# Dubai Investments PJSC
# and its subsidiaries

## Consolidated financial statements
*31 December 2013*

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## Directors' Report

The Board of Directors ("the Board") of Dubai Investments PJSC ("the Company") is pleased to present their report along with the audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2013.

### Principal Activities

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.

### Financial Performance

The Group has reported net profit attributable to the shareholders of the Company of AED 822.3 million for the year ended 31 December 2013 as compared to AED 321.4 million in the previous year. The increase in profits of AED 500.9 million over the previous year is attributable mainly to the recovery of UAE real estate sector and growth in the regional economy. This has led to improved performance across all operating segments of the Group.

During 2013, the Company's subsidiary Dubai Investments Park Development Company LLC (DIP) was rated BB with stable outlook by Standard and Poors'. Taking advantage of the available opportunity in capital markets, DIP issued a hugely successful 5-year Sukuk of USD 300 million.

Total assets of the Group stands at AED 12.6 billion as of 31 December 2013 *(2012 - restated: AED 12.4 billion)*.

*Proposed Dividend*

The Directors propose to distribute cash dividend of 7% and issue of 5% bonus shares to the shareholders of the Company.

### Proposed Appropriations

The Directors propose the following appropriations from the Company's retained earnings:

| | AED'000 |
|---|---|
| - Transfer to legal reserve | **42,946** |
| - Transfer to general reserve | **42,946** |
| - Proposed cash dividend | **249,927** |
| - Proposed issue of bonus shares | **178,520** |
| - Directors' fees | **6,000** |

**Directors' Report** *(continued)*

## Outlook 2014:

Outlook for the year 2014 is extremely positive in the context of EXPO 2020 and the significant growth being witnessed in the UAE's tourism, hospitality and real estate sectors. The primary focus for the Group's growth in the upcoming few years will be real estate and allied businesses. Our subsidiaries operating in the real estate sector are well positioned to take advantage of renewed market interest and several key projects are expected to be announced in the year 2014. These projects will further benefit the various entities operating in related sectors such as construction, contracting, glass, building materials, district cooling etc.

Further, the upgrade in classification of UAE to emerging market status by MSCI from May 2014 will attract international investors. To provide maximum value to shareholders, various entities listed on DFM have recently increased the limit on foreign shareholding. Dubai Investments PJSC has similarly proposed to increase the percentage of foreign shareholding allowed in the Company from 20% currently to 35%. The proposal is subject to approval by the shareholders in the forthcoming Extraordinary General Meeting.

In 2014, the Group will continually seek to divest entities to provide enhanced value to shareholders.

Directors:

The Board of Directors comprises:

| | |
|---|---|
| • Mr. Sohail Faris Ghanim Al Mazrui | Chairman |
| • Mr. Hussain Sultan | Vice Chairman |
| • Mr. Ali Fardan Al Fardan | |
| • Mr. Mohammed Saif Al Ketbi | |
| • Mr. Khalid Jassim Kalban | |

## Auditors:

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2013. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

## Acknowledgements:

The Board of Directors would like to express their gratitude and appreciation to all its shareholders, clients and business partners whose continued support has been a source of great strength and encouragement.

The Board of Directors would also like to place on record their commendation of the efforts of the Group management and their staff for their loyalty, perseverance and hard work that has been put by them for the benefit of the Company and its shareholders.

On behalf of the Board
**Sohail Faris Ghanim Al Mazrui**
Chairman
**Dated: 16 March 2014**

KPMG

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## Independent auditors' report

The Shareholders
Dubai Investments PJSC

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Dubai Investments PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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.

*Auditors' 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 about 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 our 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, we consider 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 consolidated financial position of the Group as at 31 December 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2013, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG

Vijendra Nath Malhotra
Registration No: 48 B
Date: 16 MAR 2014

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of profit or loss

*for the year ended 31 December*

| | *Note* | **2013** **AED'000** | 2012 AED'000 *Restated |
|---|---|---|---|
| Sale of goods and services | | **1,118,548** | 1,250,689 |
| Rental income | | **526,379** | 484,498 |
| Contract revenue | | **298,189** | 264,814 |
| Sale of properties | | **298,746** | 93,886 |
| Gain on fair valuation of investment properties | *12* | **419,044** | 143,193 |
| Gain on fair valuation of investments | | **46,054** | 14,957 |
| Gain on sale of investment properties | | **26,718** | - |
| Gain on sale of investments - (net) | | **16,788** | 14,987 |
| Dividend income | | **15,622** | 14,862 |
| Share of profit from equity accounted investees' | *15* | **76,018** | 51,058 |
| | | ------------- | ------------- |
| **Total income** | | **2,842,106** | 2,332,944 |
| Direct operating costs | *6* | **(1,571,304)** | (1,472,354) |
| Administrative and general expenses | *7* | **(443,790)** | (450,752) |
| Finance expenses | *8* | **(103,608)** | (200,624) |
| Finance income | *8* | **48,335** | 9,498 |
| Other income | *9* | **36,173** | 39,811 |
| | | ---------- | ---------- |
| **Profit for the year** | | **807,912** | 258,523 |
| | | ====== | ====== |
| Profit attributable to: | | | |
| Owners of the Company | | **822,316** | 321,372 |
| Non-controlling interests | | **(14,404)** | (62,849) |
| | | ---------- | ---------- |
| **Profit for the year** | | **807,912** | 258,523 |
| | | ====== | ====== |
| Earnings per share | | | |
| Basic earnings per share (AED) | *31* | **0.23** | 0.09 |
| | | === | === |

*See change in accounting policies notes 3 and 40.

