Dubai Investments PJSC
and its subsidiaries

Condensed consolidated interim financial information

30 September 2013

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial information
30 September 2013

Contents ***Page***

P O BOX 3800
Level 13,Boulevard Plaza Tower One
Mohammad Bin Rashid Boulevard
Dubai
United Arab Emirates

Telephone +971 (4) 4030300
Fax +971 (4) 3301515
Website www.ae-kpmg.com

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

The Shareholders
Dubai Investments PJSC

Introduction

We have reviewed the accompanying 30 September 2013 condensed consolidated interim financial information of Dubai Investments PJSC ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2013;
- the condensed consolidated income statement for the three month and nine month period ended 30 September 2013;
- the condensed consolidated statement of comprehensive income for the three month and nine month period ended 30 September 2013;
- the condensed consolidated statement of changes in equity for the nine month period 30 September 2013;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2013; and
- notes to the interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2013 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

Munther Dajani
Registration No. 268
Dubai, United Arab Emirates

30 OCT 2013

KPMG Lower Gulf Limited, registered in the UAE and a member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated income statement

for the nine month period ended 30 September (unaudited)

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2013	2012	**2013**	2012
		AED 000	AED 000 *Restated	**AED 000**	AED 000 *Restated
Sale of goods and services		**282,384**	309,107	**850,101**	944,540
Contract revenue		**72,268**	71,938	**225,579**	177,649
Sale of properties (including development properties)		**38,186**	27,489	**92,790**	57,897
Gain on sale of investment properties		**15,315**	-	**28,555**	-
Rental income		**141,083**	115,761	**392,296**	346,161
Gain on fair valuation of investment properties	*10*	**12,200**	60,001	**196,423**	90,001
Gain/(loss) on fair valuation of investments		**26,040**	(4,452)	**57,977**	(856)
Gain on sale of investments – (net)		**-**	-	**15,687**	17,247
Share of profit/(loss) from equity accounted investees'		**43,035**	(11,808)	**50,405**	41,095
Dividend income		**327**	-	**15,622**	14,956
Total income		**630,838**	568,036	**1,925,435**	1,688,690
Direct operating costs	*7*	**(357,758)**	(383,460)	**(1,064,343)**	(1,096,815)
Administrative and general expenses	*8*	**(100,954)**	(88,509)	**(301,922)**	(297,982)
Finance expenses		**(23,033)**	(36,775)	**(63,334)**	(107,314)
Finance income		**1,495**	3,694	**4,214**	7,245
Other income		**7,360**	9,781	**26,143**	24,851
Profit for the period		**157,948**	72,767	**526,193**	218,675
Profit attributable to:					
Owners of the Company		**161,050**	81,401	**530,590**	252,262
Non-controlling interests		**(3,102)**	(8,634)	**(4,397)**	(33,587)
Profit for the period		**157,948**	72,767	**526,193**	218,675
Earnings per share					
Basic earnings per share (AED)	*17*	**0.05**	0.02	**0.15**	0.07

*See change in accounting policies notes 3 and 24.

The notes set out on pages 8 to 19 form part of the condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of comprehensive income
for the nine month period ended 30 September (unaudited)

	Three month period ended 30 September		Nine month period ended 30 September	
	2013	2012	**2013**	2012
	AED 000	AED 000	**AED 000**	AED 000
Profit for the period	**157,948**	72,767	**526,193**	218,675
Other comprehensive income:				
Net change in fair value of investments at fair value through other comprehensive income (OCI)	-	(10,959)	**(7,446)**	(17,281)
Total other comprehensive income for the period	**-**	(10,959)	**(7,446)**	(17,281)
Total comprehensive income for the period	**157,948**	61,808	**518,747**	201,394
Total comprehensive income attributable to:				
Owners of the Company	**161,050**	70,442	**523,144**	234,981
Non-controlling interests	**(3,102)**	(8,634)	**(4,397)**	(33,587)
Total comprehensive income for the period	**157,948**	61,808	**518,747**	201,394

The notes set out on pages 8 to 19 form part of the condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of financial position

