December 2012 were AED 298.4 million compared to AED 379.3 million for the year ended 31 December 2011. The general and administrative expenses for the year 2012 are lower by 21.3% compared to prior year primarily due to 18.8% decrease in staff costs. Other administrative expenses were also decreased by 23.8% due to effective cost control.

### FINANCE INCOME/COSTS

The Group's finance income comprises interest on bank deposits, profit on Islamic deposits and finance income from project financing. The Group's finance costs comprise interest payments on its external financing and related hedging costs.

For 2012, the Group had net finance costs of AED 612.4 million compared to net finance cost of AED 982.1 million in previous year. The decrease is in line with the reduction in Group's borrowings.

### OTHER INCOME

Other income for the period mainly includes provisions no longer required and written back due to cost recoveries.

## ANALYSIS OF FINANCIAL POSITION

Significant movements in our assets and liabilities during 2012 are explained below:

### PROPERTY, PLANT AND EQUIPMENT

The decrease in property, plant and equipment is because of depreciation and writing down of certain assets to their recoverable amount owing to the current market conditions.

### INVESTMENT PROPERTIES

Our investment properties portfolio comprises both completed properties and properties in the course of development including land. During 2012 there was an additional spend of AED 982.6 million  but certain major investment properties under development were reclassified as development work in progress, thus maintaining the value of our investment properties at almost the same level as previous year end.

The Group also performs a comprehensive review for the assessment of fair value of its investment properties at each reporting date to bring them in line with their current market values. The majority of the valuations are carried out by an independent valuer using appropriate valuation techniques. As a result, during 2012 the Group has recorded a net fair value loss of AED 169.9 million on its investment properties.

### DEVELOPMENT WORK IN PROGRESS

Development work in progress was AED 4,222.7 million as at 31 December 2012 compared to AED 7,133.9 million at 31 December 2011. During 2012, total additions (including transfers) to development work in progress were AED 779.7 million, which were offset by the costs of residential units completed and transferred to inventories and reimbursement of infrastructure.

### TRADE AND OTHER RECEIVABLES

The Group's receivables have increased by 7.4% compared to the balance at 31 December 2011 mainly due to the sale of land plots and residential units to the Government of Abu Dhabi and increase in refundable costs.

### FINANCING

The Group's external financing at 31 December 2012 has decreased to AED 14,014.3 million compared to AED 18,295.5 million mainly because of repayment of loans. During 2012, the Group successfully signed a new AED 4.0 billion revolving credit facility, which has tenor of three years. As at year end, AED 800 million was drawn from this facility and AED 3.2 billion remained undrawn.

## ANALYSIS OF CASH FLOWS

The Group had net cash inflows of AED 4,471.9 million from operating activities for 2012. This was primarily due to cash profits for the year, collections from customers and receipts from Government for the sale of land plots and refundable projects.

The Group's net cash outflows from investing activities for the year is mainly attributable to additions in investment properties and increase in restricted bank deposits.

Net cash outflows from financing activities for the year is mainly because of repayment of existing borrowings, related finance costs and profit distribution on Islamic bonds as well as payment of 2011 dividends.

Greg Fewer
Chief Financial Officer
3 February 2013

# BOARD OF DIRECTORS

## HIS EXCELLENCY MR. ALI EID ALMHEIRI, CHAIRMAN

H.E. Mr. Ali Eid AlMheiri, a UAE national, is the Executive Director of Mubadala Real Estate & Infrastructure, a Business Unit of Mubadala Development Company. He is the Chairman of Abu Dhabi Finance Company PJSC, Emirates Ship Investment Company LLC and Khadamat Facilities Management LLC. He is also on the Boards of Al Hikma Development Company PJSC and Abu Dhabi Health Services Company PJSC.

H.E. Mr. AlMheiri holds an MBA in Finance and BSc in Accountancy from the American University, USA.

## HIS EXCELLENCY DR. SULTAN AHMED AL JABER

H.E. Dr Sultan Ahmed Al Jaber a UAE national is the Chief Executive Officer and Managing Director of the Abu Dhabi Future Energy Company (Masdar). H.E. Dr. Al Jaber is the Chairman of the Abu Dhabi Ports Company, Abu Dhabi Media Investment Corporation and Sky News Arabia, and serves on the boards of the Advanced Technology Investment Company LLC and Zones Corp. He also serves as UAE Special Envoy for Energy and Climate Change.

H.E. Dr. Al Jaber holds a PhD in Business and Economics from the UK and an MBA and a BSc in Chemical Engineering from the United States.

## MR. KHALIFA SULTAN AL SUWAIDI

Mr. Khalifa Sultan Al Suwaidi a UAE national is the Executive Director of the Direct Investments Department at the Abu Dhabi Investment Council. Prior to his current position in Abu Dhabi Investment Council, Mr. Al Suwaidi was the Deputy Director of the External Funds (Americas) Department at ADIA. He is a member of the boards of National Bank of Abu Dhabi, Etihad Airways, Abu Dhabi National Insurance Co., Abu Dhabi Securities Exchange, Union National Bank (UNB), and UNB-Egypt.

Mr. Al Suwaidi is a CFA and holds an MSc in Finance and BA in Business Administration (Finance) from Seattle University, USA.

## MR. CARLOS OBEID

Mr. Carlos Obeid is the Chief Financial Officer of Mubadala Development Company. Mr. Obeid currently serves as the Chairman of the Board of Directors of Mubadala GE Capital, Viceroy Hotel Group and Mubadala CapitaLand Real Estate. He is also a Director of Yahsat, Mubadala Infrastructure Partners (MIP), Abu Dhabi Future Energy Company (Masdar), Injazat Data Systems, Al Waha Capital, Cleveland Clinic Abu Dhabi, Advanced Technology Investment Company (ATIC) and GLOBALFOUNDRIES Inc.

Mr. Obeid, a Lebanese national holds a Bachelor of Science in Electrical Engineering from American University of Beirut, Lebanon and a Masters in Business Administration from INSEAD in Fontainebleau, France.

## MR. MANSOUR MOHAMED AL MULLA

Mr. Mansour Mohamed Al Mulla, a UAE national, works as an Advisor in the Structured Finance and Capital Markets unit of Mubadala Development Company. He serves on the Boards of Abu Dhabi Finance PJSC, Abu Dhabi Ports Operating Company PJSC - (Abu Dhabi Terminals), and Al Waha Capital PJSC. He is also a member of Abu Dhabi Future Energy Company's (Masdar).

Mr. Al Mulla holds a BSc in Business Administration from Portland State University, USA.

## MR. SAEED MOHAMED AL MAZROUEI

Mr. Saeed Mohamed Al Mazrouei, a UAE national is the Director of Debt Management Office at the Department of Finance.

Mr. Mazrouei holds an MSc in International Securities Investment & Banking from Reading University (UK) and a BSc in Business Administration from Suffolk University (USA).

## MR. MARTIN LEE EDELMAN

Mr. Martin Lee Edelman a US national is an advisor to Mubadala Development Company. He has practiced law in the US for 40 years and serves on the Boards of Manchester City Football Club, Avis Budget, Capital Trust and Ashford Hospitality.

Mr. Edelman holds a BA in Politics from Princeton University and SJD in Law from Columbia University USA.



# BOARD OF DIRECTORS' REPORT

On behalf of the Board of Directors, I am delighted to present the consolidated audited financial statements of Aldar Properties PJSC and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2012.

### PRINCIPAL ACTIVITIES

The principal activities of the Group continue to be the property development, investment and management of its real estate assets including offices, malls, hotels, schools, marinas, golf course and theme parks.

### FINANCIAL RESULTS

The financial results of the Group have been presented on page 52 of these consolidated financial statements. Please also refer to financial review section for details.

### FINANCIAL STATEMENTS

The Directors reviewed and approved the consolidated financial statements of the Group for the year ended 31 December 2012.

### DIRECTORS

The Directors who served during the year are:

| | |
|---|---|
| H.E. Mr. Ali Eid AlMheiri | Chairman |
| H.E. Dr. Sultan Ahmed Al Jaber | Director |
| Mr. Khalifa Sultan Al Suwaidi | Director |
| Mr. Carlos Obeid | Director |
| Mr. Mansour Mohamed Al Mulla | Director |
| Mr. Saeed Mohamed Al Mazrouei | Director |
| Mr. Martin Lee Edelman | Director |

### RELEASE

The Directors release from liability the external auditor and management in connection with their duties for the year ended 31 December 2012.

### AUDITOR

Deloitte & Touche (M.E.) are eligible to be re-appointed as auditor for the year ending 31 December 2013 and have expressed their willingness to be re-appointed.

On behalf of the Board of Directors

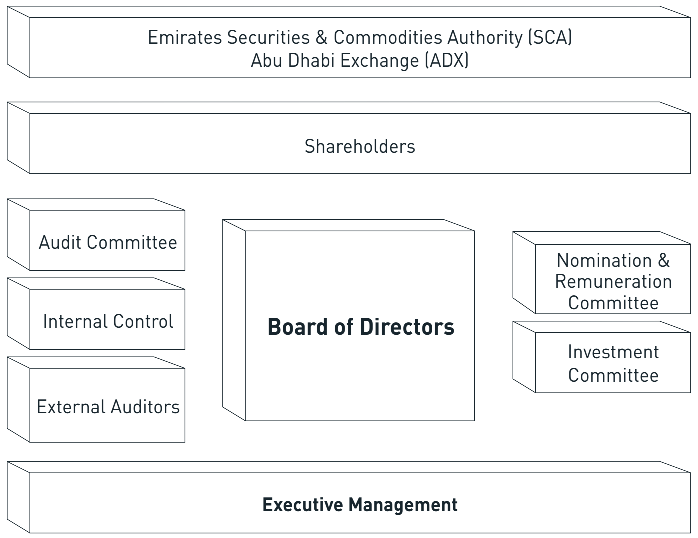
**Ali Eid AlMheiri**
Chairman

# CORPORATE GOVERNANCE

The Board of Directors (Board) is committed to adopt the best standards of Corporate Governance for the best interests of the shareholders of the Group and its other stakeholders. The Board and management of the Group believe high standards in Corporate Governance enhance the Group's performance, transparency, responsibility, accountability and maintenance of full compliance with laws, rules and regulations that govern over the Group's operations.

The Group's Corporate Governance procedures are founded on the principles of exemplary ethical standards and transparency, which:

- Put the interests of the Group before those of individual directors, executive managers or employees to aid ethical decision making without conflict of interest;
- Ensure that the management of the Group acts transparently and responsibly to add value for the benefit of all of its stakeholders but within guidelines approved by the Board and the relevant regulatory bodies
- Attract investors to become and remain shareholders in the Group, and lenders to finance the Group's operations;
- Recognise the role which the Group performs within the Emirate of Abu Dhabi and the Group's community and social obligations; and
- Ensure compliance with the Group's legal and regulatory obligations. The Group operates under the Corporate Governance Framework as depicted below:




## THE BOARD OF DIRECTORS

The Board is responsible for setting and directing the strategy, effective control and management of the Group. It oversees the adequacy and effectiveness of corporate governance and internal controls and approves the Group's budget, quarterly and Annual Accounts. The Board's Charter clarifies its role and responsibilities in its mandate to provide strategic guidance for the Group and effective oversight of its management and operations. The Board Charter outlines the standards of conduct required of Directors, establishes a policy addressing Director conflicts of interest and details the functioning of the Board as a whole.

The current Board of Directors of Aldar as defined in Article 1 of the Ministerial Resolution No. (518) of 2009 (SCA Code)* were elected by the shareholders of Aldar for a term of 3 years at the General Assembly of Shareholders held on 21st April 2011 in accordance with the procedures set out in Aldar's Articles of Association and SCA Code. The Board comprises H.E. Ali Eid AlMheiri as Chairman, supported by H.E. Dr. Sultan Ahmed Al Jaber, Mr. Khalifa Sultan Al Suwaidi, Mr. Carlos Obeid, Mr. Mansour Mohamed Al Mulla, Mr. Saeed Mohamed Al Mazrouei and Mr. Martin Lee Edelman.

All the directors are non-executive and independent except for Mr. Martin Lee Edelman who is deemed non-independent as per provisions stipulated in Article 1 of the SCA Code.

Copies of biographies showing their qualifications and other board and significant Government positions are set in pages 44 and 45 of this Report.

The Board met regularly during the year and monitored the Group's strategy, reviewed performance, ensured adequate funding and examined major development projects, formulated policy on key issues, approved and reported to the shareholders the quarterly and annual Accounts.

* Ministerial resolution concerning governance rules and corporate discipline standards



## BOARD COMMITTEES

In line with the mandatory requirements of Article 6 of the SCA Code, the Board has established the following committees:

- Audit Committee
- Nomination and Remuneration Committee

In addition to the requirements of Article 6 of the SCA Code, the Board has established the following committee:

- Investment Committee

Audit Committee

The Audit Committee's primary role is to provide objective review and advice to the Board on its oversight responsibility in relation to the:

- Integrity over the Accounts and financial reporting process;
- Independence, competency, performance and remuneration of the external auditors;
- Effectiveness and efficiency of the internal control systems;
- Competency and performance of the Internal Control function; and
- Compliance to regulatory requirements including internal policies and procedures and other corporate governance activities.

The Committee is comprised of Mansour Mohamed Al Mulla as Chairman, Khalifa Sultan Al Suwaidi and Saeed Mohamed Al Mazrouei.

The Audit Committee met regularly during the year and discharged its activities as outlined in its Charter in relation to financial reporting, external audit, financial control, risk management, corporate governance and compliance.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is tasked with:

- Verifying the on-going independence of independent members of the Board of Directors.
- Developing and annually reviewing the remuneration policies of the Group.
- Determining the required core executive management and senior employees and the basis for choosing them.
- Developing, controlling, applying and annually reviewing the human resources and training policy of the Group.
- Implementing the procedures for nomination to the membership of the Board of Directors.

The Committee is comprised of Carlos Obeid, (Chairman), Sultan Ahmed Al Jaber and Mansour Mohamed Al Mulla. The Committee met regularly during the year and discharged its activities as outlined in its Charter.

Investment Committee

The Investment Committee is responsible for the review and approval or recommendation to the Board on its evaluation of projects at their various stages throughout the development cycle in accordance with the developmental control process (DCP) to ensure the projects are consistent with the Group's strategies and goals.

The Committee is comprised of Carlos Obeid, (Chairman), Sultan Ahmed Al Jaber and Mansour Mohamed Al Mulla.

The Investment Committee met regularly during the year and discharged its activities as outlined in their Charters.