The notes set out on pages 10 to 57 form part of these consolidated financial statements.

The independent auditor's report is set out on page 3.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of comprehensive income
*for the year ended 31 December*

| | 2013 AED'000 | 2012 AED'000 |
|---|---|---|
| **Profit for the year** | **807,912** | 258,523 |
| **Other comprehensive income:** | | |
| **Items that will never be reclassified to profit or loss** | | |
| Net change in fair value of investments at fair value through other comprehensive income (OCI) (refer note 14 (b)) | **(17,135)** | (50,522) |
| **Total other comprehensive income for the year** | **(17,135)** | (50,522) |
| **Total comprehensive income for the year** | **790,777** | 208,001 |
| **Attributable to:** | | |
| Owners of the Company | **805,181** | 270,850 |
| Non-controlling interests | **(14,404)** | (62,849) |
| **Total comprehensive income for the year** | **790,777** | 208,001 |

The notes set out on pages 10 to 57 form part of these consolidated financial statements.

The independent auditor's report is set out on page 3.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of financial position

| | Note | 31 December 2013 AED 000 | 31 December 2012 AED 000 *Restated | 1 January 2012 AED 000 *Restated |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment and biological assets | 10 | **1,639,755** | 1,750,005 | 1,839,336 |
| Goodwill and intangible assets | 11 | **130,102** | 134,002 | 205,161 |
| Investment properties | 12 | **4,293,038** | 4,087,096 | 3,826,117 |
| Development properties | 13 | **-** | 21,787 | 37,224 |
| Investments at fair value through other comprehensive income | 14 | **422,669** | 440,245 | 492,086 |
| Investment in equity accounted investees' | 15 | **701,068** | 654,807 | 728,510 |
| Rent receivable | 16 | **66,129** | 66,143 | 94,926 |
| Finance lease receivable | 17 | **142,270** | - | - |
| Inventories | 18 | **1,198,037** | 1,206,772 | 1,230,346 |
| Trade receivables | 19 | **206,472** | 226,252 | 226,146 |
| Other receivables | 20 | **96,933** | 156,056 | 45,640 |
| **Total non-current assets** | | **8,896,473** | 8,743,165 | 8,725,492 |
| **Current assets** | | | | |
| Inventories | 18 | **797,223** | 993,200 | 1,083,318 |
| Investments at fair value through profit or loss | 14 | **641,405** | 600,991 | 796,681 |
| Trade receivables | 19 | **1,314,500** | 1,149,222 | 1,246,116 |
| Due from related parties and other receivables | 20 | **494,095** | 424,071 | 560,075 |
| Cash at bank and in hand | 21 | **477,277** | 447,415 | 259,505 |
| **Total current assets** | | **3,724,500** | 3,614,899 | 3,945,695 |
| **Total assets** | | **12,620,973** | 12,358,064 | 12,671,187 |
| **Equity** | | | | |
| Share capital | 25 | **3,570,395** | 3,570,395 | 3,570,395 |
| Share premium | 25 | **46** | 46 | 46 |
| Capital reserve | 26 | **25,502** | 25,502 | 25,502 |
| Legal reserve | 27 | **622,480** | 544,596 | 492,911 |
| General reserve | 27 | **915,881** | 872,935 | 828,363 |
| Revaluation reserve | 28 | **67,000** | 67,000 | 67,000 |
| Fair value reserve | 29 | **(124,442)** | (107,307) | (56,785) |
| Proposed dividend/bonus | 25 | **428,447** | 249,928 | 178,520 |
| Proposed directors' fees | 30 | **6,000** | 4,000 | 2,500 |
| Retained earnings | | **3,530,784** | 3,257,223 | 3,311,451 |
| **Equity attributable to owners of the Company** | | **9,042,093** | 8,484,318 | 8,419,903 |
| **Non-controlling interests** | 36 | **415,414** | 473,046 | 637,766 |
| **Total equity** | | **9,457,507** | 8,957,364 | 9,057,669 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Long-term bank borrowings | 22 | **831,721** | 962,776 | 751,553 |
| Long-term other payables | 24 | **130,125** | 75,879 | 38,804 |
| **Total non-current liabilities** | | **961,846** | 1,038,655 | 790,357 |
| **Current liabilities** | | | | |
| Bank borrowings | 23 | **1,143,913** | 1,263,510 | 1,668,901 |
| Trade, related parties and other payables | 24 | **1,057,707** | 1,098,535 | 1,154,260 |
| **Total current liabilities** | | **2,201,620** | 2,362,045 | 2,823,161 |
| **Total liabilities** | | **3,163,466** | 3,400,700 | 3,613,518 |
| **Total equity and liabilities** | | **12,620,973** | 12,358,064 | 12,671,187 |

*See change in accounting policies notes 3 and 40.