	Note	**30 September 2013 AED 000 (Unaudited)**	31 December 2012 AED 000 (Audited) *Restated	30 September 2012 AED 000 (Unaudited) *Restated	1 January 2012 AED 000 (Unaudited) *Restated
Assets					
Non-current assets					
Property, plant and equipment and biological assets	9	**1,689,640**	1,750,005	1,817,612	1,839,336
Goodwill and intangible assets		**133,953**	134,002	193,772	205,161
Investment properties	10	**3,971,546**	4,087,096	4,012,268	3,826,117
Development properties	11	**60,500**	21,787	28,800	37,224
Investments at fair value through other comprehensive income	12	**432,359**	440,245	473,486	492,086
Investment in equity accounted investees'		**698,318**	654,807	718,386	728,510
Long term rent receivable		**51,265**	66,143	41,589	94,926
Long term finance lease receivable	15	**130,133**	-	-	-
Inventories	13	**1,206,772**	1,206,772	1,208,886	1,230,346
Trade receivables		**226,376**	226,252	222,599	226,146
Other receivables		**111,291**	156,056	43,075	45,640
Total non-current assets		**8,712,153**	8,743,165	8,760,473	8,725,492
Current assets					
Inventories	13	**931,150**	993,200	1,074,269	1,083,318
Investments at fair value through profit or loss	12	**646,530**	600,991	794,693	796,681
Trade receivables	14	**1,317,915**	1,149,222	1,301,005	1,246,116
Due from related parties and other receivables	15	**529,944**	424,071	595,562	560,075
Cash at bank and in hand	16	**437,542**	447,415	334,271	259,505
Total current assets		**3,863,081**	3,614,899	4,099,800	3,945,695
Total assets		**12,575,234**	12,358,064	12,860,273	12,671,187
Equity					
Share capital		**3,570,395**	3,570,395	3,570,395	3,570,395
Share premium		**46**	46	46	46
Legal reserve		**544,596**	544,596	492,911	492,911
Capital reserve		**25,502**	25,502	25,502	25,502
General reserve		**872,935**	872,935	828,363	828,363
Revaluation reserve		**67,000**	67,000	67,000	67,000
Fair value reserve		**(114,753)**	(107,307)	(74,066)	(56,785)
Proposed dividend	19	-	249,928	-	178,520
Proposed directors' fees	19	-	4,000	-	2,500
Retained earnings		**3,792,232**	3,257,223	3,538,298	3,311,451
Equity attributable to owners of the Company		**8,757,953**	8,484,318	8,448,449	8,419,903
Non-controlling interests		**452,524**	473,046	573,759	637,766
Total equity		**9,210,477**	8,957,364	9,022,208	9,057,669
Liabilities					
Non-current liabilities					
Long-term borrowings and payables	18	**1,288,899**	1,038,655	995,131	790,357
Total non-current liabilities		**1,288,899**	1,038,655	995,131	790,357
Current liabilities					
Bank borrowings	18	**932,776**	1,263,510	1,561,240	1,668,901
Trade, related parties and other payables	15	**1,143,082**	1,098,535	1,281,694	1,154,260
Total current liabilities		**2,075,858**	2,362,045	2,842,934	2,823,161
Total liabilities		**3,364,757**	3,400,700	3,838,065	3,613,518
Total equity and liabilities		**12,575,234**	12,358,064	12,860,273	12,671,187

* See change in accounting policies notes 3 and 24.

The condensed consolidated interim financial information was authorized for issue on behalf of the Board of Directors on 30 October 2013.

Khalid Jassim Kalban
MD & CEO

Mushtaq Masood
Group CFO

The notes set out on pages 8 to 19 form part of these condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of cash flows

for the nine month period ended 30 September (unaudited)