## EXECUTIVE MANAGEMENT

To oversee the day to day financial and operational performance of the Group and assist the Board in discharging its oversight responsibility, key management committees have been established:

- Executive Management Team
- Tender Committees A & B
- Risk Management Committee
- Compliance Committee
- Special Cases Committee

These committees are governed by their respective charters which outline their appointment, composition, authorities, responsibilities, selection and function of the Chairman and how they operate as well as reporting and evaluation of their performance annually.

## EXECUTIVE MANAGEMENT TEAM

While matters relating in particular to the Group's strategies, policies and business plan require the Board's direction and approval, the day-to-day business operations in accordance with the approved strategies are delegated to the Executive Management Team under the Chief Executive Officer's leadership and supervision. In 2012 the Executive Management Team was re-organized and reconstituted to comprise of Sami Asad as the Chief Executive Officer, Mohammed Al Mubarak as Deputy CEO, Greg Fewer as Chief Financial Officer and Brett Scrymgeour as Head of Legal.

# CORPORATE GOVERNANCE (continued)

## INTERNAL CONTROL

In accordance with SCA Code Article 8 concerning Internal Control, the Board has the overall responsibility to maintain a sound and effective internal control system for the Group and to review their effectiveness to safeguard shareholders' investment and Aldar's assets. To this end, an internal control and risk management system has been established to provide reasonable, though not absolute, assurance against material misstatement or loss, and manage or mitigate rather than eliminate risks of failure to achieve business objectives.

The internal control system aims to assess the:

- Company's risk management means and measures;
- sound application of governance rules;
- verification of compliance with applicable laws, regulations and resolutions as well as internal policies and procedures; and
- controls over the financial information used for drafting the financial statements.

Aldar's Board has overall responsibility in relation to the Group's internal control systems. Aldar's Internal Control Department (ICD or the Department) carries out the internal control activities under the supervision of the Audit Committee and direction of the Board.

The Board has defined the objectives, duties and powers of the ICD as outlined in ICD's charter. The Board through the Audit Committee ensures that an annual review is conducted on the effectiveness of the Group's internal controls systems. The annual review and assessment of internal controls are carried out through the work performed by ICD's reviews and the Compliance Officer in addition to the financial statements audit conducted by the external auditors.

ICD's primary responsibility is to review the effectiveness of the internal controls within the Group through a schedule of reviews (Annual Plan) of several of the Group's processes approved by the Audit Committee. The Annual Plan is developed through the prioritisation of the Group's processes based on an annual risk assessment exercise. The execution of the Annual Plan provides an annual assessment on the adequacy and effectiveness of the Group's key processes controlling its activities and managing its key risks. It also serves the purpose of fulfilling the Board's responsibility in relation to ensuring the efficiency of the internal control system as defined by Article 8 of the SCA Code.

To ensure a proper degree of independence in carrying out its mandate, the Head of the Department has direct access to the Board, functionally reports to the Audit Committee and administratively to the Chief Executive Officer. The Department is headed by Mr. Haider Najim who is a Certified Public Accountant and Certified Internal Auditor. He is an auditor by profession with over 15 years of experience providing assurance and advisory services to companies mostly in construction and financial services sectors.

A report is prepared at the end of every ICD engagement and issued to the party under review and circulated to the Chairman of the Board, Executive Management, and all the Audit Committee members. The Audit Committee receives on a quarterly basis an update on the progress to the Plan and a summary of the issues highlighted in the reports circulated during that quarter by the ICD.

The Group's Executive Management is responsible for developing effective internal controls. Internal controls cover all aspects of the Group's operations, methods and activities including:

- A comprehensive system of reporting, budgeting and planning, that is approved by the Board and against which performance is monitored;
- An organisational structure with clearly defined levels of authority and divisions of responsibilities;
- A code of business conduct under which the Group's business must operate;
- An annual performance appraisal process for monitoring the quality and competencies of the Group's personnel;
- Procedures to ensure complete and accurate accounting and to limit the potential exposure to loss of assets or fraud; and
- Robust policy and procedures, whilst recognising that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable but not absolute assurance against material misstatement or loss.

## EXTERNAL AUDIT

In 2012, Deloitte & Touche (D&T) acted as the External Auditor of the Group. The primary service provided by D&T was to conduct quarterly reviews and an annual audit of the Group's Accounts in accordance with the International Standards on Auditing.

The Audit Committee meets with the external auditors to review and discuss with them the scope, quality, effectiveness and conclusions of their work. The Committee has considered the provision of non-audit services performed by the auditors and was satisfied they were and continue to be objective and independent of the Group.

The external auditor attends and presents to the Audit Committee the results of quarterly reviews and the annual audit of the Accounts. In addition, they also attend the General Assembly meeting and are available to answer questions.

## CODE OF BUSINESS CONDUCT

The Group operates under a Code of Business Conduct (CBC) which identifies the ethical parameters within which the Group's businesses must operate. It applies to all Group employees, consultants, contractors, suppliers and all other parties with whom the Group conducts business. In 2012, CBC was supplemented by the establishment of a Whistle-blower and Fraud Policies thereby further enhancing protection to the various stakeholders of the Group.

## TRADING IN SECURITIES OF THE COMPANY

The Company has established a policy governing the period during which directors and employees can trade in securities of the Company. This policy, which has been circulated to all directors and staff, is designed to eliminate insider trading and other unethical share trading practices.

## COMPLIANCE WITH SCA CODE

In 2012, the Board and the Executive Management reviewed the Group's Corporate Governance adopted procedures and structures and where appropriate amended them to ensure full compliance with the SCA Code. The Board is satisfied that the Group fully complied with the SCA Code.

# COMMUNITY

Aldar recognises its social responsibilities and strives to continuously improve its performance in the areas of health, safety, security, environment protection and community activity.

Over the course of 2012, Aldar Properties and its staff organised or took part in a number of community events and initiatives, this in addition to the activities that were organised by Aldar for the different residential communities around Abu Dhabi.

**41st UAE National Day at HQ**
Tenants at the HQ Building celebrated the UAE's 41st National Day with a full day of cultural and heritage activities, organised by Aldar Properties and the Advanced Technology Investment Company (ATIC). Aldar's team joined the staff of other corporate tenants to watch performances by the Al Waha Heritage Group and the Abu Dhabi Police Band and celebrate various cultural and traditional activities.

**Eid Al Adha**
Aldar celebrated Eid Al Adha Al Mubarak inside the communities with Ayala dancers performing at Al Raha Gardens and Al Bandar.

**Health talk**
The first Health Talk in Al Raha Gardens included lectures on Women's Health by Dr. Denise Howard from HealthPlus Family Center in Al Bandar.

**Mother's Day Competition**
On the occasion of the Mother's Day, a competition was organized for the children of ALDAR Communities encouraging them to write about why their mother mean so much to them. Many entries were submitted from Al Raha Gardens, Al Zeina, and Al Bandar and winners were awarded valuable prizes in an event held at the Al Raha Gardens Plaza.

**Earth Hour 2012**
Residents of Aldar communities gathered on Al Zeina Beach to celebrate Earth Hour in support of the WWF's initiative to help save the planet. By turning off the non-essential lights in Al Zeina Community, the event resulted in saving of nearly 2162.5 kilo watt-hours and reduction of carbon dioxide emission by a total of 1279.21 kilos.

**Green ME**
On World Environment Day, Aldar launched its green living initiative GREEN ME across all communities and business entities, aimed at raising awareness about the importance of paperless way of life.

**QARQE'AN**
Aldar played host to the local tradition of Qarqe'an in July 5, 2012 at Garden Plaza Community Hall, with children and families distributing and collecting sweets as part of the lead up to Ramadan. Kids could also take part in arts and craft sessions.

Qarqe'an is an annual tradition practiced in some Arabic Countries especially in Gulf Countries. Children grab their bags in the middle of mid Shaaban (the month prior Ramadan) and knock on the neighborhood doors singing traditional songs to get candies, sweets and nuts. The tradition has been cherished for hundreds of years.

**Clothing Donation Boxes**
Large, green clothing boxes have been located across all Aldar residential communities, supplied by Gulf States Recycling (GSR).

The clothing donation boxes will contribute to the support of philanthropic institutions such as Red Crescent, Dubai Women and Children Foundation.

**Abu Dhabi Half Marathon**
The Marathon took place on 9th November 2012 on Yas Island Abu Dhabi and was organised by Abu Dhabi Striders and Supported by ALDAR Properties.

1200 runners flew in from many parts of the world, including many from neighbouring countries such as Oman, Qatar, Bahrain and Saudi Arabia to take part in this iconic run on the roads of Yas Island.

Of the 634 entrants from Abu Dhabi, 223 were residents from Aldar's communities.

**Al Raha Beach Shoreline Clean-Up Day**
As a testament to the company's commitment to sustainability and positive environmental practices, ALDAR partnered with contractors on Al Raha Beach developments to carry out a shore line clean up.



# ENVIRONMENT, HEALTH, SAFETY AND SECURITY (EHSS)

IN 2012 ALDAR MAINTAINED ITS FOCUS ON PROVIDING A SAFE WORKING ENVIRONMENT FOR ITS EMPLOYEES AND ALL THOSE WHO WORK ON ITS BEHALF. ON AVERAGE, THE BUSINESS DEPLOYED 0VER 70,000 CONSTRUCTION AND FACILITIES MANAGEMENT STAFF DAILY AND THE TOTAL MAN HOURS WORKED EXCEEDING 200 MILLION DURING THE YEAR.

Accordingly, proactive Environmental Health, Safety and Security (EHSS) management continues to be absolutely intrinsic to everything we do and is integrated into our core business activities. This is highlighted through Aldar's Environmental, Health, Safety Management System (EHSMS) obtaining 'Approved' status with the Abu Dhabi Municipality (ADM) – A first for a Developer in the Emirate of Abu Dhabi. This aligns with our transparent open door policy relationship with the ADM EHS Inspectors.

To comply with Abu Dhabi Environment, Health & Safety Centre Codes of Practice and relevant policies, Aldar's Corporate EHSS Department conducts a rigorous in-house audit and inspection programme. Through this programme our aim is to maintain breaches of regulations at a zero level. Our responsible stakeholder liaison activities also enable us to engage dynamically, through our development projects, in processes to protect and preserve the environment including habitats and species native to the Emirate of Abu Dhabi. An example of this is our attention to the preservation of native plants such as mangroves, which play a crucial role as breeding, nursery and feeding areas for a great variety of life, including endangered and threatened species. Mangroves also support coastal stabilisation, marine water purification and act as a "Blue Carbon" sink plantation.

# EHSS POLICY STATEMENT

Aldar is committed to the continuous improvement of EHSS performance to achieve the greatest benefit for all our stakeholders. It is the Group policy to meet or where reasonably practicable exceed local or applicable EHSS laws and regulations, and to facilitate full and open discussion to address responsible standards and practices where laws and regulations do not exist. Accordingly, this EHSS Policy is a standard by which the Group is continually measured.

Goals of the Group under this policy are as follows:

Operations: Make EHSS a core component in the planning, design, construction and operation of all our facilities, including the integration of physical risk management into our business decisions.

Establish a system for total employee involvement in EHSS processes and the means to measure that participation.

Communications: Promote EHSS awareness among all who work on our behalf and in the communities where we operate.

Cooperate and coordinate, in the spirit of partnership, with local, state and federal authorities and other stakeholders on EHSS matters and incidents.

Evaluation: Incorporate EHSS 'Key Performance Indicators' into our management reporting systems.

Recognise EHSS excellence as a component of the performance review process for each employee.

Perform EHSS compliance audits at a frequency appropriate to the size and nature of the operations and facilities, and implement time-bound corrective actions.

Evaluate EHSS incidents through the identification of root cause and implementing short and long term corrective actions.

Responsibility: Each employee is responsible for compliance with this EHSS policy and for implementation within his or her area of work.

The leadership of each business unit is responsible for implementing management systems with appropriate standards and procedures in support of this EHSS policy.



# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF ALDAR PROPERTIES PJSC ABU DHABI, U.A.E.

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*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 Standards, and for such internal control as management determines is 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 judgment, 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 consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

Also, in our opinion, proper books of account are maintained by the Company, and the financial information included in the Board of Directors' report is in agreement with the books of account. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) or the Articles of Association of the Company which might have a material effect on the financial position of the Company or on the results of its operations for the year.

Deloitte & Touche (M.E.)
Rama Padmanabha Acharya
Registration Number 701
3 February 2013

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2012

| ASSETS | Notes | 2012 AED'000 | 2011 AED'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 3,632,232 | 4,866,346 |
| Intangible assets | 6 | 3,017 | 7,954 |
| Investment properties | 7 | 6,078,113 | 6,000,675 |
| Investment in associates and joint ventures | 8 | 716,067 | 647,118 |
| Available-for-sale financial assets | 9 | 151,461 | 170,658 |
| Trade and other receivables | 10 | 5,785,829 | 7,172,531 |
| **Total non-current assets** | | 16,366,719 | 18,865,282 |
| **Current assets** | | | |
| Development work in progress | 11 | 4,222,729 | 7,133,911 |
| Inventories | 12 | 1,640,300 | 4,719,722 |
| Trade and other receivables | 10 | 7,551,186 | 5,241,319 |
| Cash and bank balances | 13 | 2,259,773 | 4,157,680 |
| **Total current assets** | | 15,673,988 | 21,252,632 |
| **Total assets** | | 32,040,707 | 40,117,914 |

The accompanying notes form an integral part of these consolidated financial statements.



| EQUITY AND LIABILITIES | Notes | 2012 AED'000 | 2011 AED'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | 14 | 4,085,129 | 4,085,129 |
| Share premium | 15 | 7,984,873 | 7,984,873 |
| Share issuance costs, net | 14 | (79,920) | (79,920) |
| Statutory reserve | 16 | 1,010,385 | 876,319 |
| Hedging reserve | | (59,896) | (52,968) |
| Fair value reserve | | 7,088 | 34,630 |
| Accumulated losses | | (4,768,152) | (5,754,488) |
| Total equity attributable to owners of the Company | | 8,179,507 | 7,093,575 |
| **Non-current liabilities** | | | |
| Convertible bonds – liability component | 18 | - | 693,876 |
| Non-convertible bonds | 19 | 4,587,469 | 8,329,781 |
| Borrowings | 20 | 3,541,261 | 4,117,502 |
| Retentions payable | | 508,874 | 1,486,290 |
| Provision for end of service benefit | 21 | 53,413 | 46,981 |
| Security deposits | | 1,998 | 1,998 |
| Other financial liabilities | | 39,378 | 36,408 |
| **Total non-current liabilities** | | 8,732,393 | 14,712,836 |
| **Current liabilities** | | | |
| Convertible bonds – liability component | 18 | 702,588 | 31,177 |
| Non-convertible bonds | 19 | 3,795,049 | 43,051 |
| Borrowings | 20 | 1,387,954 | 5,080,133 |
| Retentions payable | | 651,879 | - |
| Advances from customers | 22 | 2,129,549 | 4,740,002 |
| Trade and other payables | 23 | 6,461,788 | 8,417,140 |
| **Total current liabilities** | | 15,128,807 | 18,311,503 |
| **Total liabilities** | | 23,861,200 | 33,024,339 |
| **Total equity and liabilities** | | 32,040,707 | 40,117,914 |