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 16th March 2014.

The notes set out on pages 10 to 57 form part of these consolidated financial statements.

| | | |
|---|---|---|
| **Sohail Faris Ghanim Al Mazrui** | **Ali Fardan Al Fardan** | **Khalid Jassim Kalban** |
| Chairman | Director | MD & CEO |

The independent auditor's report is set out on page 3.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of cash flows
*for the year ended 31 December*

| | **2013 AED'000** | 2012 AED'000 *Restated |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year | **807,912** | 258,523 |
| *Adjustments for:* | | |
| Depreciation | **111,180** | 113,595 |
| Impairment loss on property, plant and equipment | **94** | 18,169 |
| Amortization/impairment of intangible assets | **7,258** | 27,513 |
| Write-off/(gain) on disposal of property, plant and equipment | **1,740** | (784) |
| Loss on disposal of subsidiaries and jointly controlled entities | - | 8,828 |
| Gain on fair valuation of investment properties | **(419,044)** | (143,193) |
| Gain on fair valuation of investments | **(46,054)** | (14,957) |
| Gain on sale of investment properties | **(26,718)** | - |
| Gain on sale of investments | **(16,788)** | (23,815) |
| Share of profit from equity accounted investees' | **(76,018)** | (51,058) |
| Reversal for write down of inventories to its net realizable value | **-** | (22,189) |
| Impairment loss on trade receivables | **-** | 51,233 |
| Fair value changes in biological assets | **-** | (1,181) |
| ***Operating profit before changes in working capital*** | **343,562** | 220,684 |
| Changes in: | | |
| - investments at fair value through profit or loss and at fair value through OCI | **22,869** | 235,781 |
| - trade and other receivables | **(141,803)** | (30,729) |
| - inventories | **204,712** | 102,329 |
| - trade and other payables | **(40,828)** | (19,612) |
| Proceeds from sale of investment properties (net of finance lease receivables) | **186,745** | - |
| Net movement in equity accounted investees' | **29,757** | 51,847 |
| **Net cash from operating activities** | **605,014** | 560,300 |
| **Cash flows from investing activities** | | |
| Purchase consideration paid for acquisition of non-controlling interests | **(35,000)** | - |
| Proceeds from disposal of subsidiaries and jointly controlled entities | - | 153,617 |
| Net movement in investment and development properties | **(53,465)** | (102,349) |
| Acquisition of property, plant and equipment | **(45,725)** | (87,169) |
| Proceeds from disposal of property, plant and equipment | **14,436** | 10,323 |
| Net additions to intangible assets | **(3,358)** | (3,580) |
| **Net cash used in investing activities** | **(123,112)** | (29,158) |
| **Cash flows from financing activities** | | |
| Net movement in bank borrowings and other payables | **(177,096)** | 72,512 |
| Net movement in deposits under lien | **5,332** | (16,531) |
| Net movement in non-controlling interests | **(1,706)** | (7,617) |
| Dividend paid | **(249,928)** | (178,520) |
| Directors' fee paid | **(4,000)** | **-** |
| **Net cash used in financing activities** | **(427,398)** | (130,156) |
| **Net increase in cash and cash equivalents** | **54,504** | 400,986 |
| Cash and cash equivalents at 1 January | **68,264** | (332,722) |
| Cash and cash equivalents at 31 December | **122,768** | 68,264 |
| ***Cash and cash equivalents comprise following:*** | | |
| Cash in hand, current and call account with banks | **351,135** | 266,021 |
| Short term deposits with banks (excluding those under lien) | **62,470** | 112,390 |
| Bank overdraft, trust receipt loans and bills discounted | **(290,837)** | (310,147) |
| | **122,768** | 68,264 |

*See change in accounting policies notes 3 and 40.

The notes set out on pages 10 to 57 form part of these consolidated financial statements.

The independent auditor's report is set out on page 3.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of changes in equity