	Nine month period ended 30 September	
	2013	2012
	AED 000	AED 000
		*Restated
Cash flow from operating activities		
Profit for the period	**526,193**	218,675
Adjustments for:		
Depreciation	**84,295**	91,125
Amortization/impairment losses of intangible assets	**2,385**	11,605
Gain on disposal of property, plant & equipment	**(201)**	(808)
Gain on sale of investments – (net)	**(15,687)**	(17,247)
Gain on fair valuation of investment properties	**(196,423)**	(90,001)
Share of profit from equity accounted investees'	**(50,405)**	(41,095)
(Gain)/loss on fair valuation of investments	**(57,977)**	856
	----------	----------
Operating profit before changes in working capital	**292,180**	173,110
Changes in:		
- investments at fair value through profit or loss and at fair value through OCI	**28,565**	19,698
- trade and other receivables	**(345,180)**	(30,926)
- inventories	**62,050**	30,509
- trade and other payables	**44,547**	127,434
Directors' fee paid	**(4,000)**	-
	-----------	-----------
Net cash from operating activities	**78,162**	319,825
	-----------	-----------
Cash flow from investing activities		
Consideration paid for acquisition of additional investment in a subsidiary	**(10,000)**	(50,608)
Net movement in investment and development properties	**273,260**	(87,726)
Acquisition of property, plant and equipment	**(30,831)**	(89,427)
Proceeds from disposal of property, plant and equipment	**7,102**	15,540
Net additions to intangible assets	**(2,336)**	(216)
Net movement in equity accounted investees'	**6,894**	51,219
Net movement in deposits under lien	**6,238**	(13,532)
	-----------	-----------
Net cash from/(used in) investing activities	**250,327**	(174,750)
	-----------	-----------
Cash flow from financing activities		
Net movement in borrowings and other payables	**(45,908)**	306,686
Net movement in non-controlling interests	**(1,708)**	(7,727)
Dividend paid	**(249,928)**	(178,520)
	------------	------------
Net cash (used in)/ from financing activities	**(297,544)**	120,439
	----------	----------
Net increase in cash and cash equivalents	**30,945**	265,514
Cash and cash equivalents at 1 January	**68,354**	(332,722)
	---------	-----------
Cash and cash equivalents at 30 September	**99,299**	(67,208)
	---------	-----------
Cash and cash equivalents comprise following:		
Cash in hand, current and call account with banks	**215,149**	130,759
Short term deposits with banks (excluding those under lien)	**159,722**	137,511
Bank overdraft, trust receipt loans and bills discounted	**(275,572)**	(335,478)
	-----------	-----------
	99,299	(67,208)
	=====	======

* See change in accounting policies notes 3 and 24.

The notes set out on pages 8 to 19 form part of the condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of changes in equity

for the nine month period ended 30 September (unaudited)

	Equity attributable to owners of the Company												*AED 000*
	Share capital	**Share premium**	**Legal reserve**	**Capital reserve**	**General reserve**	**Reval-uation reserve**	**Fair value reserve**	**Proposed dividend**	**Proposed directors' fees**	**Retained earnings**	**Sub total**	**Non-controlling interests**	**Total**
Balance at 1 January 2012 - as originally reported	**3,570,395**	**46**	**513,039**	**25,502**	**830,903**	**67,000**	**(56,785)**	**178,520**	**2,500**	**3,288,783**	**8,419,903**	**637,766**	**9,057,669**
Effect of change in accounting policy – see note 24	-	-	(20,128)	-	(2,540)	-	-	-	-	22,668	-	-	-
Balance at 1 January 2012 – as restated	**3,570,395**	**46**	**492,911**	**25,502**	**828,363**	**67,000**	**(56,785)**	**178,520**	**2,500**	**3,311,451**	**8,419,903**	**637,766**	**9,057,669**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	252,262	252,262	(33,587)	218,675
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(17,281)	-	-	-	(17,281)	-	(17,281)
Total other comprehensive income	-	-	-	-	-	-	(17,281)	-	-	-	(17,281)	-	(17,281)
Total comprehensive income for the period	-	-	-	-	-	-	(17,281)	-	-	252,262	234,981	(33,587)	201,394
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Reversal of proposed directors' fees	-	-	-	-	-	-	-	-	(2,500)	2,500	-	-	-
Dividend paid	-	-	-	-	-	-	-	(178,520)	-	-	(178,520)	-	(178,520)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,813)	(7,813)
Introduction of share capital	-	-	-	-	-	-	-	-	-	-	-	86	86
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(178,520)	(2,500)	2,500	(178,520)	(7,727)	(186,247)
Changes in ownership interests in subsidiaries													
On acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(27,915)	(27,915)	(22,693)	(50,608)
Total change in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	(27,915)	(27,915)	(22,693)	(50,608)
Total transactions with owners	-	-	-	-	-	-	-	(178,520)	(2,500)	(25,415)	(206,435)	(30,420)	(236,855)
Balance at 30 September 2012 – as restated	**3,570,395**	**46**	**492,911**	**25,502**	**828,363**	**67,000**	**(74,066)**	**-**	**-**	**3,538,298**	**8,448,449**	**573,759**	**9,022,208**