Ali Eid AlMheiri
Chairman

Sami Asad
Chief Executive Officer

Greg Fewer
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012 AED'000 | 2011 AED'000 |
|---|---|---|---|
| **Revenue** | 24 | 11,403,921 | 6,742,590 |
| Direct costs | 25 | (8,166,330) | (5,097,065) |
| **Gross profit** | | 3,237,591 | 1,645,525 |
| Selling and marketing expenses | 26 | (11,351) | (35,486) |
| General and administrative expenses: | | | |
| Staff costs | 27 | (197,875) | (243,812) |
| Depreciation and amortisation | | (434,587) | (590,263) |
| Pre-opening expenses of operational businesses | | - | (3,441) |
| Impairments/write-offs on projects | | (1,171,160) | (1,822,367) |
| Loss on cancellation of sales | 10.1 | - | (40,047) |
| Provision for impairment of trade receivables | 10.1 | (15,942) | - |
| Reversal of provison/(provision for impairment) of receivables from/ investment in associates and joint ventures | 10.5 | 50,000 | (174,126) |
| Reversal of provison/(provision for impairment) of amounts due from a related party | 10.6 | 201,025 | (201,025) |
| Provision for onerous contracts | 23 | - | (252,005) |
| Other general and administrative expenses | | (100,544) | (132,002) |
| Share of profit from associates and joint ventures | 8 | 121,489 | 102,387 |
| Fair value loss on investment properties | 7 | (169,946) | (540,732) |
| Impairment loss on available-for-sale financial assets | 9 | (2,139) | (38,500) |
| Finance income | 28 | 222,989 | 122,347 |
| Finance costs | 29 | (835,382) | (1,104,473) |
| Other income | 30 | 446,490 | 3,950,511 |
| Profit for the year | | 1,340,658 | 642,491 |
| Profit for the year attributable to owners of the Company | | 1,340,658 | 642,491 |

| | | | |
|---|---|---|---|
| Earnings per share | | | |
| | | AED per share | |
| Basic and diluted | 31 | 0.30 | 0.15 |

The accompanying notes form an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 AED'000 | 2011 AED'000 |
|---|---|---|---|
| Profit for the year | | 1,340,658 | 642,491 |
| Other comprehensive income | | | |
| (Loss)/gain on fair valuation of available-for-sale financial assets | | (27,542) | 34,630 |
| Impairment loss on available-for-sale financial assets transferred to profit or loss | | - | 18,500 |
| Hedging losses transferred to carrying amounts of hedged items | | - | 47,981 |
| Hedging losses recognised in profit or loss | | 1,023 | 12,598 |
| Changes in fair value of cash flow hedges | | (7,951) | (15,361) |
| Directors' remuneration | 33 | (16,000) | - |
| | | (50,470) | 98,348 |
| Total comprehensive income for the year | | 1,290,188 | 740,839 |
| Total comprehensive income for the year attributable to owners of the Company | | 1,290,188 | 740,839 |

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Share capital | Share premium | Share issuance costs, net | Statutory reserve | Hedging reserve | Fair value reserve | Convertible bonds – equity component | Non-interest bearing convertible bonds | Accumulated losses | Attributable to owners of the Company | Non- controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Balance at 1 January 2011 | | 2,577,895 | 3,823,173 | (79,920) | 812,070 | (98,186) | (18,500) | 181,293 | 3,562,810 | (6,513,959) | 4,246,676 | 109 | 4,246,785 |
| Profit for the year | | - | - | - | - | - | - | - | - | 642,491 | 642,491 | - | 642,491 |
| Other comprehensive income | | - | - | - | - | 45,218 | 53,130 | - | - | - | 98,348 | - | 98,348 |
| Conversion of bonds into shares | 17 | 303,735 | 3,259,075 | - | - | - | - | - | (3,562,810) | - | - | - | - |
| Issue of new shares | 14 | 1,203,499 | 902,625 | - | - | - | - | - | - | - | 2,106,124 | - | 2,106,124 |
| Purchase of non-controlling interests | | - | - | - | - | - | - | - | - | (64) | (64) | (109) | (173) |
| Equity component of convertible bonds transferred to retained earnings upon maturity | | - | - | - | - | - | - | (181,293) | - | 181,293 | - | - | - |
| Transfer to statutory reserve | 16 | - | - | - | 64,249 | - | - | - | - | (64,249) | - | - | - |
| **Balance at 1 January 2012** | | 4,085,129 | 7,984,873 | (79,920) | 876,319 | (52,968) | 34,630 | - | - | (5,754,488) | 7,093,575 | - | 7,093,575 |
| Profit for the year | | - | - | - | - | - | - | - | - | 1,340,658 | 1,340,658 | - | 1,340,658 |
| Other comprehensive loss | | - | - | - | - | (6,928) | (27,542) | - | - | (16,000) | (50,470) | - | (50,470) |
| Dividend for the year 2011 | 32 | - | - | - | - | - | - | - | - | (204,256) | (204,256) | - | (204,256) |
| Transfer to statutory reserve | 16 | - | - | - | 134,066 | - | - | - | - | (134,066) | - | - | - |
| **Balance at 31 December 2012** | | **4,085,129** | **7,984,873** | **(79,920)** | **1,010,385** | **(59,896)** | **7,088** | **-** | **-** | **(4,768,152)** | **8,179,507** | **-** | **8,179,507** |

The accompanying notes form an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year | 1,340,658 | 642,491 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 434,587 | 590,263 |
| Finance income | (222,989) | (122,347) |
| Dividend income | (4,235) | (5,658) |
| Finance costs | 800,045 | 1,071,417 |
| Amortisation of prepaid finance costs | 35,337 | 33,056 |
| Gain on sale of assets held for sale | - | (841,934) |
| Government grant income | - | (3,100,398) |
| Impairment loss of available-for-sale financial assets | 2,139 | 38,500 |
| Fair value loss on investment properties | 169,946 | 540,732 |
| Share of profit from associates and joint ventures | (121,489) | (102,387) |
| Provision for onerous contracts | - | 252,005 |
| Impairments/write-offs on projects | 1,171,160 | 1,822,367 |
| Provision for impairment of trade receivables/cancellations | 15,942 | 40,047 |
| (Reversal of provision)/provision for impairment of amounts due from a related party | (201,025) | 201,025 |
| (Reversal of provision)/provision for impairment of receivables from investment in associates and joint ventures | (50,000) | 174,126 |
| Gain on disposal of property, plant and equipment | (92) | (1,344) |
| Provision for end of service benefit, net | 6,801 | 431 |
| **Operating cash flows before changes in working capital** | 3,376,785 | 1,232,392 |
| **Changes in working capital:** | | |
| (Increase)/decrease in trade and other receivables | (633,029) | 274,684 |
| Decrease in development work in progress | 741,960 | 823,112 |
| Decrease in inventories | 5,902,697 | 504,789 |
| (Decrease)/increase in retentions payable | (325,537) | 48,412 |
| Decrease in security deposits | - | (24,281) |
| (Decrease)/increase in advances from customers | (2,610,453) | 2,052,421 |
| Decrease in trade and other payables | (1,980,566) | (611,278) |
| **Net cash generated from operating activities** | **4,471,857** | 4,300,251 |

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Cash flows from investing activities** | | |
| Payments for purchases of property, plant and equipment | **(34,904)** | (245,123) |
| Proceeds from disposal of property, plant and equipment | **105** | 1,588 |
| Payments for purchases of intangible assets | **(229)** | (2,608) |
| Additions to investment properties | **(982,570)** | (1,938,832) |
| Payments for investment in joint ventures | **(150)** | - |
| Net cash on acquisition of a subsidiary | **894** | - |
| Payments for investment in available-for-sale financial assets | **(10,484)** | (21,438) |
| Government grant received for the sale of an asset | **-** | 998,878 |
| Proceeds from disposal of investment in available-for-sale financial assets | **-** | 5,000 |
| Proceeds from disposal of held-for-sale assets | **-** | 7,412,475 |
| Finance income received | **30,200** | 75,579 |
| Dividends received | **62,235** | 13,908 |
| Movement in term deposits with original maturities above three months | **5,077** | 1,121,739 |
| Movement in restricted bank balances | **(469,071)** | (124,946) |
| Payment for purchase of share of non-controlling interest | **-** | (173) |
| **Net cash generated from investing activities** | **(1,398,897)** | 7,296,047 |
| **Cash flows from financing activities** | | |
| Issue of convertible bonds | **-** | 2,800,000 |
| Financing raised | **800,000** | 2,151,941 |
| Repayment of borrowings | **(5,037,360)** | (7,895,470) |
| Finance costs paid | **(981,796)** | (1,590,685) |
| Payment on redemption of convertible bonds | **-** | (4,070,022) |
| Distribution to convertible bond holders | **-** | (268,298) |
| Dividends paid | **(199,705)** | (824) |
| Directors' remuneration paid | **(16,000)** | - |
| **Net cash used in financing activities** | **(5,434,861)** | (8,873,358) |
| **Net (decrease)/increase in cash and cash equivalents** | **(2,361,901)** | 2,722,940 |
| Cash and cash equivalents at the beginning of the year | **3,371,176** | 648,236 |
| **Cash and cash equivalents at the end of the year (Note 13)** | **1,009,275** | 3,371,176 |

The accompanying notes form an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 1 GENERAL INFORMATION

The establishment of Aldar Properties PJSC (the "Company") was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company's incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates and its registered office address is PO Box 51133, Abu Dhabi.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as "the Group") are engaged in various businesses primarily the development, sales, investment, construction, management and associated services for real estate. In addition, the Group is also engaged in development, management and operation of hotels, schools, marinas, golf courses and theme parks.

### 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

### 2.1 NEW AND REVISED IFRSs APPLIED WITH NO MATERIAL EFFECT ON THE FINANCIAL STATEMENTS

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

| New and revised IFRSs | Summary of requirements |
|---|---|
| *Amendments to IFRS 7 Financial Instruments: Disclosures, relating to Disclosures on Transfers of Financial Assets* | The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. |
| *Amendment to IAS 12 Income Taxes relating to Deferred Tax – Recovery of Underlying Assets* | Amends IAS 12 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale.<br><br>As a result of the amendments, SIC-21 Income Taxes - Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

**2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)** (continued)

**2.1 NEW AND REVISED IFRSs APPLIED WITH NO MATERIAL EFFECT ON THE FINANCIAL STATEMENTS** (continued)

| New and revised IFRSs | Summary of requirements |
|---|---|
| Amendment to IFRS 1 *Severe Hyperinflation* | The amendments provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. |
| Amendment to IFRS 1 *Removal of Fixed Dates for First-time Adopters* | The amendment replace references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. |

**2.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

| New and revised IFRSs | Effective for annual periods beginning on or after |
|---|---|
| *Amendments to IAS 1 Presentation of Financial Statements* relating to grouping items recognised in other comprehensive income | 1 July 2012 |
| IAS 19 *Employee Benefits* (as revised in 2011) | 1 January 2013 |
| IAS 27 Separate Financial Statements (as revised in 2011) | 1 January 2013 |
| IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011) | 1 January 2013 |
| Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* relating to accounting for government loans at below market interest rate | 1 January 2013 |
| Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to offsetting financial assets and liabilities | 1 January 2013 |
| IFRS 10 *Consolidated Financial Statements* | 1 January 2013 |
| IFRS 11 *Joint Arrangements* | 1 January 2013 |
| IFRS 12 *Disclosure of Interests in Other Entities* | 1 January 2013 |
| IFRS 13 *Fair Value Measurement* | 1 January 2013 |
| Improvements to IFRSs issued in 2011 and 2012 covering amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 | 1 January 2013 |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

**2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)** (continued)

**2.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE** (continued)

| New and revised IFRSs | Effective for annual periods beginning on or after |
|---|---|
| *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine* | 1 January 2013 |
| Amendments to IAS 32 *Financial Instruments: Presentation* relating to offsetting financial assets and liabilities | 1 January 2014 |
| Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities* relating to requirements to provide comparative information | 1 January 2013 |
| Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 *Separate Financial Statements* relating to investment entities and exemption of consolidation of particular subsidiaries | 1 January 2014 |
| IFRS 9 *Financial Instruments* (as revised in 2010) | 1 January 2015 |
| Amendment to IFRS 7 *Financial Instruments: Disclosures* relating to transition to IFRS 9 (or otherwise when IFRS 9 is first applied) | 1 January 2015 |

Management anticipates that the adoption of these IFRSs in future periods will have no material impact on the financial statements of the Company in the period of initial application.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### 3.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of investment properties and certain financial instruments. The principal accounting policies are set out below.

### 3.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Details of the Company's subsidiaries at 31 December 2012 are as follows:

| Name of subsidiary | Ownership interest | Country of incorporation | Principal activity |
|---|---|---|---|
| Al Raha Gardens Property LLC | 100% | UAE | Development, sale and management of properties. |
| Al Jimi Mall LLC | 100% | UAE | Development and management of investment property. |
| Addar Real Estate Services LLC | 100% | UAE | Property development. |
| Al Raha Infrastructure Company LLC | 100% | UAE | Development, sale and management of, and investment in, properties. |
| Aldar Academies LLC | 100% | UAE | Investment in, and management of entities providing educational services. |
| Aldar Facilities Management LLC | 100% | UAE | Investment in, and management of, entities providing facilities management services. |
| Aldar Commercial Property Developments LLC | 100% | UAE | Ownership, management and development of buildings. |
| Farah Leisure Parks Management LLC | 100% | UAE | Supervise, manage and operate theme parks. |
| Aldar Hotels and Hospitality LLC | 100% | UAE | Investment in, and management of, entities providing hotels and hospitality services. |
| Aldar Marinas LLC | 100% | UAE | Managing and operating marinas, sports clubs and marine machinery. |
| Abu Dhabi World Trade Centre LLC | 100% | UAE | Development and management of, and investment in, properties and related activities. |
| Nareel Island Development Company LLC * | 100% | UAE | Development and management of, and investment in, properties and related activities. |
| Yas Marina LLC | 100% | UAE | Ownership, development and management of marinas and related activities. |
| Yas Yacht Club LLC | 100% | UAE | Management of yachts and marine sports. |
| Yas Hotel LLC | 100% | UAE | Ownership, development and management of hotels. |
| Yas Links LLC | 100% | UAE | Ownership and management of golf courses and golf clubs. |
| Al Muna Primary School LLC | 100% | UAE | Providing educational services. |

* Acquired during the year (Note 8).