*for the year  ended 31 December 2012*

| | Equity attributable to owners of the Company | | | | | | | | | | | | *AED'000* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Legal reserve** | **Capital reserve** | **General reserve** | **Revaluation 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 notes 3 and 40 | - | - | (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 year** | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | - | 321,372 | 321,372 | (62,849) | 258,523 |
| **Other comprehensive income** | | | | | | | | | | | | | |
| Net change in fair value of investments at fair value through OCI | - | - | - | - | - | - | (50,522) | - | - | - | (50,522) | - | (50,522) |
| **Total other comprehensive income  for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **(50,522)** | **-** | **-** | **-** | **(50,522)** | **-** | **(50,522)** |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **(50,522)** | **-** | **-** | **321,372** | **270,850** | **(62,849)** | **208,001** |
| **Transactions with owners of the Company** | | | | | | | | | | | | | |
| **Contributions and distributions** | | | | | | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | - | (178,520) | - | - | (178,520) | - | (178,520) |
| Dividend paid by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (7,811) | (7,811) |
| Reversal of proposed Directors' fee | - | - | - | - | - | - | - | - | (2,500) | 2,500 | - | - | - |
| Proposed Directors' fee | - | - | - | - | - | - | - | - | 4,000 | (4,000) | - | - | - |
| Proposed dividend | - | - | - | - | - | - | - | 249,928 | - | (249,928) | - | - | - |
| Transfer to reserves | - | - | 51,685 | - | 44,572 | - | - | - | - | (96,257) | - | - | - |
| Introduction of share capital | - | - | - | - | - | - | - | - | - | - | - | 194 | 194 |
| **Total contributions and distributions** | - | - | 51,685 | - | 44,572 | - | - | 71,408 | 1,500 | (347,685) | (178,520) | (7,617) | (186,137) |
| **Changes in ownership interests** | | | | | | | | | | | | | |
| On acquisition of non-controlling interests without a change in control | - | - | - | - | - | - | - | - | - | (27,915) | (27,915) | (22,693) | (50,608) |
| On disposal of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (71,561) | (71,561) |
| **Total change in ownership interests** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(27,915)** | **(27,915)** | **(94,254)** | **(122,169)** |
| **Total transactions with owners of the Company** | **-** | **-** | **51,685** | **-** | **44,572** | **-** | **-** | **71,408** | **1,500** | **(375,600)** | **(206,435)** | **(101,871)** | **(308,306)** |
| **Balance at 31 December 2012 - 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** |

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of changes in equity *(continued)*

*for the year ended 31 December 2013*

| | Equity attributable to owners of the Company | | | | | | | | | | | | *AED'000* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Legal reserve** | **Capital reserve** | **General reserve** | **Revaluation reserve** | **Fair value reserve** | **Proposed dividend/ bonus** | **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 year** | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | - | 822,316 | 822,316 | (14,404) | 807,912 |
| **Other comprehensive income** | | | | | | | | | | | | | |
| Net change in fair value of investments at fair value through OCI | - | - | - | - | - | - | (17,135) | - | - | - | (17,135) | - | (17,135) |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **-** | **-** | **(17,135)** | **-** | **-** | **-** | **(17,135)** | **-** | **(17,135)** |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **(17,135)** | **-** | **-** | **822,316** | **805,181** | **(14,404)** | **790,777** |
| **Transactions with owners of the Company** | | | | | | | | | | | | | |
| **Contributions and distributions** | | | | | | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | - | (249,928) | - | - | (249,928) | - | (249,928) |
| Dividend paid by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (1,706) | (1,706) |
| Directors' fees paid | - | - | - | - | - | - | - | - | (4,000) | - | (4,000) | - | (4,000) |
| Proposed Directors' fee | - | - | - | - | - | - | - | - | 6,000 | (6,000) | - | - | - |
| Proposed dividend | - | - | - | - | - | - | - | 428,447 | - | (428,447) | - | - | - |
| Transfer to reserves | - | - | 77,884 | - | 42,946 | - | - | - | - | (120,830) | - | - | - |
| **Total contributions and distributions** | **-** | **-** | **77,884** | **-** | **42,946** | **-** | **-** | **(249,928)** | **(4,000)** | **(555,277)** | **(253,928)** | **(1,706)** | **(255,634)** |
| **Changes in ownership interests** | | | | | | | | | | | | | |
| On acquisition of non-controlling interests without a change in control (refer note 36) | - | - | - | - | - | - | - | - | - | 6,522 | 6,522 | (41,522) | (35,000) |
| **Total changes in ownership interests** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **6,522** | **6,522** | **(41,522)** | **(35,000)** |
| **Total transactions with owners of the Company** | **-** | **-** | **77,884** | **-** | **42,946** | **-** | **-** | **428,447** | **6,000** | **(548,755)** | **(247,406)** | **(43,228)** | **(290,634)** |
| **Balance at 31 December 2013** | **3,570,395** | **46** | **622,480** | **25,502** | **915,881** | **67,000** | **(124,442)** | **428,447** | **6,000** | **3,530,784** | **9,042,093** | **415,414** | **9,457,507** |

The notes set out on pages 10 to 57 form part of these consolidated financial statements.

### 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. The consolidated financial statements for the year ended 31 December 2013 comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and joint ventures.

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.

At 31 December 2013 the Company had approximately 19,351 shareholders *(2012: 19,252)*.

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

### 2. Basis of preparation

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and the requirements of UAE Federal Law No. 8 of 1984 (as amended).

**Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following which are measured at fair value:

- land;
- biological assets;
- investment properties;
- non-derivative financial instruments at fair value through profit or loss
- financial assets at fair value through other comprehensive income; and
- derivative financial instruments;

**Functional and presentation currency**

These consolidated financial statements are presented in United Arab Emirate Dirham ("AED"), which is the Company's functional currency. All financial information presented in AED has been rounded to the nearest thousand.

**Use of estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements or that have a significant risk of resulting in a material adjustment within the next financial year are discussed in note 37.

## 2. Basis of preparation *(continued)*

***Measurement of fair values***

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values is included in the following notes:

- Note 12 – Investment properties; and
- Note 14 – Investments

## 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 consolidated financial statements:

- IFRS 10: Consolidated Financial Statements (2011)
- 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
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

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 (2011), 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 (2011) 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 consolidated financial statements.

**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.

## 3. Change in accounting policies *(continued)*

**Joint Arrangements** *(continued)*

- **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 31st 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 40 of the consolidated financial statements; 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 consolidated statement of financial position as at 1 January 2012.

**Disclosure of Interests in Other Entities**

As a result of IFRS 12, the Group has expanded its disclosure about its investment in equity accounted investees'.

**Fair value measurement**

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements. IFRS 13 does not define 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 1st January 2013. The application of IFRS 13 had 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 2.

**Presentation of items of OCI**

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of Other Comprehensive Income, to present separately items that would never be reclassified to profit or loss from those that would be. Comparative information has been re-presented accordingly.

## 4. Significant accounting policies

Except for changes explained in note 3, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities. Adjustments have been made, wherever necessary, to align accounting policies of the subsidiaries with the Group.

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

**Basis of consolidation**

*Business combinations*
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

## 4. Significant accounting policies *(continued)*

**Basis of consolidation** *(continued)*

*Business combinations (continued)*

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

*Non-controlling interests*
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in non-controlling interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Subsidiaries*
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.

*Loss of control*
On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is accounted for as an associate or as a joint venture or as a financial asset depending on the level of influence retained.

## 4. Significant accounting policies *(continued)*

**Basis of consolidation** *(continued)*

*Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in an associate and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby, the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases, after adjustments to align the accounting policies of the Group. When the Group's share of losses exceeds the carrying amount of the investment in the equity accounted investee, 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 equity accounted investee.

*Transactions eliminated on consolidation*
Material intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**Revenue**

*Goods and properties sold*
Revenue from sale of goods and properties in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of the revenue can be measured reliably. The timing of transfer of risks and rewards varies depending on the individual terms of sale.

Properties leased for several decades, wherein, the present value of the residual value at the inception of the lease is estimated to be negligible is accounted for as a finance lease (i.e treated as sold) at the lease inception date, even if at the end of the lease term title will not pass to the lessee.

*Contract revenue*
Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed and in some cases by comparing the cost incurred to date with the total estimated costs of completion. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

## 4. Significant accounting policies *(continued)*

**Revenue** *(continued)*

*Services rendered*
Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date.

*Rental income*
Rental income from investment properties on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

*Dividend income*
Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally ex-dividend date.

**Government grant**

Government grant is initially recognized as deferred income at fair value when there is a reasonable assurance that:

(a) the Group will comply with the conditions associated to them; and

(b) the grants will be received.

Government grant that compensates the Group for expenses incurred are recognized in profit or loss on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. An unconditional government grant in the form of non depreciable, non-monetary assets is recognized in profit or loss when the grant becomes receivable.

**Finance income and expense**

Finance income comprises interest income on funds invested, unwinding of the discount factor on financial assets measured at amortized cost and reversal of impairment loss on trade receivable. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Finance expenses comprise interest expenses on borrowings, net foreign exchange loss, unwinding of the discount factor on financial liabilities measured at amortized cost, losses on derivative financial instruments and impairment loss on trade receivables. Interest is payable on current facilities from banks and overdrafts and term loans obtained from banks at normal commercial rates.

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized as expense in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed. Capitalization of borrowing costs is suspended during extended period in which the active development of a qualifying asset has ceased.

Foreign currency gain or losses are represented on a net basis either as a finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

## 4. Significant accounting policies *(continued)*

### Property, plant and equipment and biological assets

*Recognition and measurement*
Except for land which is carried at a revalued amount and biological assets which are carried at fair value, the Group's property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

*Reclassification to investment property*
When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in the revaluation reserve directly in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the comprehensive income relating to the specific property, with any remaining loss recognized immediately in profit or loss.

*Subsequent costs*
Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of day-to-day servicing of property, plant and equipment is expensed as incurred.

*Depreciation*
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

| | **Life (years)** |
|---|---|
| Buildings | 15-33 |
| Plant and equipment | 2-22 |
| Office equipment and furniture | 3-10 |
| Motor vehicles | 3- 7 |

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

## 5. Significant accounting policies *(continued)*

### Property, plant and equipment and biological assets *(continued)*

*Biological assets*

The Group's biological assets comprises of dairy cattle use to produce milk and related dairy products. In accordance with IAS 41 – Agriculture, these are measured at fair value less cost to sell, with any changes therein recognized in profit or loss. Fair value of biological assets is determined by a professional independent valuer who has adequate experience to value livestock. Cost to sell includes all cost that would be necessary to sell the biological assets.