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of changes in equity

for the nine month period ended 30 September (unaudited)

	Equity attributable to owners of the Company												*AED 000*
	Share Capital	**Share premium**	**Legal reserve**	**Capital reserve**	**General reserve**	**Reval-uation reserve**	**Fair value reserve**	**Proposed dividend**	**Proposed directors' fees**	**Retained earnings**	**Sub total**	**Non-controlling interests**	**Total**
Balance at 1 January 2013 – as restated	**3,570,395**	**46**	**544,596**	**25,502**	**872,935**	**67,000**	**(107,307)**	**249,928**	**4,000**	**3,257,223**	**8,484,318**	**473,046**	**8,957,364**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	530,590	530,590	(4,397)	526,193
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(7,446)	-	-	-	(7,446)	-	(7,446)
Total other comprehensive income	-	-	-	-	-	-	(7,446)	-	-	-	(7,446)	-	(7,446)
Total comprehensive income for the period	-	-	-	-	-	-	(7,446)	-	-	530,590	523,144	(4,397)	518,747
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Director's fees paid	-	-	-	-	-	-	-	-	(4,000)	-	(4,000)	-	(4,000)
Dividend paid	-	-	-	-	-	-	-	(249,928)	-	-	(249,928)	-	(249,928)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,706)	(1,706)
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(249,928)	(4,000)	-	(253,928)	(1,706)	(255,634)
Changes in ownership interests in subsidiaries													
On acquisition of non-controlling interests (refer note 20)	-	-	-	-	-	-	-	-	-	4,419	4,419	(14,419)	(10,000)
Total change in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	4,419	4,419	(14,419)	(10,000)
Total transactions with owners	-	-	-	-	-	-	-	(249,928)	(4,000)	4,419	(249,509)	(16,125)	(265,634)
Balance at 30 September 2013	**3,570,395**	**46**	**544,596**	**25,502**	**872,935**	**67,000**	**(114,753)**	**-**	**-**	**3,792,232**	**8,757,953**	**452,524**	**9,210,477**

No allocation of profit has been made to the statutory reserve for the nine month period ended 30 September 2013 as it would be affected at the year end.

The notes set out on pages 8 to 19 form part of these condensed consolidated interim financial information.

1. Reporting entity

Dubai Investments PJSC ("the Company") was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. This condensed consolidated interim financial information as at and for the nine month period ended 30 September 2013 ("the current period") comprises the financial information of the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and joint arrangements.

The Group is primarily involved in development of real estate for sale and leasing, contracting activities, manufacturing and trading of products in various sectors and investing in bonds, funds and equity securities.

The registered address of the Company is P. O. Box 28171, Dubai, UAE.

2. Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

3. Change in accounting policies

Effective 1 January 2013, following new / amended International Financial Reporting Standards (IFRS) have become effective and have been applied in preparing the condensed consolidated interim financial information:

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 28: Amendments to Investments in Associates and Joint Ventures (2011)
- IFRS 13: Fair Value Measurement

Following changes to the Group accounting policies have been made on adoption of the new and amended standards:

Subsidiaries

As a result of adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidated its investee. IFRS 10 introduces a new model of control that is applicable to all investees; among other things it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances. The revised accounting policy is as follows:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In accordance with the transitional provisions of IFRS 10, the Group has re-assessed the control conclusion for its investee at 1 January 2013. The re-assessment of control did not result in identification of any additional investee being controlled on a de facto control circumstances and accordingly, the change in accounting policy has no impact on the Group's condensed consolidated interim financial information.

3. Change in accounting policies *(continued)*

Joint Arrangements

As a result of adoption of IFRS 11, the Group has changed its accounting policy with respect to interests in joint arrangements. Under IFRS 11, the Group classifies its interests in joint arrangements as either joint ventures or joint operations depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form, the contractual terms and other facts and circumstances. The revised accounting policy is as follows:

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- **Joint venture**: when the Group has rights only to the net assets of the arrangements, it accounts for its interests using the equity method. The consolidated financial statements include the Group's share of profit and equity movements of joint ventures accounted for on an equity basis, after adjustments to align the accounting policies with those of the Group. When the Group's share of losses exceeds the carrying amount of the investment in the joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

- **Joint operation**: when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

As at 1 January 2013, the Group has re-evaluated its interests in joint arrangements and has concluded that all its interests in joint arrangements are joint ventures and accordingly is required to be accounted for using the equity method. Up to 31 December 2012, the Group accounted for its investments in joint ventures using proportionate consolidation method.