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.3 BASIS OF CONSOLIDATION (continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

### 3.4 BUSINESS COMBINATIONS

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

The non-controlling interest in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### 3.5 INTERESTS IN JOINT VENTURES

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less dividends received and less any impairment in the value of individual investments. The Group's share in the joint venture's results is recorded in the consolidated income statement.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

### 3.6 INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less dividends received and less any impairment in the value of individual investments. The Group's share in the associate's results is recorded in the consolidated income statement.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where an entity of the Group transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 REVENUE RECOGNITION

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement at the fair value of the consideration received or receivable as follows:

Sale of properties

Revenue from the sale of properties is recognised when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the property;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from investment properties

*Rental income*

The Group's policy for recognition of revenue from operating leases is described in 3.8 below.

*Service charges and expenses recoverable from tenants*

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue as the Group acts as principal in this respect.

Income from hotels

Income from hotels comprises revenue from rooms, food and beverages and other associated services provided, and is recognised when the goods are sold or services are rendered.

Income from leisure businesses

Income from leisure businesses comprises revenue from goods sold and services provided at marinas, golf course and theme parks, and is recognised when the goods are sold or services are rendered.

Income from schools

Registration fee is recognised as income when it is received. Tuition fee income is recognised on a monthly basis over the period of instruction. Tuition fees received in advance are recorded as deferred income.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

### 3.8 LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 3.9 below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3.9 FOREIGN CURRENCIES

For the purpose of these consolidated financial statements, UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.10 BORROWING COSTS

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 during which they are incurred.

### 3.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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 expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful live

| | Years |
|---|---|
| Buildings | 20 – 30 |
| Labour camps | 5 |
| Leasehold improvements | 3 – 4 |
| Office equipment | 3 – 5 |
| Computers | 3 |
| Furniture and fixtures | 5 |
| Motor vehicles | 4 |

Freehold land is not depreciated.

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the term of the relevant lease.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

### 3.12 CAPITAL WORK IN PROGRESS

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

### 3.13 INVESTMENT PROPERTY

Investment property comprises completed properties and properties under development. Completed properties are properties held to earn rentals and/or for capital appreciation and properties under development are properties being constructed or developed for future use as investment property.

Investment property is measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss in the period in which they arise.

Upon completion of construction or development, a property is transferred from properties under development to completed properties.



## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.14 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### 3.15 DEVELOPMENT WORK IN PROGRESS

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

### 3.16 INVENTORIES

Inventories comprise completed properties held for sale in the ordinary course of business and other operating inventories. Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and comprises construction/acquisition costs and other charges incurred in bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated selling and marketing costs to be incurred.

### 3.17 INTANGIBLE ASSETS

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

<u>Computer software</u>

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of three to five years.

<u>Licenses</u>

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

### 3.18 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.19 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

#### 3.20 EMPLOYEE BENEFITS

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

#### 3.21 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Land granted by the Government of Abu Dhabi is recognised at nominal value where there is reasonable assurance that the land will be received and the Group will comply with any attached conditions, where applicable.

#### 3.22 FINANCIAL ASSETS

Financial assets are classified into the following specified categories: 'available-for-sale' (AFS) financial assets, 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks (excluding deposits held under lien) with original maturities of three months or less.

AFS financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

AFS investments are measured at subsequent reporting dates at fair value unless the latter cannot be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve in equity, with the exception of impairment losses, interest calculated using effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.22 FINANCIAL ASSETS

Where the AFS investment is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously accumulated in the investment revaluation reserve is reclassified to the profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of past event, the estimated future cash flows of the investment have been affected.

For unquoted shares classified as AFS at cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Impairment of financial assets (continued)

With the exception of AFS equity instruments, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

#### 3.23 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### 3.23 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

### 3.24 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps and interest rate caps.

Derivative financial instruments are initially measured at fair value at contract date, and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair values of the derivatives are carried out by independent valuers by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise. Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading derivatives.

For the purpose of hedge accounting, the Group designates certain derivatives into two types of hedge categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction that will affect future reported net income.

Hedge accounting

In order to qualify for hedge accounting, it is required that the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and the effectiveness can be reliably measured. At inception of the hedge, the Group documents its risk management objective and strategy for undertaking various hedge transactions, including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

Note 35.5(b) sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the consolidated statement of changes in equity.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the profit of loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.



**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### 3.24 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Amounts previously recognised in other comprehensive income and accumulated in hedging reserve in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit or loss as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Interest rate caps are measured at fair value, with changes in time value recognised in the same line of the profit or loss as the recognised hedged item. Changes in intrinsic value are recognised in other comprehensive income and accumulated in hedging reserve in equity.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

## 4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

While applying the accounting policies as stated in Note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Classification of leases

The Group, as a lessor, has entered into long-term lease arrangements for plots of land with entities outside the Gulf Cooperation Council (non-GCC entities) whereby the lease term under each lease is valid for a period of 99 years renewable at the option of the lessees for an indefinite duration.

In the process of determining whether these arrangements represent operating leases or finance leases, the Group's management has made various judgments. In making its judgments, the Group's management considered the terms and conditions of the lease agreements and the requirements of IAS 17 Leases, including the Basis for Conclusions on IAS 17 provided by the International Accounting Standards Board and related guidance, to determine whether significant risks and rewards associated with the land in accordance with each lease term would have been transferred to the lessees despite there being no transfers of title. The Group evaluated the transfer of risks and rewards before and after entering into the lease arrangements, and has obtained a legal opinion from independent legal advisors. Management has determined that in the lease arrangements referred to above, the Group transferred substantially all risks and rewards of ownership to the lessees with practical ability for the lessees to exercise unilaterally all rights on the plots of land. Accordingly, management is satisfied that these arrangements represent finance leases.

Classification of properties

In the process of classifying properties, management has made various judgement. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, and in particular, the intended usage of property as determined by the management.

### 4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Fair value of investment properties and investment properties under development

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the Residual Value Method, and the Income Capitalisation Method.

The Residual Value Method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the Income Capitalisation Approach, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The continuing volatility in the global financial system and in the real estate industry has contributed to the significant reduction in transaction volumes in the UAE. Therefore, in arriving at their estimates of market values as at 31 December 2012, the valuers have used their market knowledge and professional judgement and have not only relied solely on historic transactional comparables. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating market values of investment property.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### 4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The key assumptions used are as follows:

| | Range % |
|---|---|
| Targeted internal rate of return | 13 - 17 |
| Rental yield | 8 - 11 |

Estimation of net realisable value for inventory and development work in progress

Properties held for resale and properties classified under development work in progress are stated at lower of cost or net realisable value (NRV). NRV is assessed with reference to sales prices, costs of completion and advances received and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

Impairment of property, plant and equipment and capital work in progress

Properties classified under property, plant and equipment and capital work in progress are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss. Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discounting rates that reflects current market assessments of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

Useful lives of property, plant and equipment and intangible assets

Management reviews the residual values and estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period in accordance with IAS 16 and IAS 38. Management determined that current year expectations do not differ from previous estimates based on its review.

Valuation of unquoted AFS equity investments

Valuation of unquoted AFS equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models.

Impairment of investments in/receivable from joint ventures and associates

Management regularly reviews its investments in joint ventures and associates for indicators of impairment. This determination of whether investments in joint ventures and associates are impaired, entails Management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment and/or receivable is recognised as an expense in profit or loss. Management is satisfied that no additional impairment is required on its investments and associates (Note 8) and it's receivables from associates and joint ventures (Note 10.5) in excess of amount already provided for investments in joint ventures and associates (Note 8).

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired, entails Management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with the legal department and review of the current economic environment. Management is satisfied that no additional impairment is required on its trade and other receivables in excess of amount already provided (see Note 10.1).

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.



### 5 PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings AED'000 | Labour camps AED'000 | Furniture and fixtures AED'000 | Office equipment AED'000 | Computers AED'000 | Motor vehicles AED'000 | Leasehold improvements AED'000 | Capital work in progress AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| 1 January 2011 | 5,513,964 | 1,081,230 | 351,146 | 51,692 | 60,319 | 7,241 | 16,448 | 1,624,058 | 8,706,098 |
| Additions | 16,157 | - | 46,867 | 9,957 | 7,544 | 226 | 164 | 168,039 | 248,954 |
| Finance costs capitalised during the year | - | 4,679 | - | - | - | - | - | 13,357 | 18,036 |
| Transfers, net | 180,348 | 407,235 | (5,261) | (17,875) | (3,094) | (1,489) | - | (1,307,771) | (747,907) |
| Disposals | (36,347) | - | - | (775) | (50) | (1,243) | (5,061) | - | (43,476) |
| 1 January 2012 | 5,674,122 | 1,493,144 | 392,752 | 42,999 | 64,719 | 4,735 | 11,551 | 497,683 | 8,181,705 |
| Additions | - | - | 60 | - | - | - | - | 34,697 | 34,757 |
| Transfer on acquisition of a subsidiary | 1,442 | - | 2,061 | - | 29 | - | 105 | - | 3,637 |
| Transfers, net | 131,568 | 9,330 | 10,916 | 4,038 | 5,720 | 169 | - | (57,900) | 103,841 |
| Disposals | - | - | (34) | - | - | (318) | - | - | (352) |
| **31 December 2012** | **5,807,132** | **1,502,474** | **405,755** | **47,037** | **70,468** | **4,586** | **11,656** | **474,480** | **8,323,588** |
| **Accumulated depreciation and impairment** | | | | | | | | | |
| 1 January 2011 | 526,313 | 460,974 | 125,748 | 13,132 | 32,526 | 2,611 | 11,825 | 857,831 | 2,030,960 |
| Charge for the year | 238,518 | 244,162 | 94,517 | 9,508 | 16,693 | 1,139 | 2,157 | - | 606,694 |
| Transfers, net | - | - | (447) | (869) | (512) | (198) | - | (624,772) | (626,798) |
| Impairment loss recognised during the year | 523,517 | 553,650 | - | - | - | - | - | 234,221 | 1,311,388 |
| Disposals | - | - | - | (698) | (50) | (1,076) | (5,061) | - | (6,885) |
| 1 January 2012 | 1,288,348 | 1,258,786 | 219,818 | 21,073 | 48,657 | 2,476 | 8,921 | 467,280 | 3,315,359 |
| Charge for the year | 227,591 | 110,763 | 65,309 | 10,560 | 13,693 | 1,041 | 1,441 | - | 430,398 |
| Transfer on acquisition of a subsidiary | 1,515 | - | 326 | - | 30 | - | 105 | - | 1,976 |
| Impairment loss recognised during the year | 943,962 | - | - | - | - | - | - | - | 943,962 |
| Disposals | - | - | (21) | - | - | (318) | - | - | (339) |
| **31 December 2012** | **2,461,416** | **1,369,549** | **285,432** | **31,633** | **62,380** | **3,199** | **10,467** | **467,280** | **4,691,356** |
| **Carrying amount** | | | | | | | | | |
| **31 December 2012** | **3,345,716** | **132,925** | **120,323** | **15,404** | **8,088** | **1,387** | **1,189** | **7,200** | **3,632,232** |
| 31 December 2011 | 4,385,774 | 234,358 | 172,934 | 21,926 | 16,062 | 2,259 | 2,630 | 30,403 | 4,866,346 |

All of the Group's property, plant and equipment are located in the United Arab Emirates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 5 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year has been allocated as follows:

| | 2012 | 2011 |
|---|---|---|
| | AED'000 | AED'000 |
| Projects under development | 977 | 29,638 |
| General and administrative expenses | 429,421 | 577,056 |
| | 430,398 | 606,694 |

During the year, the Group carried out a review of recoverable amounts of its property, plant and equipment. The review led to a recognition of impairment losses of AED 944.0 million (2011: AED 1,311.4 million), which has been recorded in profit or loss. The recoverable amount of relevant assets has been determined on the basis of their value in use by reference to the discounted cash flow method using discount rates of 10.5% (2011: 7.5% ).

### 6 INTANGIBLE ASSETS

| | Licenses | Computer software | Total |
|---|---|---|---|
| | AED'000 | AED'000 | AED'000 |
| **Cost** | | | |
| 1 January 2011 | 1,430 | 68,436 | 69,866 |
| Additions | - | 2,608 | 2,608 |
| Transferred to assets held for sale | - | (6,698) | (6,698) |
| 1 January 2012 | 1,430 | 64,346 | 65,776 |
| Additions | - | 229 | 229 |
| **31 December 2012** | **1,430** | **64,575** | **66,005** |
| **Accumulated amortisation** | | | |
| 1 January 2011 | 8 | 45,194 | 45,202 |
| Charge for the year | 2 | 13,205 | 13,207 |
| Transferred to assets held for sale | - | (587) | (587) |
| 1 January 2012 | 10 | 57,812 | 57,822 |
| Charge for the year | 2 | 5,164 | 5,166 |
| **31 December 2012** | **12** | **62,976** | **62,988** |
| **Carrying amount** | | | |
| **31 December 2012** | **1,418** | **1,599** | **3,017** |
| 31 December 2011 | 1,420 | 6,534 | 7,954 |



### 7 INVESTMENT PROPERTIES

Investment properties comprise completed properties (buildings, retail centres and shopping mall) and properties under development, including land under development, at fair value. Movement during the year is as follows:

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Completed properties | Properties under development | Total | Completed properties | Properties under development | Total |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Balance at the beginning of the year | **3,413,998** | **2,586,677** | **6,000,675** | 3,022,390 | 5,271,440 | 8,293,830 |
| Development costs incurred during the year | **46,041** | **936,048** | **982,089** | - | 1,950,588 | 1,950,588 |
| Finance cost capitalised, net | - | **95,608** | **95,608** | - | 285,199 | 285,199 |
| Project costs written-off | - | - | - | - | (54,583) | (54,583) |
| Hedge capitalised | - | - | - | - | 12,674 | 12,674 |
| Decrease in fair value, net | **(165,716)** | **(4,230)** | **(169,946)** | (246,339) | (294,393) | (540,732) |
| Transfer upon completion | - | - | - | 637,947 | (637,947) | - |
| Asset sold during the year to the Government of Abu Dhabi | - | - | - | - | (2,452,213) | (2,452,213) |
| **Transfers from/(to):** | | | | | | |
| Property, plant and equipment | **19,646** | - | **19,646** | - | 95,414 | 95,414 |
| Development work in progress | **67,323** | **(890,592)** | **(823,269)** | - | (1,426,393) | (1,426,393) |
| Asset held for sale | - | - | - | - | (116,962) | (116,962) |
| Trade and other receivables | - | - | - | - | (46,147) | (46,147) |
| Properties under development | **22,667** | **(22,667)** | - | - | - | - |
| Refundable costs | - | **(25,274)** | **(25,274)** | - | - | - |
| Inventories | - | **(1,416)** | **(1,416)** | - | - | - |
| Balance at the end of the year | **3,403,959** | **2,674,154** | **6,078,113** | 3,413,998 | 2,586,677 | 6,000,675 |

The fair value of two buildings has been calculated by management with reference to discounted future estimated cash flows based on the existing lease contracts and the use of a discount rate of 10% per annum.