### Leased assets

Leases in terms of which the Group assumes all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lesser of the asset's fair value and the present value of the minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses (if any).

### Intangible assets

**Goodwill**

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see above policy on business combinations. Goodwill attributable to investment in associates and joint ventures is shown as part of the carrying value of investment in equity accounted investees'.

*Subsequent measurement*
Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

### Other intangible assets

Other intangible assets including technical know-how, product distribution rights, patents and trademarks that have finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. These are amortized as per management's estimate of their useful life, which is between 5 to 10 years.

*Subsequent expenditure*
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Where the Group provides ancillary services to the co-occupants of a property, it treats such a property as investment property if the services are a relatively insignificant component in the arrangement as a whole.

## 4. Significant accounting policies *(continued)*

**Investment properties** *(continued)*

An investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein are recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

The fair value adjustments on investment properties are included in profit or loss as investment returns in the period in which these gains or losses arise. In determining the carrying amount of investment properties, the Group does not double count assets or liabilities that have already been recognized as separate assets or liabilities.

Property that is being constructed for future use as investment property is accounted for as investment property and classified under development property until construction or development is complete.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

**Development properties**

Property that is being constructed or developed for future use as an investment property is classified as development property and is measured at fair value. If fair value of an investment property under construction is not reliably determinable but expected to be determinable when construction is complete, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

**Inventories**

Inventories comprise finished goods, raw materials, work-in-progress, spares and properties under development for sale.

*Finished goods, raw materials, work-in-progress and spares*

Inventories are measured at lower of cost and net realizable value. The cost of raw materials and spares are based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Finished goods are stated at cost of raw material and also include an appropriate proportion of overheads based on normal operating capacity. Work-in-progress is stated at cost of raw materials and directly attributable overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

## 4. Significant accounting policies *(continued)*

**Inventories** *(continued)*

*Properties under development for sale*

Properties under development for sale are classified as inventories and stated at the lower of cost and net realizable value. Cost includes the aggregate cost of development, borrowing costs capitalized and other direct expenses. Net realizable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions and the anticipated costs to completion.

The amount of any write down of properties under development for sale is recognized as an expense in the period the write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realizable value is recognized in profit or loss in the period in which the increase occurs.

**Construction work-in-progress**

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at contract cost incurred plus recognized profits less recognized losses less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads in the Group's contract activities based on normal operating capacity. Construction work-in-progress is presented as part of other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as part of other payables in the statement of financial position.

**Financial instruments**

***Non-derivative financial assets***

The Group initially recognizes financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either amortized cost or fair value.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction when substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Group is recognized as a separate asset or liability.

*Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Finance assets measured at amortized cost comprise trade receivables, due from related parties, other receivables, cash and cash equivalents, rent receivables and finance lease receivables.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances and fixed deposits (with maturity of less than three months). Bank overdrafts and trust receipts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## 4. Significant accounting policies *(continued)*

**Financial instruments** *(continued)*

***Non-derivative financial assets*** *(continued)*

*Financial assets measured at fair value*
Financial assets other than those classified as financial assets measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income on an instrument by instrument basis. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss and no impairments are recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment.

***Non-derivative financial liabilities***

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

***Derivative financial instruments***

The Group holds derivative financial instruments to economically hedge its foreign currency and interest rate exposures. At the reporting date, derivatives are marked to market and changes therein are recognized in profit or loss as the Group does not apply hedge accounting.

**Foreign currency**

*Foreign currency transactions*
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

## 4. Significant accounting policies *(continued)*

### Foreign currency *(continued)*

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the average exchange rates for current year. Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in joint venture or an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expenses.

### Impairment

*Non-derivative financial assets*

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlated with defaults, the disappearance of an active market for a security, or observable data indicating that there is a measurable decrease in expected cash flows for a group of financial assets.

*Financial assets measured at amortized cost*

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## 4. Significant accounting policies *(continued)*

**Impairment** *(continued)*

*Equity-accounted investees'*

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

*Non- financial assets*

The carrying amounts of the Group's non-financial assets, other than biological assets, investment properties, development properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Staff terminal benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with Federal Labour Law No.7 of 1999 for pension and social security, employers are required to contribute 12.5% of the 'contribution calculated on salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculated on salary' to the scheme. The Group's contribution is recognized as an expense in profit or loss as incurred. The employees and employers' contribution, to the extent remaining unpaid at the reporting date, has been shown under other liabilities.

## 4. Significant accounting policies *(continued)*

**Leases**

*As lessee – operating lease*

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

*As lessee – finance lease*

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

**Non-current assets held for sale and distribution**

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, investment properties and development properties which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

**Earnings per share**

The Group presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Weighted average number of shares outstanding is retrospectively adjusted to include the effect of any increase in the number of shares without a corresponding change in resources.