In accordance with the transitional provisions of IFRS 11, the change in accounting policy has been applied retrospectively. The impact of change in accounting policy has been summarized in note 24 of the condensed consolidated interim financial information; however, it does not have any impact on the earnings per share.

Consequent to the retrospective application of change in accounting policy for investments in joint ventures, the Group has also presented the restated statement of financial position as at 1 January 2012.

Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. In accordance with the transitional provisions, IFRS 13 has been applied prospectively from the effective date of 1 January 2013. The application of IFRS 13 has no significant impact on the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace the existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Also refer note 6.

4. Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012, except for the change in accounting policies as explained in note 3 above.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Financial assets and liabilities

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012. These are disclosed in detail under notes 2 and 3 in the Group's consolidated financial statements as at and for the year ended 31 December 2012.

5. Use of estimates and judgments

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the current environment obtaining reliable fair value has been one of the greatest challenges. The nature and reliability of information available to management to support the making of a fair value accounting estimate vary widely, and thereby affect the degree of estimation uncertainty associated with that fair value.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

6. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

6 Financial instruments *(continued)*

Valuation of financial instruments *(continued)*

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

30 September 2013 (Unaudited)	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Financial assets at fair value through profit or loss	**339,161**	**127,279**	**180,090**	**646,530**
Financial assets at fair value through other comprehensive income	**-**	**-**	**432,359**	**432,359**
	339,161	**127,279**	**612,449**	**1,078,889**

Reconciliation of Level 3 fair values measurements of financial assets

	2013 AED 000 (Unaudited)
Opening balance at 1 January 2013	**627,575**
Redeemed during the period	**(7,680)**
Net change in fair value of investments at fair value through OCI	**(7,446)**
Closing balance at 30 September 2013	**612,449**

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the nine month period ended 30 September 2013.

Valuation techniques

The fair values of Level 3 financial instruments have been determined on the same basis and assumptions as for the year ended 31 December 2012.

7. Direct operating costs

	Three month period ended 30 September		Nine month period ended 30 September	
	2013	2012	**2013**	2012
	AED 000	AED 000	**AED 000**	AED 000
		Restated		Restated
These include:				
Staff costs	**39,757**	40,791	**117,988**	127,074
Depreciation	**20,494**	18,132	**62,187**	67,694
	=====	=====	=====	=====

8. Administrative and general expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2013	2012	**2013**	2012
	AED 000	AED 000	**AED 000**	AED 000
		Restated		Restated
These include:				
Staff costs	**50,283**	47,226	**145,842**	139,331
Depreciation	**7,370**	6,680	**22,108**	23,431
	=====	=====	=====	=====

9. Property, plant and equipment and biological assets

During the nine month period ended 30 September 2013, the Group's additions to assets amounted to AED 30.83 million *(nine month period ended 30 September 2012 (as restated): AED 89.43 million).*

10. Investment properties

These mainly include infrastructure facilities which are leased to third parties. These are built on the land (number 598-0100 and 596-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable long-term lease of 99 years. The Group was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realized profits from the project are payable.

The leased land from the Government of Dubai is developed in phases. As at 31 December 2012, the Group had obtained valuation of the entire development by an independent registered valuer who carried out the valuation in accordance with the Valuation Standards of the Royal Institute of Chartered Surveyors which also takes into consideration the cash outflows resulting from the estimated 20% share of the net realized profits due to the Government of Dubai starting February 2009.

During the current period, management reviewed fair valuation of investment properties and a fair valuation gain of AED 196 million was recognized on certain properties where the expected cash flows improved significantly.

During the current period, investment properties with a carrying value of AED 312 million were let out on long term leases and, the present value of the residual interest in those investment properties at the end of the lease term is estimated to be negligible. These leases are therefore accounted for as finance leases i.e. treated as sold.