The fair values of the remaining investment properties including properties under development are arrived at on the basis of a valuation carried out by independent valuers not connected with the Group. The valuers are members of various professional valuers' associations, and have appropriate qualifications and recent experience in the valuation of properties at the relevant locations. The valuation was determined by using the Residual Value Method and Income Capitalisation Method. The effective date of the valuation is 30 November 2012. Refer to Note 4 for the key assumptions used.

All investment properties are located in the United Arab Emirates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 8 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

| Investee | Ownership interest | Voting power | Place of registration | Share in underlying net assets at 1 January 2012 | Additions | Shar in current year's profit / (loss) | Share in hedging reserve | Unrealised profits | Dividends received | Allocated to current account of the associates/ joint ventures | Share in underlying net assets at 31 December 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| **Associates** | | | | | | | | | | | |
| Green Emirates Properties PJSC | 20% | 20% | Abu Dhabi | 39,225 | - | (3,840) | - | - | - | - | **35,385** |
| Aseel Finance PJSC | 20% | 20% | Abu Dhabi | 111,345 | - | 9,372 | - | - | (4,000) | - | **116,717** |
| Dimarco Electronic Systems LLC | 34% | 34% | Abu Dhabi | 4,131 | - | - | - | - | - | - | **4,131** |
| Al Maabar International Investments LLC | 20% | 20% | Abu Dhabi | 131,106 | - | (25,346) | - | - | - | - | **105,760** |
| Iskandar Holdings Ltd | 19% | 19% | Cayman Islands | 35,503 | - | - | - | - | - | - | **35,503** |
| | | | | 321,310 | - | (19,814) | - | - | (4,000) | - | **297,496** |
| **Joint ventures** | | | | | | | | | | | |
| Aldar Laing O'Rourke Construction LLC | 51% | 50% | Abu Dhabi | 147,559 | - | (23,273) | - | 74 | (50,000) | - | **74,360** |
| Aldar Readymix LLC | 50% | 50% | Abu Dhabi | - | - | - | - | - | - | - | **-** |
| Aldar Besix LLC | 51% | 50% | Abu Dhabi | 27,384 | - | 237 | - | - | - | - | **27,621** |
| Aldar Etihad Investment Properties LLC | 50% | 50% | Abu Dhabi | 132,098 | - | 163,300 | (4,983) | - | - | - | **290,415** |
| Al Raha International Integrated Facilities Management LLC | 50% | 50% | Abu Dhabi | 18,767 | - | 10,707 | - | 551 | (4,000) | - | **26,025** |
| Royal House LLC | 50% | 50% | Abu Dhabi | - | - | (8,717) | - | - | - | 8,717 | **-** |
| Nareel Island Development Company LLC (Note 8.1) | 50% | 50% | Abu Dhabi | - | - | 212 | - | - | - | (212) | **-** |
| Fadar Retail LLC | 50% | 50% | Abu Dhabi | - | - | (1,163) | - | - | - | 1,163 | **-** |
| Textura Middle East LLC | 50% | 50% | Abu Dhabi | - | - | - | - | - | - | - | **-** |
| Aldar Etihad First Investment Properties LLC | 50% | 50% | Abu Dhabi | - | 75 | - | - | - | - | - | **75** |
| Aldar Etihad Development LLC | 50% | 50% | Abu Dhabi | - | 75 | - | - | - | - | - | 75 |
| | | | | 325,808 | 150 | 141,303 | (4,983) | 625 | (54,000) | 9,668 | **418,571** |
| | | | | 647,118 | 150 | 121,489 | (4,983) | 625 | (58,000) | 9,668 | **716,067** |



### 8 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

Unrealised profits which comprise share of profits on various projects of the joint ventures within the Group amounted to AED 0.6 million (2011: AED 12.6 million).

Latest available financial information in respect of the Group's associates is summarised below:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Total assets | **5,310,273** | 5,513,918 |
| Total liabilities | **(3,917,655)** | (4,002,695) |
| Net assets | **1,392,618** | 1,511,223 |
| Group's share of net assets of associates | **297,496** | 340,065 |
| Total revenue | **153,782** | 159,384 |
| Total loss for the year | **(98,330)** | (28,163) |

Latest available financial information in respect of the Group's joint ventures is summarised below:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Total assets | **2,255,397** | 2,651,955 |
| Total liabilities | **(1,543,174)** | (2,056,426) |
| Net assets | **712,223** | 595,529 |
| Group's share of net assets of joint ventures | **418,571** | 325,808 |
| Total revenue | **347,865** | 320,615 |
| Total profit for the year | **289,996** | 116,295 |

### 8.1 ASSETS AND LIABILITIES ACQUIRED

During the year, the Group acquired additional 50% share in one of its joint ventures Nareel Island Development Company LLC (Nareel). Accordingly, Nareel has been consolidated as a subsidiary in these financial statements.

The assets and liabilities of Nareel arising from and as of date of acquisition were as follows:

| | AED'000 |
|---|---|
| Property, plant and equipment | **1,661** |
| Development work in progress | **456,307** |
| Refundable deposits | **35** |
| Cash and bank balances | **969** |
| Shareholders' loan | **(100,000)** |
| Shareholder's current account | **(360,110)** |
| Net liabilities of Nareel at acquisition | **(1,138)** |

| Consideration for acquisition: | AED'000 |
|---|---|
| Fair value of the net liabilities of the Group | **569** |
| Share of net liabilities of the other partner assumed | **569** |
| Cash consideration paid | **75** |
| Goodwill recognised and impaired | **75** |

| Net cash flow arising from acquisition of Nareel | AED'000 |
|---|---|
| Cash and bank balances acquired | **969** |
| Cash consideration paid | **(75)** |
| | **894** |

### 9 AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Investment in UAE unquoted securities | **120,675** | 114,074 |
| Investment in international unquoted securities | **30,786** | 56,584 |
| | **151,461** | 170,658 |

Movement during the year is as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Balance at the beginning of the year | **170,658** | 144,590 |
| Additions | **10,484** | 21,438 |
| Disposals | **-** | (10,000) |
| Fair value (loss)/gain during the year, net | **(29,681)** | 14,630 |
| Balance at the end of the year | **151,461** | 170,658 |

Subject to the Group's overall operating strategy, the Group intends to dispose of these investments in the normal course of business if a favourable price is offered.

During the year, dividend income received from AFS financial assets amounted to AED 4.2 million (31 December 2011: AED 5.7 million).

The total impairment loss recognised in profit and loss on an AFS investment as at 31 December 2012 amounted to AED 2.1 million (31 December 2011: AED 38.5 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 10 TRADE AND OTHER RECEIVABLES

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Non-current portion** | | |
| Trade receivables (Note 10.1) | 6,935 | - |
| Less: Provision for impairment and cancellations | (6,935) | - |
| | - | - |
| Receivable from project finance (Note 10.3) | 369,478 | 389,998 |
| Due from a related party (Notes 10.6 & 33) | - | 201,025 |
| Receivable from the Government of Abu Dhabi (Note 10.4) | 5,298,034 | 6,133,739 |
| Due from joint ventures (Notes 10.5 & 33) | 118,317 | 447,769 |
| | 5,785,829 | 7,172,531 |
| **Current portion** | | |
| Trade receivables (Note 10.1) | 561,881 | 720,688 |
| Less: Provision for impairment and cancellations | (107,884) | (195,202) |
| | 453,997 | 525,486 |
| Refundable costs (Note 10.2) | 4,601,270 | 2,694,116 |
| Receivable from project finance (Note 10.3) | 123,544 | 87,883 |
| Receivable from the Government of Abu Dhabi (Note 10.4) | 1,437,184 | 340,095 |
| Due from joint ventures (Notes 10.5 & 33) | 1,493 | 12,950 |
| Due from a related party (Notes 10.6 & 33) | 52,534 | - |
| Advances and prepayments | 325,757 | 1,278,374 |
| Accrued interest | 652 | 3,675 |
| Others | 554,755 | 298,740 |
| | 7,551,186 | 5,241,319 |

### 10.1 TRADE RECEIVABLES

The Group's trade receivables consist of customers with a good credit standing. At the end of the year, 44% of the trade receivables (31 December 2011: 69% of the trade receivables) is due from its top five customers. The Group considers these customers to be reputable and creditworthy and is confident that this concentration of credit risk will not result in any significant loss to the Group.

No interest is charged and no collateral is taken on trade receivables.



### 10 TRADE AND OTHER RECEIVABLES (continued)

### 10.1 TRADE RECEIVABLES (continued)

Ageing of trade receivables

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Not past due | 303,679 | 297,937 |
| Past due but not impaired (more than 180 days) | 150,318 | 227,549 |
| Past due and impaired (more than 180 days) | 114,819 | 195,202 |
| Total trade receivables | 568,816 | 720,688 |

Movement during the year in provision for impairment and cancellations in trade receivables is as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Balance at the beginning of the year | 195,202 | 683,401 |
| Loss on cancellations during the year | - | 40,047 |
| Impairment recognised during the year | 36,410 | - |
| Released upon cancellation of sales | (116,793) | (528,246) |
| Balance at the end of the year | 114,819 | 195,202 |

### 10.2 REFUNDABLE COSTS

Refundable costs represent costs incurred on behalf of the Government of Abu Dhabi in relation with development of infrastructure of various projects and real estate developments. These amounts will be refunded by the relevant Government Authorities upon completion.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 10 TRADE AND OTHER RECEIVABLES (continued)

### 10.3 RECEIVABLE FROM PROJECT FINANCE

| | Minimum payments | | Present value of minimum payments | |
|---|---|---|---|---|
| | 2012 AED'000 | 2011 AED'000 | 2012 AED'000 | 2011 AED'000 |
| Amounts receivable from project finance: | | | | |
| Within one year | 126,963 | 91,303 | 123,544 | 87,883 |
| In the second to fifth year | 295,348 | 298,259 | 209,764 | 211,432 |
| After five years | 415,445 | 487,099 | 159,714 | 178,566 |
| | 837,756 | 876,661 | 493,022 | 477,881 |
| Less: unearned finance income | (344,734) | (398,780) | - | - |
| Present value of minimum payments receivable | 493,022 | 477,881 | 493,022 | 477,881 |
| Non-current receivables | | | 369,478 | 389,998 |
| Current receivables | | | 123,544 | 87,883 |
| | | | 493,022 | 477,881 |

### 10.4 RECEIVABLE FROM THE GOVERNMENT OF ABU DHABI

Receivable from the Government of Abu Dhabi represents the amount receivable against certain assets sold in 2009 and 2011 and the sale of land plots handed over during the year.

### 10.5 DUE FROM JOINT VENTURES

| | Non-current | | Current | |
|---|---|---|---|---|
| | 2012 AED'000 | 2011 AED'000 | 2012 AED'000 | 2011 AED'000 |
| Gross receivables | 171,407 | 537,009 | 17,624 | 29,081 |
| Less: Provision for impairment | (53,090) | (89,240) | (16,131) | (16,131) |
| | 118,317 | 447,769 | 1,493 | 12,950 |

### 10.6 DUE FROM A RELATED PARTY

In 2011, the amount due from a related party was net of a provision for impairment amounting to AED 201 million. During the year this amount was reversed in full, as a settlement agreement was put in place.



### 11 DEVELOPMENT WORK IN PROGRESS

Development work in progress represents development and construction costs incurred on properties being constructed for sale. Movement during the year is as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Balance at beginning of the year | 7,133,911 | 13,877,865 |
| Developments during the year | 477,231 | 3,234,131 |
| Finance costs capitalised during the year, net | 9,879 | 179,796 |
| Hedging losses capitalised | - | 35,307 |
| Reimbursement received | - | (2,279,988) |
| Depreciation capitalised during the year | 977 | - |
| Transfers from/(to): | | |
| Investment properties | 823,269 | 1,426,393 |
| Refundable costs | (357,755) | (26,463) |
| Projects completed during the year: | | |
| Transfers to inventory | (3,079,629) | (4,857,034) |
| Disposals (recognised in direct costs) | (1,219,335) | (4,058,943) |
| Project costs impairments/write-offs | - | (397,153) |
| Transfer upon acquisition of a subsidiary, net | 434,181 | - |
| Balance at the end of the year | 4,222,729 | 7,133,911 |

All development work in progress projects are located in the United Arab Emirates.

### 12 INVENTORIES

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Completed properties | 1,628,914 | 4,707,918 |
| Other operating inventories | 11,386 | 11,804 |
| | 1,640,300 | 4,719,722 |

Completed properties in inventories are located in the United Arab Emirates.

### 13 CASH AND CASH EQUIVALENTS

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Cash and bank balances | 1,642,791 | 3,393,008 |
| Short term deposits held with banks | 616,982 | 764,672 |
| | 2,259,773 | 4,157,680 |
| Short term deposits with original maturities greater than three months | (7,834) | (12,911) |
| Restricted bank balances | (1,242,664) | (773,593) |
| | 1,009,275 | 3,371,176 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

### 13 CASH AND CASH EQUIVALENTS (CONTINUED)

During the year, the Group held amounts related to community service charges and security deposits on behalf of the owners of units in certain buildings or communities that are managed by the Group. At the end of the reporting period, an amount of AED 56.5 million is not included in the Group's bank balances and cash as it is held by the Group on behalf of third parties.

The interest rate on term deposits ranges between 0.60% and 1.8% (2011: 2.25% and 3.55%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

### 14 SHARE CAPITAL

Share capital comprises 4,085,129,096 (2011: 4,085,129,096) authorised, issued and fully paid up ordinary shares with a par value of AED 1 each. Share issuance costs of AED 94.9 million (31 December 2011: AED 94.9 million) have been presented net of share issuance fees of AED 15.0 million, within equity.

In the previous year, the following transactions occurred:

(a) The Group converted the non-interest bearing convertible bonds issued to Mubadala Development Company into 303,734,868 shares of the Company (Note 17).