**Segment reporting**

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 5. Financial risk management

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee overseas how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, due from related parties, other receivables, finance lease receivables, rent receivables, investments and cash at bank.

*Trade and other receivables, finance lease receivables, due from related parties and rent receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk. Subsidiaries operating in the property segment sell its properties subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and also taking into consideration the current economic factors.

## 5. Financial risk management *(continued)*

**Credit risk** *(continued)*

*Investments*

The Group limits its exposure to credit risk by only investing with counterparties that have credible market reputation. The Group's management does not expect any counterparty to fail to meet its obligations.

*Cash at bank*

Cash is placed with local and international banks of good repute.

*Guarantees*

The Company policy is to provide financial guarantees to its subsidiaries and jointly controlled entities in proportion to its holding. In the event, financial guarantee is issued in excess of the Company's proportionate holding; usually undertaking/indemnities are obtained from the partners.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group currently has unutilized term loan facilities of AED 245 million as at 31st December 2013.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys derivatives, and also incurs financial liabilities, in order to manage market risks. However, the Group does not apply hedge accounting.

*Currency risk*

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United State Dollar ("USD") and Euro. The Group does not face any foreign currency risk on transactions denominated in USD as AED is currently pegged to USD.

The Group manages its exposure in foreign currency exchange rates by the use of derivative instruments. The Group economically hedges, as appropriate, its foreign currency exposure in respect of trade receivables and trade payables. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by matching the timing of its receipts and payments denominated in foreign currencies.

## 5. Financial risk management *(continued)*

### Market risk *(continued)*

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the net finance cost of the Group.

Financial assets and liabilities that are subject to fair value interest risk are the ones with fixed interest rate. Financial assets and liabilities that are subject to cash flow interest rate risk are the ones with floating interest rate.

The Group has hedged its exposure to certain floating rate long term loans by entering into structured interest rate swaps with banks. At 31 December 2013 the Group held outstanding interest rate swap contacts with notional amounts of AED 61.9 million *(2012: AED 73.13 million)*. The swaps mature over the next 2 to 8 years following the pattern of the maturity of the related loans.

Although the swap is undertaken to hedge the exposure on interest rate on the floating rate loan, the Group has not opted to use hedge accounting. Had the hedge accounting been used, the effective portion of the hedge would have been taken through other comprehensive income. The net fair value of the interest rate swap at 31 December 2013 was a liability of AED 9.02 million *(2012: liability of AED 13.16 million)*. The changes in fair valuation are recognized in profit or loss.

The long-term loans attract varying rates of interest, which are, in general, varied with reference to the base lending rates of the banks at regular intervals.

*Other market price risk*

Equity price risk arises from marketable securities measured at fair value. Management of the Group monitors the mix of debt and equity securities in investments portfolio to maximize investment returns, which is the primary goal of the Group's investment strategy. In accordance with this strategy certain investments are designated as fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, liquidity and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to Group's reputation with overall cost effectiveness.

Compliance with the Group standards is monitored by periodic reviews undertaken by Internal Audit, the results of which are submitted to the Audit Committee and senior management of the Group.

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as profit for the year attributable to equity holders of the Company divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages of security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries have various borrowing arrangements with banks, some of which require it to maintain net worth, leverage and debt equity ratios. Apart from these requirements and requirements of certain provisions of the UAE Federal Law No. 8 of 1984 (as amended), neither the Company nor any of its subsidiaries are subject to other externally imposed capital requirements.

## 6. Direct operating costs

| | 2013 AED'000 | 2012 AED'000 Restated |
|---|---|---|
| *These include:* | | |
| Staff costs | **165,023** | 175,318 |
| Depreciation | **81,744** | 81,031 |
| Reversal for write down of inventories to net realizable value | **-** | (22,189) |
| | ====== | ====== |

## 7. Administrative and general expenses

| | 2013 AED'000 | 2012 AED'000 Restated |
|---|---|---|
| *These include:* | | |
| Staff costs | **187,651** | 187,306 |
| Depreciation | **29,436** | 32,564 |
| | ===== | ===== |

## 8. Finance income and expenses

| | 2013 AED'000 | 2012 AED'000 Restated |
|---|---|---|
| Interest income | **6,529** | 6,093 |
| Unwinding of discount on financial assets measured at amortized cost | **22,246** | 3,405 |
| Reversal of impairment loss on trade receivables | **19,560** | - |
| | -------- | -------- |
| Finance income | **48,335** | 9,498 |
| | ===== | ===== |
| Interest expense | **(101,340)** | (148,793) |
| Net foreign exchange (loss)/gain | **(285)** | 20 |
| Net change in fair value/settlement of derivative financial instruments | **(133)** | (618) |
| Impairment loss on trade receivables | **(1,850)** | (51,233) |
| | --------- | --------- |
| Finance expenses | **(103,608)** | (200,624) |
| | ====== | ====== |

## 9. Other income

Other income mainly includes service fee, lease transfer charges and sale of scrap.