11. Development properties

Development properties as at 30 September 2013 mainly comprise costs incurred by a subsidiary for the development and refurbishment of infrastructure in Dubai Investment Park.

12. Investments

		30 September 2013 AED 000 (Unaudited)	31 December 2012 AED 000 (Audited)	30 September 2012 AED 000 (Unaudited) Restated
Investments at fair value through profit or loss:				
- held for trading quoted equity securities		**339,161**	326,069	304,056
- unquoted equity securities, funds and bonds		**307,369**	274,922	490,637
		----------	-----------	----------
	(i)	**646,530**	600,991	794,693
		======	======	======
Investments at fair value through other comprehensive income:				
- unquoted equity securities		**432,359**	440,245	473,486
		----------	----------	----------
	(ii)	**432,359**	440,245	473,486
		======	======	======
Geographical distribution of investments				
UAE		**475,978**	400,193	482,680
Other GCC countries		**271,906**	279,138	291,349
Other countries		**331,005**	361,905	494,150
		------------	-----------	------------
	(i)+(ii)	**1,078,889**	1,041,236	1,268,179
		=======	=======	=======

13. Inventories

Inventories at 30 September 2013 include properties under development for sale in the ordinary course of business amounting to AED 1,207 million *(31 December 2012: AED 1,207 million)* and represent costs of land and expenditure incurred towards the development of properties for subsequent sale. The Group intends to develop these properties for sale and has classified certain properties as long term based on completion/future development plans.

The management has reviewed the value of inventories and properties under development for sale to assess the write down required, if any, to bring them to the net realizable value. The net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Where discounted cash flows have been used to estimate net realizable values, the cash flows have been estimated by the management based on the latest information available (also refer note 5).

14. Trade receivables

Trade receivables as at 30 September 2013 include an amount of AED 217.9 million representing balance of the consideration receivable from a tenant against a plot of land leased by a subsidiary of the Company for 90 years in 2005. The subsidiary has initiated legal proceedings against the tenant to recover the outstanding balance and the preliminary judgment (which is subject to appeal by the tenant) has been issued by the Court in subsidiary's favor.

15. Related party transactions and balances

Significant related party transactions during the period were as follows:

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2013	2012	**2013**	2012
	AED 000	AED 000	**AED 000**	AED 000
- Construction of Head office building	**-**	6,016	**-**	6,016
- Sale of an investment property	**111,306**	-	**111,306**	-
	=====	=====	=====	=====
Compensation to key management personnel including Directors are as follows:				
- Short term benefits	**3,241**	3,436	**9,723**	10,263
- Post employee benefits	**31**	25	**95**	77
	===	===	===	===

Long term finance lease receivables

Long term finance lease receivables include an amount of AED 103.8 million *(31 December 2012: Nil)* due from a joint venture of the Group on account of sale of investment property during the current period.

16. Cash at bank and in hand

	30 September 2013 AED 000 (Unaudited)	31 December 2012 AED 000 (Audited) Restated	30 September 2012 AED 000 (Unaudited) Restated
Cash in hand	**1,963**	1,692	1,885
Cash at bank within UAE (current accounts)	**205,895**	260,450	125,538
Cash at bank outside UAE – GCC Countries (current accounts)	**7,291**	3,879	3,336
Short term deposits (including deposits of AED 62.67 million *(31 December 2012 as restated: 68.91 million)* under lien with banks)	**222,393**	181,394	203,512
	437,542	447,415	334,271

17. Basic earnings per share

	Three months period ended 30 September		**Nine months period ended 30 September**	
	2013	2012	**2013**	2012
Profit attributable to owners of the Company (AED'000)	**161,050**	81,401	**530,590**	252,262
Weighted average number of shares outstanding ('000s)	**3,570,395**	3,570,395	**3,570,395**	3,570,395

18. Bank borrowings

The repayment terms of the bank borrowings vary from three to seven years and are secured by a combination of corporate guarantees and mortgages over certain inventories, trade receivables, property, plant and equipment, investment at fair value through profit or loss, investment properties and assignment of insurance policies over certain assets of the Group. Where there is a corporate guarantee provided by the Company, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

19. Proposed dividend and directors' fees

(i) At the Annual General Meeting (AGM) held on 23rd April 2013, the shareholders approved 7% cash dividend (AED 0.07 per share) which was proposed by the Board of Directors.