(b) A portion of the mandatorily convertible bonds issued to Mubadala Development Company was converted into 1,203,499,493 shares of the Company (Note 18a).

### 15 SHARE PREMIUM

Share premium amounting to AED 7,984.9 million (2011: AED 7,984.9 million) represents the difference between the carrying amount of convertible bonds and the par value shares issued upon conversion of convertible bonds into shares of the Company.

### 16 STATUTORY RESERVE

In accordance with its Articles of Association and the UAE Federal Law No. (8) of 1984, as amended, 10% of the profit of the Company is transferred to a statutory reserve that is non-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 of the Company.

### 17 NON-INTEREST BEARING CONVERTIBLE BONDS

During 2008, the Group issued non-interest bearing convertible bonds (the "Bonds") to a related party (the "Bond holder"). The Bonds had a face value of AED 3,562.8 million and an original maturity date in November 2011. Under the scheme, there was no early conversion option available to the Bond holder. However, the Bonds may be converted to ordinary shares at any date before the maturity date at the option of the Group.

During 2011, the Group opted for early conversion and converted these Bonds into 303,734,868 shares in the Company.



### 18 CONVERTIBLE BONDS

| | 2012 Corporate bonds (a) AED'000 | Outstanding at 31 December 2011 Corporate bonds (a) AED'000 | Sukuk Al-Mudaraba (b) AED'000 | Total AED'000 |
|---|---|---|---|---|
| Proceeds from the issue of convertible bonds | 2,800,000 | 2,800,000 | 9,291,124 | 12,091,124 |
| Less: Issuance costs | - | - | (210,824) | (210,824) |
| Net proceeds from the issue of convertible bonds | - | 2,800,000 | 9,080,300 | 11,880,300 |
| Equity component on initial recognition | - | - | (232,032) | (232,032) |
| Liability component on initial recognition | - | 2,800,000 | 8,848,268 | 11,648,268 |
| Redemption of convertible bonds by cash | - | - | (4,154,181) | (4,154,181) |
| Redemption of convertible bonds by share issue | (2,106,124) | (2,106,124) | (4,694,087) | (6,800,211) |
| Carrying amount of liability component after redemption | 693,876 | 693,876 | - | 693,876 |
| Profit distribution accrued up to year end | 8,712 | 31,177 | - | 31,177 |
| Carrying amount of liability component at 31 December | 702,588 | 725,053 | - | 725,053 |
| Less: Current portion | (702,588) | (31,177) | - | (31,177) |
| Non-current portion | - | 693,876 | - | 693,876 |
| Total profit capitalised to projects during the year | 5,290 | 24,293 | 76,679 | 100,972 |

(a) In March 2011, the Group issued mandatorily convertible bonds (the "convertible bonds") for a total value of AED 2.8 billion to a related party (the "bond holder") carrying a profit rate of 4% per annum payable semi-annually. A significant portion of these bonds has been converted into ordinary shares of the Company on 15 December 2011. Any outstanding bonds shall be converted on 15 December 2013 or earlier as may be agreed between the Group and the bond holder at a variable rate stipulated in the agreement. Considering the nature of the transaction, the remaining portion of these bonds has been presented as a financial liability in accordance with the relevant Accounting Standards.

(b) In March 2007, the Group issued convertible bonds in the form of Trust Certificates/Sukuk al-Mudaraba (the "convertible Sukuk") for a total value of AED 9.29 billion (USD 2.53 billion). The convertible Sukuk had a profit rate of 5.767% per annum paid quarterly and were due for repayment on 10 November 2011. During 2011, the Sukuk was redeemed by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 19 NON-CONVERTIBLE BONDS

| | Outstanding at 31 December 2012 | | | Outstanding at 31 December 2011 | | |
|---|---|---|---|---|---|---|
| | Sukuk- Al-Ijarah (a) | Corporate Bonds (b) | Total | Sukuk - Al -Ijarah (a) | Corporate Bonds(b) | Total |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Proceeds from issue | 3,750,000 | 4,590,000 | 8,340,000 | 3,750,000 | 4,590,000 | 8,340,000 |
| Gross issue costs | (16,303) | (30,366) | (46,669) | (16,303) | (30,366) | (46,669) |
| Less: Amortisation of issue costs up to year end | 14,688 | 21,761 | 36,449 | 11,424 | 15,689 | 27,113 |
| Unamortised issue costs | (1,615) | (8,605) | (10,220) | (4,879) | (14,677) | (19,556) |
| Add: Profit distribution up to year end | 4,766 | 47,972 | 52,738 | 4,416 | 47,972 | 52,388 |
| Carrying amount | 3,753,151 | 4,629,367 | 8,382,518 | 3,749,537 | 4,623,295 | 8,372,832 |
| Less: Current portion | (3,753,151) | (41,898) | (3,795,049) | (1,152) | (41,899) | ( 43,051) |
| | - | 4,587,469 | 4,587,469 | 3,748,385 | 4,581,396 | 8,329,781 |
| Total finance costs capitalised during the year | 28,591 | 35,023 | 63,614 | 44,729 | 95,468 | 140,197 |

(a) During 2008, the Group issued non-convertible bonds in the form of Trust Certificates/Sukuk- al-Ijarah (the "non-convertible Sukuk") for a total value of AED 3.75 billion. The non-convertible Sukuk are structured to conform to the principles of Islamic Sharia. The non-convertible Sukuk have a profit rate of 3 months EIBOR plus 1.75% per annum paid quarterly and are due for repayment on 17 June 2013.

(b) In May 2009, the Group issued non-convertible Corporate Bonds for a total value of AED 4.59 billion (USD 1.25 billion). The Bonds have an interest rate of 10.75% (2011: 10.75%) per annum payable semi-annually and are due for repayment on 27 May 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 20 BORROWINGS

| | Outstanding amount | | | Unused | | | | | Capitalised |
|---|---|---|---|---|---|---|---|---|---|
| | Current AED'000 | Non-current AED'000 | Total AED'000 | facility AED'000 | Security | Interest rate | Maturity | Purpose | interest AED'000 |
| **31 December 2012:** | | | | | | | | | |
| Government loan | - | 311,869 | 311,869 | - | Unsecured | 1 year USD LIBOR + 0.35% | December 2017 | Development of Yas Island | - |
| Term loan | 28,550 | 133,073 | 161,623 | - | Secured | 3 months EBOR + 1.00% | January 2021 | Al Mamoura building | - |
| Term loan | - | - | - | - | Secured | 1 year EBOR + 3.15% | December 2012 | General corporate purpose | 1,799 |
| Murabaha financing | 6,964 | 33,214 | 40,179 | - | Secured | 6 months EBOR + 0.85% | April 2014 | General corporate purpose | 315 |
| Murabaha financing | 3,000 | 18,000 | 21,000 | - | Secured | 6 months EBOR + 0.85% | April 2014 | General corporate purpose | 164 |
| Term loan | 367,200 | - | 367,200 | - | Secured | 3 months USD LIBOR + 2.0% | October 2013 | General corporate purpose | 2,800 |
| Murabaha financing | 120,301 | 120,301 | 240,601 | - | Secured | 3 months EBOR + 2.75% | May 2014 | Al Bateen Park | 2,071 |
| Ijarah facility | 600,000 | - | 600,000 | - | Secured | 3 months EBOR + 2.75% | May 2013 | Al Raha Beach infrastructure | 4,574 |
| Term loan | - | - | - | - | Secured | Fixed rate of 0.5% | August 2012 | Development of Central Market | 2,988 |
| Term loan | 216,000 | 76,000 | 292,000 | - | Secured | 3 months EBOR + 3.50% | June 2014 | Working capital requirements | 2,970 |
| Ijarah facility | - | 500,000 | 500,000 | - | Secured | 3 months EBOR + 3.075% | November 2014 | General corporate purpose | 3,812 |
| Ijarah facility | - | 500,000 | 500,000 | - | Secured | 3 months EBOR + 3.40% | January 2015 | General corporate purpose | 3,812 |
| Ijarah facility | - | 500,000 | 500,000 | - | Secured | 3 months EBOR + 3.725% | April 2015 | General corporate purpose | 3,812 |
| Murabaha facility | 8,333 | 300,000 | 308,333 | - | Secured | 3 months EBOR + 3.75% | November 2014 | General corporate purpose | 2,449 |
| Wakala agency loan | 37,500 | 253,125 | 290,625 | - | Secured | 3 months EBOR + 3.50% | December 2016 | Working capital requirements | - |
| Revolving loan | - | 800,000 | 800,000 | 3,200,000 | Secured | 3 months EBOR + 1.50% | January 2015 | General corporate purpose | 5,017 |
| Unamortised borrowing cost | (29,925) | (8,763) | (38,688) | - | | | | | - |
| Accrual for interests and profits | 30,031 | 4,442 | 34,473 | - | | | | | - |
| | 1,387,954 | 3,541,261 | 4,929,215 | 3,200,000 | | | | | 36,583 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 20 BORROWINGS (continued)

| | Outstanding amount | | | Unused | | | | | Capitalised |
|---|---|---|---|---|---|---|---|---|---|
| | Current | Non-current | Total | facility | Security | Interest rate | Maturity | Purpose | interest |
| | AED'000 | AED'000 | AED'000 | AED'000 | | | | | AED'000 |
| **31 December 2011:** | | | | | | | | | |
| Government loan | - | 250,314 | 250,314 | - | Unsecured | 1 year USD LIBOR + 0.35% | December 2017 | Development of Yas Island | 9,907 |
| Syndicated infrastructure loan | - | - | - | - | Secured | 3 months USD LIBOR + 0.90% | July 2011 | Al Raha Beach infrastructure | 37,312 |
| Term loan | - | - | - | - | Secured | 0.75% compounded quarterly | October 2011 | Al Raha Beach infrastructure | 6,811 |
| Term loan | 28,550 | 153,929 | 182,479 | - | Secured | 3 months EBOR + 1.00% | January 2021 | Al Mamoura building | - |
| Term loan | 348,928 | - | 348,928 | - | Secured | 1 year EBOR + 3.15% | December 2012 | General corporate purpose | 4,723 |
| Term loan | - | - | - | - | Secured | 3 months EBOR + 3.00% | August 2011 | General corporate purpose | 4,926 |
| Murabaha financing | 6,964 | 40,179 | 47,143 | - | Secured | 6 months EBOR + 0.85% | April 2014 | General corporate purpose | 583 |
| Murabaha financing | 3,000 | 21,000 | 24,000 | - | Secured | 6 months EBOR + 0.85% | April 2014 | General corporate purpose | 296 |
| Ijarah facility | 2,203,800 | - | 2,203,800 | - | Unsecured | 3 months EBOR + 0.90% | April 2012 | General corporate purpose | 24,194 |
| Term loan | - | - | - | - | Unsecured | 3 months EBOR + 1.75% | December 2011 | Working capital requirements | 4,693 |
| Term loan | - | 367,200 | 367,200 | - | Secured | 3 months USD LIBOR + 1.40% | October 2013 | General corporate purpose | 3,449 |
| Murabaha financing | 120,301 | 240,601 | 360,902 | - | Secured | 3 months EBOR + 2.50% | May 2014 | Al Bateen Park | 17,199 |
| Ijarah facility | - | 600,000 | 600,000 | - | Secured | 3 months EBOR + 2.75% | May 2013 | Al Raha Beach infrastructure | 12,422 |
| Term loan | 275,108 | - | 275,108 | - | Secured | 3 months LIBOR + 3.65% | January 2012 | General corporate purpose | 3,342 |
| Term loan | 1,100,000 | - | 1,100,000 | - | Secured | 3 months EBOR + 2.55% | August 2012 | Development of Central Market | 45,058 |
| Term loan | 108,000 | 292,000 | 400,000 | - | Secured | 3 months EBOR + 3.50% | June 2014 | Working capital requirements | 4,764 |
| Ijarah facility | - | 500,000 | 500,000 | - | Secured | 3 months EBOR + 3.075% | November 2014 | General corporate purpose | 7,138 |
| Ijarah facility | - | 500,000 | 500,000 | - | Secured | 3 months EBOR + 3.40% | January 2015 | General corporate purpose | 7,138 |
| Ijarah facility | - | 500,000 | 500,000 | - | Secured | 3 months EBOR + 3.725% | April 2015 | General corporate purpose | 7,138 |
| Murabaha facility | 33,334 | 308,333 | 341,667 | - | Secured | 3 months EBOR + 3.75% | November 2014 | General corporate purpose | 5,266 |
| Term loan | 800,000 | - | 800,000 | - | Secured | 3 months EBOR + 3.00% | August 2012 | Development of Central Market | 41,461 |
| Wakala agency loan | 9,375 | 290,625 | 300,000 | - | Secured | 3 months EBOR + 3.50% | December 2016 | Working capital requirements | - |
| Unamortised borrowing cost | (11,861) | (7,828) | (19,689) | - | | | | | |
| Accrual for interests and profits | 54,634 | 61,149 | 115,783 | - | | | | | |
| | **5,080,133** | **4,117,502** | **9,197,635** | **-** | | | | | **247,820** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 20 BORROWINGS (continued)

The borrowings are repayable as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Current | | |
| Within one year | 1,387,954 | 5,080,133 |
| Non-current | | |
| In the second to fifth year | 3,521,957 | 4,077,313 |
| After fifth year | 19,304 | 40,189 |
| | 3,541,261 | 4,117,502 |
| | 4,929,215 | 9,197,635 |

Loan securities are in the form of mortgage over plots of land, assignment of project receivables and lien on bank deposits.

Some of the Group's borrowings carry covenants relating to financial measures such as total assets value, net worth and gearing level.

### 21 PROVISION FOR END OF SERVICE BENEFIT

Movement in the provision for end of service benefit is as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Balance at the beginning of the year | 46,981 | 48,744 |
| Charge for the year (Note 27) | 17,532 | 20,286 |
| Paid during the year | (11,100) | (19,855) |
| Transferred to a related party | - | (2,194) |
| Balance at the end of the year | 53,413 | 46,981 |

### 22 ADVANCES FROM CUSTOMERS

Advances from customers represent installments collected from customers for the sale of the Group's property developments. This also includes net advances received from the Government of Abu Dhabi (Note 33).

### 23 TRADE AND OTHER PAYABLES

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Trade payables | 778,859 | 1,049,891 |
| Accrual for contractors' costs | 1,857,135 | 3,516,092 |
| Accrual for infrastructure costs | 254,802 | 344,825 |
| Advances from the Government (23.1) | 2,944,834 | 3,089,995 |
| Deferred income | 88,813 | 53,896 |
| Dividends payable | 22,305 | 17,754 |
| Provision for onerous contracts | 190,343 | 252,005 |
| Other liabilities | 324,697 | 92,682 |
| | 6,461,788 | 8,417,140 |

23.1 Advances from the Government comprise advances amounting to AED 2,468.9 million (2011: AED 2,755.0 million) received for the development of infrastructure at Al Raha Beach.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### 24 REVENUE

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Property development and sales | 9,965,877 | 5,435,152 |
| Income from operating businesses | 1,438,044 | 1,307,438 |
| | 11,403,921 | 6,742,590 |

### 25 DIRECT COSTS

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Cost of properties sold | 7,216,314 | 4,097,273 |
| Direct costs for operating businesses | 950,016 | 999,792 |
| | 8,166,330 | 5,097,065 |

### 26 SELLING AND MARKETING EXPENSES

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Exhibitions and sponsorships | 1,807 | 3,708 |
| Project marketing | 1,065 | 2,784 |
| Corporate advertising | 8,479 | 28,906 |
| Others | - | 88 |
| | 11,351 | 35,486 |

### 27 STAFF COSTS

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Salaries, bonuses and other benefits | 536,598 | 651,749 |
| Staff training and development | 5,950 | 1,900 |
| Post-employment benefit (Note 21) | 17,532 | 20,286 |
| | 560,080 | 673,935 |
| Staff costs allocated to: | | |
| Projects under development | 21,269 | 80,185 |
| Direct operating costs | 340,936 | 348,164 |
| Pre-opening expenses of operational businesses | - | 1,774 |
| General and administrative expenses | 197,875 | 243,812 |
| | 560,080 | 673,935 |

### 28 FINANCE INCOME

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Interest and profit income: | | |
| Islamic deposits | 8,541 | 26,471 |
| Bank fixed deposits | 9,154 | 24,058 |
| Call and current accounts | 1,140 | 4,694 |
| Gross income | 18,835 | 55,223 |
| Less: Amounts offset against the finance costs capitalised | - | (5,958) |
| | 18,835 | 49,265 |
| Financing element earned on receivables, net | 141,765 | - |
| Interest income earned on receivables from project finance | 54,046 | 56,206 |
| Other finance income | 8,343 | 16,876 |
| | 222,989 | 122,347 |

Finance income earned on financial assets, analysed by category of asset is as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Loans and receivables | 204,154 | 55,223 |
| Cash and bank balances | 18,835 | 67,124 |
| | 222,989 | 122,347 |

### 29 FINANCE COSTS

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Gross costs | 927,762 | 1,576,188 |
| Less: Amounts included in the cost of qualifying assets | (105,487) | (488,989) |
| | 822,275 | 1,087,199 |
| Recycling of hedging reserve loss | 13,107 | 35,327 |
| Gain on hedging | - | (18,053) |
| | 13,107 | 17,274 |
| | 835,382 | 1,104,473 |

The weighted average capitalisation rate of funds borrowed is 0.76% per annum (2011: 1.88% per annum).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 30 OTHER INCOME

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Reversal of project provisions and cost recoveries | 431,533 | - |
| Government grant income (a) | - | 3,100,398 |
| Gain on sale of assets held for sale (b) | - | 841,934 |
| Others | 14,957 | 8,179 |
| | 446,490 | 3,950,511 |

(a) In 2011, the Group sold the Central Market development to the Government of Abu Dhabi against a total consideration of AED 5.7 billion. The difference between the fair value of the asset and consideration receivable has been received as compensation for previous costs incurred and has been recognised in profit or loss as a government grant in accordance with IAS 20 "Accounting for Government grants and disclosure of Government assistance".

(b) During 2011, the Group disposed of the Ferrari World Abu Dhabi theme park and related assets to the Government of Abu Dhabi in accordance with the terms of the asset transfer agreement dated 16 January 2011. Accordingly, a net gain of AED 841.9 million was recognised in the profit or loss in that year.

### 31 EARNINGS/(LOSS) PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

**Earnings**

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the company) | 1,340,658 | 642,491 |

**Weighted average number of shares**

| | 2012 | 2011 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | 4,481,629,603 | 4,209,848,781 |

The weighted average number of shares for the year for the purpose of basic and diluted earnings per share includes ordinary shares that are to be issued upon the conversion of the mandatorily convertible bonds (Note 18a).

As of 31 December 2011, the Sukuk-al-Mudaraba (Note 18b) was not included in the calculation of diluted earnings per share, as the Sukuk were redeemed in cash on 10 November 2011.

### 32 DIVIDENDS

At the annual general assembly held on 22 March 2012, the Shareholders approved the recommendation of the Board of Directors to distribute dividends of AED 0.05 per share or total of AED 204.3 million.

### 33 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include the Company's major shareholders, Directors and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel. The Government of Abu Dhabi, through entities controlled, or jointly controlled by the Government of Abu Dhabi (together referred to as "Government") is a major shareholder in the Company.



Related party balances:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Due from Government (net):** | | |
| Refundable costs (Note 10) | 4,601,270 | 2,694,116 |
| Receivable from assets sold | 6,735,218 | 6,473,834 |
| Other receivables | 394,170 | 54,313 |
| Advances received (Note 22 and 23) | (4,270,897) | (5,517,017) |
| | 7,459,761 | 3,705,246 |
| **Due from joint ventures (Note 10):** | | |
| Current | 1,493 | 12,950 |
| Non-current | 118,317 | 447,769 |
| | 119,810 | 460,719 |
| **Due to joint ventures for project-related work:** | | |
| Contract payables | (32,502) | (68,923) |
| Retention payables | (52) | (37,373) |
| Advances paid | - | 6,458 |
| | (32,554) | (99,838) |
| Deposits held with an associate | - | 70,875 |

Certain receivables from joint ventures carry interest of 6% and are repayable within 2 to 5 years from the end of the year.

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Due from/(to) major shareholder owned by Government and/or its associated companies:** | | |
| Receivable from project finance (Note 10) | 493,022 | 477,881 |
| Due from a related party | 52,534 | 201,025 |
| Accrued expenses | - | (236,872) |
| Due to a major shareholder, net | (72,155) | (46,649) |
| Interest bearing convertible bonds (Note 18) | (702,588) | (725,053) |
| | (229,187) | (329,668) |

Significant transactions with related parties during the year are as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Key management compensation:** | | |
| Directors remuneration | 32,000 | - |
| Salaries, bonuses and other benefits | 11,427 | 11,677 |
| Post-employment benefits | 357 | 720 |
| | 43,784 | 12,397 |

During the year, the management reassessed the accounting policy on directors remuneration and determined that it should be reflected in the profit or loss. Accordingly, the amount of AED 16.0 million is accrued and expensed in the current year. The opening balance of the retained earnings has not been restated to reflect the directors remuneration of 2011 amounting to AED 16.0 million as the amount is considered immaterial.

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| **Income from Government and major shareholder owned by Government:** | | |
| Gain on disposal of assets held for sale (Note 30) | - | 841,934 |
| Revenue from sale of land and properties | 7,438,136 | 3,589,235 |
| Project management income | 217,988 | 229,887 |
| Rental income (gross inflows) | 201,853 | 36,946 |
| Government grant income (Note 30) | - | 3,100,398 |
| | 7,857,977 | 7,798,400 |
| Work provided by joint ventures | 12,093 | 123,078 |
| Finance income from project finance and joint ventures | 62,390 | 73,083 |

In addition, these significant transactions were entered into with related parties during the previous year as follows:

a) On 16 January 2011, the Group converted AED 3,562.8 million worth of convertible bonds issued to Mubadala Development Company into 303,734,868 shares in the Company at an agreed conversion rate of AED 11.73. Consequently, the share capital and share premium of the Group have been increased by AED 303.7 million and AED 3,259.1 million, respectively.

b) On 3 March 2011, the Group issued mandatory convertible bonds of AED 2,800.0 million to Mubadala Development Company. On 15 December 2011, the Group partially converted AED 2,106.1 million worth of these bonds into 1,203,499,493 shares in the Company at an agreed conversion rate of AED 1.75. Consequently the share capital and share premium of the Group have been increased by AED 1,203.5 million and AED 902.6 million, respectively.

c) Outstanding borrowings of AED 4,505.1 million (31 December 2011: AED 8,560.4 million) are due to the Government and banks controlled by the Government. Further details have been disclosed in Note 20.

d) In accordance with the terms of the asset transfer agreement dated 16 January 2011, the Group sold the Ferrari World theme park and related assets and land plots on Yas Island for AED 10,900.0 million to the Government.

e) On 23 March 2011, the Group entered into a sale and purchase agreement to sell residential units and land plots for AED 1,255.8 million to the Government.

f) During 2011, two land plots previously sold to a related party were cancelled. The total revenue value of those plots was AED 188.9 million and the amount collected and fully refunded was AED 37.8 million.

g) On 27 December 2011, the Group entered into the following transactions with the Government of Abu Dhabi:

• Sold Central Market Project development for a consideration of AED 5,697.6 million and entered into a construction management agreement for AED 2,619.3 million;

• Received a reimbursement of AED 5,035.0 million towards the transfer of infra-structure assets, which was settled by the waiver of borrowings due to the Government;

• Sold residential units for AED 3,501.1 million

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 34 COMMITMENTS AND CONTINGENCIES

### 34.1 CAPITAL COMMITMENTS

Capital expenditure contracted but not yet incurred at the end of the year is as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Projects under development | 1,543,338 | 2,974,452 |
| Reimbursable project works in progress | 3,310,565 | 9,631,585 |
| Investments | 98,105 | 68,590 |
| Others | 38,449 | 44,513 |
| | 4,990,457 | 12,719,140 |

The above commitments are spread over a period of one to five years.

The Group has paid an amount of AED 140.6 million (2011: AED 1,091.5 million) as advances to the suppliers and contractors against the above commitments.

### 34.2 OPERATING LEASE COMMITMENTS

*The Group as lessor*

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Buildings (over a period of 10 years): | | |
| Within one year | 283,356 | 263,756 |
| In the second to fifth year | 862,416 | 920,692 |
| After five years | 629,127 | 846,793 |
| | 1,774,899 | 2,031,241 |

*The Group as lessee*

The Group has annual operating lease commitments with respect to rental of land for one of its investment properties and buildings for staff accommodation. The minimum lease payments are as follows:

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Land (over a period of 68 years): | | |
| Within one year | 12,091 | 11,768 |
| In the second to fifth year | 51,793 | 50,401 |
| After five years | 62,583 | 76,066 |
| | 126,467 | 138,235 |
| | | |
| Buildings (over a period of 5 years) : | | |
| Within one year | 31,713 | 96,960 |
| In the second to fifth year | - | 31,713 |
| | 31,713 | 128,673 |
| | 158,180 | 266,908 |

The Group does not have the option to purchase the leased premises at expiry of the lease period but the lease can be renewed upon mutual agreements of both parties.

### 34.3 CONTINGENCIES

*Letters of credit and bank guarantees*

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Letters of credit and bank guarantees: | | |
| Issued by the Group | 34,307 | 22,796 |
| Issued on behalf of a joint venture | - | 13,413 |
| | 34,307 | 36,209 |
| Group's share in contingencies of joint ventures | 4,777 | 7,267 |



## 35 FINANCIAL INSTRUMENTS

### 35.1 SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

### 35.2 CATEGORIES OF FINANCIAL INSTRUMENTS

| | 2012 AED'000 | 2011 AED'000 |
|---|---|---|
| Financial assets | | |
| Available-for-sale financial assets | 151,461 | 170,658 |
| Loans and receivables (including cash and bank balances) | 15,271,031 | 15,314,751 |
| Total | 15,422,492 | 15,485,409 |
| | | |
| Financial liabilities | | |
| Financial liabilities measured at cost | 18,160,067 | 24,787,946 |
| Derivative instruments in designated hedge accounting relationship | 39,378 | 36,408 |
| Total | 18,199,445 | 24,824,354 |

### 35.3 FINANCIAL RISK MANAGEMENT

The Group's Corporate Finance and Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages financial risks based on internally developed models, benchmarks and forecasts. The Group seeks to minimise the effects of financial risks by using appropriate risk management techniques including using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by management's analysis of market trends, liquidity position and predicted movements in interest rate and foreign currency rates which are reviewed by the management on a continuous basis.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group analyses financial risks under the following captions:

### 35.4 CAPITAL RISK MANAGEMENT

Capital risk is the risk that the Group is not able to manage its capital structure to ensure that all entities in the Group will be able to continue as a going concern.

The Group's capital structure comprises borrowings disclosed in Notes 18, 19 and 20, cash and bank balances and equity attributable to owners of the Company, comprising issued capital, share premium, reserves and accumulated losses as disclosed in the consolidated statement of changes in equity.

The Group monitors and adjusts its capital structure with a view to promote the long-term success of the business while maintaining sustainable returns for shareholders. This is achieved through a combination of risk management actions including monitoring solvency, minimising financing costs, rigorous investment appraisals and maintaining high standards of business conduct.

Key financial measures that are subject to regular review include cash flow projections and assessment of their ability to meet contracted commitments, projected gearing levels and compliance with borrowing covenants, although no absolute targets are set for these.

The Group monitors its cost of debt on a regular basis. At 31 December 2012, the weighted average cost of debt was 6.11% (2011: 4.93%). Investment and development opportunities are evaluated against an appropriate equity return in order to ensure that long-term shareholder value is created.

The covenants of one (2011: two) borrowing arrangements require the Group maintaining a minimum equity of AED 6.0 billion.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 35 FINANCIAL INSTRUMENTS(continued)

### 35.5 MARKET RISK MANAGEMENT

Market risk is the risk that the fair value or future cash flows of a financial asset or liability will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

***a) Foreign currency risk management***

The Group has no significant cross-border trading transactions and therefore, foreign exchange transaction exposure is negligible. However, it does borrow money in foreign currencies primarily in US Dollars. The Group's currency exposure therefore is in relation to the repayment of loans and also the translation risk associated with converting outstanding loan balances back into UAE Dirhams in the Group consolidated accounts at the end of each reporting period. The exchange rate between UAE Dirhams and US Dollars is fixed and therefore the Group considers foreign exchange risk associated with repayment of loans and translation as minimum.

*Foreign currency sensitivity analysis*

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| US Dollar | **4,984,439** | 5,237,730 | **296,887** | 39,246 |
| Pound Sterling (a) | **1,850** | 130 | **-** | - |
| Euro (b) | **12,080** | 22,598 | **-** | - |
| | **4,998,369** | 5,260,458 | **296,887** | 39,246 |

There is no significant impact on US Dollar as the UAE Dirham is pegged to the US Dollar.

Based on the sensitivity analysis to a 20% increase/decrease in the AED against the relevant foreign currencies (assumed outstanding for the full year):

(a) there is AED 370 thousand (2011: AED 26 thousand) net revaluation gain/(loss) on the Pound Sterling outstanding balances.