(ii) At the Annual General Meeting (AGM) held on 23rd April 2013, the shareholders approved the proposed Directors' fees amounting to AED 4 million for the year ended 31 December 2012.

20. Acquisition of non-controlling interests

In June 2013, the Group acquired an additional 5% interest in Emirates Float Glass LLC increasing its ownership from 62.28% to 67.28%. On acquisition, the Group recognized a decrease in non-controlling interests of AED 14.4 million and an increase in retained earnings of AED 4.4 million.

21. Contingent liabilities

The Company has issued corporate guarantees to commercial banks for loans and advances granted to joint ventures amounting to AED 489 million *(31 December 2012 (as restated): AED 551 million)*. As the Group follows equity accounting for joint ventures, the borrowings against which these corporate guarantees have been issued are not included in the condensed consolidated interim statement of financial position.

22. Capital commitments

As at 30 September 2013, the Group has contractual capital commitments amounting to AED 94 million *(31 December 2012 (as restated): AED 110 million)* mainly relating to new projects/investments.

23. Segment reporting

The Group has broadly four reportable segments as discussed below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they required different strategies. The following summary describes the operation in each of the Group's reportable segments:

Manufacturing and contracting	:	manufacture and sale of materials used in building construction projects, executing construction contracts, pharmaceuticals, aluminum extruded products and laboratory furniture.
FMCG	:	production and distribution of dairy products.
Investments	:	strategic minority investments in startup ventures and IPO's, bonds, funds and shares held for trading purposes.
Property	:	the development of real estate projects for rentals and sale of real estate properties.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are few transactions between the segments and any such transaction is priced on arm's length basis.

23. Segment reporting *(continued)*

Operating segments

Information about reportable segments

AED 000

	Manufacturing and contracting		**FMCG**		**Investments**		**Property**		**Elimination of inter segment transactions**		**Total**	
	2013	2012 Restated	**2013**	2012 Restated	**2013**	2012 Restated	**2013**	2012 Restated	**2013**	2012 Restated	**2013**	2012 Restated
Business Segments												
Revenue	**998,219**	1,036,473	**76,142**	87,898	**419,848**	407,044	**512,982**	401,323	**(278,179)**	(334,049)	**1,729,012**	1,598,689
Finance income and other income	**12,835**	12,193	**277**	2,847	**66,106**	62,040	**14,242**	10,341	**(63,103)**	(55,325)	**30,357**	32,096
Finance expenses	**(44,155)**	(69,871)	**(604)**	(899)	**(6,543)**	(8,720)	**(75,135)**	(78,670)	**63,103**	50,846	**(63,334)**	(107,314)
Gain on fair valuation of investment properties	**-**	-	**-**	-	**-**	-	**196,423**	90,001	**-**	-	**196,423**	90,001
Reportable segment profit	**(36,054)**	(128,238)	**(130)**	2,866	**471,829**	437,193	**404,953**	241,700	**(314,405)**	(334,846)	**526,193**	218,675
Reportable segment assets	**2,693,880**	2,696,239	**82,739**	82,451	**6,676,817**	6,366,420	**7,668,197**	7,292,943	**(4,546,399)**	(4,079,989)	**12,575,234**	12,358,064
Reportable segment liabilities	**2,230,018**	2,189,514	**40,109**	36,839	**457,477**	354,382	**2,667,675**	2,601,433	**(2,030,522)**	(1,781,469)	**3,364,757**	3,400,699

The Group's revenue is mainly earned from transactions carried out in UAE and other GCC countries.

24. Impact of change in accounting policy

The following table summarizes the adjustments made to the Group's consolidated statements of comprehensive income and cash flows for the nine month period ended 30 September 2012 and consolidated statement of financial position as at 1 January 2012, 30 September 2012 and 31 December 2012 upon change in accounting policy for joint ventures as mentioned in note 3.