(b) there is AED 2.4 million (2011: AED 4.5 million) net revaluation gain/(loss) on the Euro outstanding balances.

***b) Interest rate risk management***

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in Notes 13, 18, 19 and 20.

*Interest rate sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would decrease/increase by AED 80.0 million (2011: profit decrease/increase by AED 120.2 million). The Group's sensitivity to interest rates has decreased due to significant loan repayments during the year.

*Interest rate swap contracts*

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rate on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt.



### 35.5 MARKET RISK MANAGEMENT (continued)

***b) Interest rate risk management*** (continued)

*Cash flow hedges*

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

| | Average contracted fixed interest rate | | Notional principal amount | | Fair value | | Cash flows | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | % | % | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Less than 1 year | **5.93%** | 5.92% | **257,916** | 285,882 | **1,947** | 1,943 | **1,947** | 1,943 |
| 1 to 2 years | **5.93%** | 5.93% | **238,038** | 258,405 | **9,294** | 10,030 | **9,294** | 10,030 |
| 2 to 5 years | **6.07%** | 5.92% | **151,540** | 220,449 | **20,849** | 17,482 | **20,849** | 17,482 |
| More than 5 years | **6.07%** | 6.07% | **78,442** | 89,532 | **7,288** | 6,955 | **7,288** | 6,955 |
| | | | **725,936** | 854,268 | **39,378** | 36,410 | **39,378** | 36,410 |

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the payments on the loan occur simultaneously.

The carrying amount of the Group's interest rate caps were adjusted to fair value at 31 December 2012 amounting to AED Nil (2011: AED Nil). The net loss related to the time value of money amounting to AED Nil thousand (2011: net loss of AED 797.0 thousand) was included in profit or loss for the year.

The fair value of the interest rate swaps and caps designated as cash flow hedges have been arrived at on the basis of a valuation carried out by Messrs JC Rathbone Associates Ltd., independent valuers not connected with the Group. Messrs JC Rathbone Associates Ltd. have appropriate qualifications and experience in the valuation of derivative financial instruments.

*Fair value hedges*

Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and effective as fair value hedges in respect of interest rates. The carrying amount of the derivative was adjusted to fair value at 31 December 2012 amounting to AED Nil (2011: AED Nil). The net gain on fair value hedges amounting to AED Nil (2011: AED 238 thousand) was included in profit or loss for the year.

The Group's derivative financial instruments were contracted with counterparties operating in the United Arab Emirates.

### 35.6 CREDIT RISK MANAGEMENT

Credit risk in relation to the Group, refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

Key areas where the Group is exposed to credit risk are trade and other receivables and bank and cash balances and derivative financial assets (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

*Concentration of credit risk*

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in Note 10. Management believes that the concentration of credit risk is mitigated by high credit worthiness and financial stability of its trade customers.

At 31 December 2012, 100% (2011: 100%) of the deposits were placed with 5 banks. Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the central bank.

Trade and other receivables and balances with banks and derivative financial assets are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 35 FINANCIAL INSTRUMENTS (continued)

#### 35.7 LIQUIDITY RISK MANAGEMENT

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial assets and liabilities based on the earliest date on which the Group can be required to pay or collect. The table includes both interest and principal cash flows. Maturity profile of non-derivative financial assets and liabilities at the end of the reporting period is as follows:

| | Effective interest rate | < 1 month AED'000 | 1 to 3 months AED'000 | 3 months to 1 year AED'000 | 1 to 5 years AED'000 | > 5 years AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|
| 31 December 2012: | | | | | | | |
| Financial assets | | | | | | | |
| Non-interest bearing instruments | | 231,683 | 373,056 | 6,669,151 | 5,679,907 | - | 12,953,797 |
| Receivables from project finance | 12.43% | - | 17,466 | 109,497 | 295,348 | 415,445 | 837,756 |
| Variable interest rate instruments | Note 13 | 400,136 | 609,148 | 1,250,498 | - | - | 2,259,773 |
| Total | | 631,819 | 999,670 | 8,029,146 | 5,975,255 | 415,445 | 16,051,326 |
| Financial liabilities | | | | | | | |
| Non-interest bearing instruments | - | 196 | 822,350 | 5,042,901 | 1,162,750 | - | 7,028,197 |
| Non-convertible bonds | Note 19 | - | - | - | 4,590,000 | - | 4,590,000 |
| Fixed interest rate instruments | 4% | - | - | 8,712 | - | - | 8,712 |
| Variable interest rate instruments | Note 20 | 15,414 | 30,698 | 1,341,842 | 3,521,957 | 19,304 | 4,929,215 |
| Total | | 15,610 | 853,048 | 6,393,455 | 9,274,707 | 19,304 | 16,556,124 |
| 31 December 2011: | | | | | | | |
| Financial assets | | | | | | | |
| Non-interest bearing instruments | | 209,121 | 114,462 | 3,850,230 | 6,780,810 | 347,889 | 11,302,512 |
| Receivables from project finance | 12.43% | 34,204 | - | 57,099 | 298,259 | 487,099 | 876,661 |
| Variable interest rate instruments | Note 13 | 3,045,436 | 331,455 | 780,789 | - | - | 4,157,680 |
| Total | | 3,288,761 | 445,917 | 4,688,118 | 7,079,069 | 834,988 | 16,336,853 |
| Financial liabilities | | | | | | | |
| Non-interest bearing instruments | - | 256,935 | 514,016 | 4,305,262 | 1,488,288 | - | 6,564,501 |
| Non-convertible bonds | Note 19 | - | - | - | 8,340,000 | - | 8,340,000 |
| Fixed interest rate instruments | 4% | - | - | 31,177 | 693,876 | - | 725,053 |
| Variable interest rate instruments | Note 20 | 331,039 | 86,393 | 4,662,701 | 4,077,313 | 40,189 | 9,197,635 |
| Total | | 587,974 | 600,409 | 8,999,140 | 14,599,477 | 40,189 | 24,827,189 |



### 36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Except as disclosed in the following table, Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

| | As at 31 December 2012 | |
|---|---|---|
| Financial liabilities at amortised cost | Carrying amount AED'000 | Fair value AED'000 |
| Sukuk-al-Ijarah (Note 19) | 3,753,151 | 3,756,375 |
| Corporate bonds (Note 19) | 4,629,367 | 5,026,784 |

Following the amendment to IFRS 7, all financial instruments that are required to be measured at fair value (subsequent to initial recognition) should be disclosed in a fair value hierarchy or grouping into 3 levels (Levels 1 to 3) based on the degree to which the fair value is observable.

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices, and Level 3 are those that are derived from valuation techniques using unobservable inputs.

As at 31 December 2012, the Group's financial assets that are stated at fair value are grouped as follows:

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **Available-for-sale investments** | | | | |
| Equities | 10,312 | 141,149 | - | 151,461 |

The fair values of derivative instruments are determined by independent valuers (see Note 35.5) and are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

There were no transfers between Levels during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

## 37 SEGMENT INFORMATION

### 37.1 BUSINESS SEGMENTS

Segment information about the Group's continuing operations for the year then ended is presented below:

Year ended 31 December 2012

| | Property development and sales AED'000 | Investment properties portfolio AED'000 | Operative village AED'000 | Hotels AED'000 | Schools AED'000 | Leisure AED'000 | Group AED'000 |
|---|---|---|---|---|---|---|---|
| Segment revenue | 9,965,877 | 634,151 | 210,208 | 415,508 | 140,252 | 37,925 | 11,403,921 |
| Depreciation and amortisation | - | (7,964) | (109,786) | (253,310) | (28,337) | (8,353) | (407,750) |
| Project costs impairment/write-offs | (62,512) | (521) | 918 | (923,962) | - | - | (986,077) |
| Fair value losses | (110,923) | (59,023) | - | - | - | - | (169,946) |
| Segment profit/(loss) | 2,512,979 | 264,432 | (52,750) | (1,116,178) | (16,041) | 1,388 | 1,593,830 |

| | |
|---|---|
| Other income | 446,490 |
| Share of income from associates and joint ventures | 121,489 |
| Selling and marketing expenses | (8,131) |
| General and administrative expenses | (171,651) |
| Depreciation and amortisation | (26,837) |
| Loss on fair valuation of available-for-sale financial assets | (2,139) |
| Finance income | 222,989 |
| Finance costs | (835,382) |
| Profit for the year | 1,340,658 |



## 37 SEGMENT INFORMATION (CONTINUED)

### 37.1 BUSINESS SEGMENTS (CONTINUED)

Year ended 31 December 2011

| | Property development and sales AED'000 | Investment properties portfolio AED'000 | Operative village AED'000 | Hotels AED'000 | Schools AED'000 | Leisure AED'000 | Group AED'000 |
|---|---|---|---|---|---|---|---|
| Segment revenue | 5,435,152 | 540,966 | 196,277 | 419,081 | 113,111 | 38,003 | 6,742,590 |
| Depreciation and amortisation | (2,824) | (3,704) | (194,218) | (307,072) | (19,933) | (9,307) | (537,058) |
| Project costs impairment/write-offs | (566,977) | (112,700) | (911,226) | (423,805) | - | (99,712) | (2,114,420) |
| Fair value losses | - | (540,732) | - | - | - | - | (540,732) |
| Other income | 3,108,626 | - | - | - | - | 841,885 | 3,950,511 |
| Segment profit/(loss) | 3,791,616 | (455,377) | (1,081,238) | (681,216) | (19,624) | 737,078 | 2,291,239 |

| | |
|---|---|
| Share of income from associates and joint ventures | 102,388 |
| Selling and marketing expenses | (33,168) |
| Depreciation and amortisation | (53,205) |
| Loss on fair valuation of available-for-sale financial assets | (38,500) |
| Other expenses | (640,467) |
| Finance income | 118,677 |
| Finance costs | (1,104,473) |
| Profit for the year | 642,491 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2012

### 37 SEGMENT INFORMATION (CONTINUED)

### 37.1 BUSINESS SEGMENTS (CONTINUED)

The segment assets and liabilities and capital expenditure for the year then ended are as follows:

| | Property development and sales AED'000 | Investment properties portfolio AED'000 | Operative village AED'000 | Hotels AED'000 | Schools AED'000 | Leisure AED'000 | Unallocated AED'000 | Group AED'000 |
|---|---|---|---|---|---|---|---|---|
| As at 31 December 2012 | | | | | | | | |
| Assets | 17,936,913 | 6,798,618 | 242,837 | 2,981,675 | 550,093 | 72,550 | 3,458,021 | 32,040,707 |
| Liabilities | 8,622,947 | 583,940 | 174,754 | 145,988 | 41,731 | 15,175 | 14,276,665 | 23,861,200 |
| Capital expenditure | 34,697 | - | - | - | - | - | 60 | 34,757 |
| Projects expenditure | 477,231 | 982,089 | - | - | - | - | - | 1,459,321 |
| As at 31 December 2011 | | | | | | | | |
| Assets | 22,931,168 | 9,198,620 | 439,542 | 4,129,673 | 639,571 | 108,442 | 2,670,898 | 40,117,914 |
| Liabilities | 8,295,275 | 5,077,762 | 1,394,163 | 5,359,258 | 566,585 | 817,094 | 11,514,202 | 33,024,339 |
| Capital expenditure | 168,039 | - | - | - | - | - | 80,915 | 248,954 |
| Projects expenditure | 954,143 | 1,950,587 | - | - | - | - | - | 2,904,730 |



### 37 SEGMENT INFORMATION (CONTINUED)

### 37.1 BUSINESS SEGMENTS (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of profits of associates and joint ventures, other gains and losses, finance income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates and joint ventures, available for sale assets and 'other financial assets'.
  Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than borrowings, convertible and non-convertible bonds and 'other financial liabilities'. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

### 37.2 GEOGRAPHICAL SEGMENTS

The Group operated only in one geographical segment, i.e., United Arab Emirates.

### 38 NON CASH TRANSACTIONS

During 2011, the Group entered into the following non-cash activities which are not reflected in the consolidated statement of cash flows:

- Conversion of convertible bonds into equity of AED 2,106.1 million (Note 18a).

- The investment property under development amounting to AED 2,452.2 million (Note 7) and the grant income amounting to AED 3,100.4 million have not all been received in cash resulting in a net receivable of AED 4,553.8 million at the end of the reporting period.

- The amounts received for the reimbursement of infrastructure assets of AED 5,035.0 million was settled by the waiver of borrowings due to the Government (Note 32g). The reimbursement reduced by AED 2,280.0 million of development work in progress (Note 11) and increased advances received from the government by AED 2,755.0 million (Note 23a).

### 39 COMPARATIVES

During the year, restatement was made to the comparative amount for the year ended 31 December 2011 for the accrual for non-convertible bonds amounting to AED 43.05 million previously classified under trade and other payables has been disclosed under the current portion of non-convertible bonds in the consolidated statement of financial position for the year ended 31 December 2011.

The above restatements did not affect the total assets or total liabilities disclosed as at 31 December 2011 and had no impact on previously reported profit or equity.

### 40 EVENT AFTER THE REPORTING PERIOD

In the meeting held on 20 January 2013, the Boards of Directors of Aldar Properties PJSC ("Aldar") and Sorouh Real Estate PJSC ("Sorouh") have recommended a merger to their shareholders. The proposed transaction would be a statutory all-share merger, with Sorouh's shareholders receiving 1.288 Aldar shares for each Sorouh share they hold. On the effective date of the merger, Sorouh shares would be delisted from the Abu Dhabi Securities Exchange and Sorouh would be dissolved as a legal entity. Aldar will be named Aldar Sorouh Properties PJSC ("Aldar Sorouh").

The merger is subject to a number of conditions, including the approval of the merger by at least 75 per cent by value of the shares represented at the Extraordinary General Meetings of Aldar and Sorouh.

### 41 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 3 February 2013.

# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

**Chairman**
H.E. Ali Eid AlMheiri

**Other Board Members**
H.E. Dr. Sultan Ahmed Al Jaber
Mr. Khalifa Sultan Al Suwaidi
Mr. Carlos Obeid
Mr. Mansour Mohamed Al Mulla
Mr. Saeed Mohamed Al Mazrouei
Mr. Martin Lee Edelman

## EXECUTIVE MANAGEMENT TEAM

**Chief Executive Officer**
Sami Asad

**Deputy CEO**
Mohammed Al Mubarak

**Chief Financial Officer**
Greg Fewer

**Head of Legal**
Brett Scrymgeour

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**Listing Details**
Aldar Properties PJSC is listed on the Abu Dhabi Securities Market under the ticker symbol ALDAR

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