Comprehensive income

	For the nine month period ended 30 September 2012		
	As previously reported AED 000	**Adjustment AED 000**	**As restated AED 000**
Sale of goods and services	1,065,183	(120,643)	944,540
Contract revenue	308,424	(130,775)	177,649
Sale of properties (including development properties)	74,960	(17,063)	57,897
Rental income	356,088	(9,927)	346,161
Gain on fair valuation of investment properties	88,303	1,698	90,001
Loss on fair valuation of investments	(856)	-	(856)
Gain on sale of investments – (net)	17,247	-	17,247
Share of profit from equity accounted investees'	-	41,095	41,095
Dividend income	14,956	-	14,956
Total income	**1,924,305**	**(235,615)**	**1,688,690**
Direct operating costs	(1,292,362)	195,547	(1,096,815)
Administrative and general expenses	(329,171)	31,189	(297,982)
Finance expenses	(127,067)	19,753	(107,314)
Finance income	7,247	(2)	7,245
Other income	35,723	(10,872)	24,851
Profit for the period	**218,675**	**-**	**218,675**

The change in accounting policy had no impact on the Earnings per share for the comparative period.

Cash flows

	For the nine month period ended 30 September 2012		
	As previously reported AED 000	**Adjustment AED 000**	**As restated AED 000**
Net cash from operating activities	400,529	(80,705)	319,824
Net cash used in investing activities	(215,063)	40,315	(174,748)
Net cash from financing activities	122,513	(2,074)	120,439
Net increase in cash and cash equivalents	**307,979**	**(42,464)**	**265,515**

24. Impact of change in accounting policy *(continued)*

Financial Position

AED 000

	As at 31 December 2012			As at 30 September 2012			As at 1 January 2012		
	As previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated
Non-current assets									
Property, plant and equipment and biological assets	2,625,305	(875,300)	1,750,005	2,765,302	(947,690)	1,817,612	2,769,017	(929,681)	1,839,336
Goodwill and intangible assets	147,445	(13,443)	134,002	206,047	(12,275)	193,772	217,436	(12,275)	205,161
Investment properties	4,253,207	(166,111)	4,087,096	4,169,218	(156,950)	4,012,268	3,977,154	(151,037)	3,826,117
Development properties	51,294	(29,507)	21,787	63,041	(34,241)	28,800	80,670	(43,446)	37,224
Investment in equity accounted investees'	2,576	652,231	654,807	2,576	715,810	718,386	2,576	725,934	728,510
Long term finance lease receivable	13,841	(13,841)	-	14,415	(14,415)	-	15,834	(15,834)	-
Inventories	1,269,777	(63,005)	1,206,772	1,271,428	(62,542)	1,208,886	1,287,894	(57,548)	1,230,346
Current assets									
Inventories	993,217	(17)	993,200	1,077,689	(3,420)	1,074,269	1,088,161	(4,843)	1,083,318
Investments at fair value through profit or loss	600,991	-	600,991	794,696	(3)	794,693	796,686	(5)	796,681
Trade receivables	1,195,917	(46,695)	1,149,222	1,404,858	(103,853)	1,301,005	1,342,208	(96,092)	1,246,116
Due from related parties and other receivables	511,349	(87,278)	424,071	768,791	(173,229)	595,562	772,609	(212,534)	560,075
Cash at bank and in hand	480,740	(33,325)	447,415	400,276	(66,005)	334,271	287,280	(27,775)	259,505
Non-current liabilities									
Long-term borrowings and payables	(1,441,153)	402,498	(1,038,655)	(1,069,096)	73,965	(995,131)	(858,037)	67,680	(790,357)
Current liabilities									
Bank borrowings	(1,278,063)	14,553	(1,263,510)	(1,961,945)	400,705	(1,561,240)	(2,074,104)	405,203	(1,668,901)
Trade, related parties and other payables	(1,357,775)	259,240	(1,098,535)	(1,665,837)	384,143	(1,281,694)	(1,506,513)	352,253	(1,154,260)
Equity									
Legal reserve	(564,724)	20,128	(544,596)	(513,039)	20,128	(492,911)	(513,039)	20,128	(492,911)
General reserve	(875,475)	2,540	(872,935)	(830,903)	2,540	(828,363)	(830,903)	2,540	(828,363)
Retained earnings	(3,234,555)	(22,668)	(3,257,223)	(3,515,630)	(22,668)	(3,538,298)	(3,288,783)	(22,668)	(3,311,451)
Net impact	3,393,914	-	3,393,914	3,381,887	-	3,381,887	3,566,146	-	3,566,146