## 10. Property, plant and equipment and biological assets

| | Land and buildings AED'000 | Biological assets AED'000 | Plant & equipment AED'000 | Office equipment & furniture AED'000 | Motor vehicles AED'000 | Capital work-in-progress AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|
| **Cost/valuation** | | | | | | | |
| At 1 January 2012 - as originally reported | 1,150,906 | 24,364 | 1,916,571 | 74,317 | 54,268 | 409,048 | 3,629,474 |
| Impact of change in accounting policy | (230,056) | - | (461,710) | (16,300) | (10,570) | (312,904) | (1,031,540) |
| At 1 January 2012 – as restated | 920,850 | 24,364 | 1,454,861 | 58,017 | 43,698 | 96,144 | 2,597,934 |
| Additions | 15,968 | 6,766 | 18,287 | 6,306 | 2,539 | 37,303 | 87,169 |
| Disposals and write-offs | (2,610) | (2,709) | (8,467) | (2,900) | (2,620) | (20) | (19,326) |
| Transfers | 25,925 | - | 25,213 | 4,075 | 892 | (56,105) | - |
| Changes in fair value | - | 1,181 | - | - | - | - | 1,181 |
| On disposal of investment in subsidiaries | (19,043) | - | (70,171) | (2,771) | (2,879) | (34) | (94,898) |
| Offset of accumulated depreciation on change in accounting policy | - | (8,746) | - | - | - | - | (8,746) |
| **At 31 December 2012 – as restated** | 941,090 | 20,856 | 1,419,723 | 62,727 | 41,630 | 77,288 | 2,563,314 |
| At 1 January 2013 – as restated | 941,090 | 20,856 | 1,419,723 | 62,727 | 41,630 | 77,288 | 2,563,314 |
| Additions | 9,074 | 7,617 | 15,104 | 2,622 | 1,883 | 9,425 | 45,725 |
| Disposals and write-offs | - | (3,644) | (13,514) | (379) | (2,056) | (5,967) | (25,560) |
| Transfers | 4,848 | - | 1,668 | 20 | - | (6,536) | - |
| Transfer to investment properties | (28,525) | - | - | - | - | - | (28,525) |
| **At 31 December 2013** | 926,487 | 24,829 | 1,422,981 | 64,990 | 41,457 | 74,210 | 2,554,954 |
| **Accumulated depreciation and impairment losses** | | | | | | | |
| At 1 January 2012 - as originally reported | 196,318 | 8,746 | 548,081 | 65,732 | 41,096 | 484 | 860,457 |
| Impact of change in accounting policy | (33,238) | - | (47,730) | (11,879) | (9,012) | - | (101,859) |
| At 1 January 2012 – as restated | 163,080 | 8,746 | 500,351 | 53,853 | 32,084 | 484 | 758,598 |
| Charge for the year | 28,179 | - | 73,941 | 7,049 | 4,426 | - | 113,595 |
| Impairment loss (refer note 11a) | - | - | 18,169 | - | - | - | 18,169 |
| On disposals and write-offs | (3) | - | (5,058) | (2,880) | (1,846) | - | (9,787) |
| On disposal of investment in subsidiaries | (9,257) | - | (44,089) | (2,295) | (2,879) | - | (58,520) |
| Offset of accumulated depreciation on change in accounting policy | - | (8,746) | - | - | - | - | (8,746) |
| **At 31 December 2012 – as restated** | 181,999 | - | 543,314 | 55,727 | 31,785 | 484 | 813,309 |
| At 1 January 2013 – as restated | 181,999 | - | 543,314 | 55,727 | 31,785 | 484 | 813,309 |
| Charge for the year | 30,285 | - | 70,889 | 6,349 | 3,657 | - | 111,180 |
| Impairment loss | - | - | 94 | - | - | - | 94 |
| On disposals and write-offs | - | - | (6,949) | (379) | (2,056) | - | (9,384) |
| **At 31 December 2013** | **212,284** | **-** | **607,348** | **61,697** | **33,386** | **484** | **915,199** |
| Net book value | | | | | | | |
| At 31 December 2012 – as restated | 759,091 | 20,856 | 876,409 | 7,000 | 9,845 | 76,804 | 1,750,005 |
| **At 31 December 2013** | **714,203** | **24,829** | **815,633** | **3,293** | **8,071** | **73,726** | **1,639,755** |

## 10. Property, plant and equipment and biological assets *(continued)*

(i) The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at nominal value by the Group. These plots of land were earlier revalued during 1999, 2003 and 2005 and 2009 by a professional firm of independent property valuers. As the market value of these plots of land was higher than the carrying value as at those dates, a revaluation surplus arose which had been credited to non-distributable revaluation reserve (refer note 28).

(ii) Capital work in progress mainly represents cost incurred by a subsidiary for establishing its manufacturing facilities.

(iii) During the current year, the Group, due to change of use, has reclassified a land with a carrying value of AED 28.53 million to investment properties (refer note 12).

(iv) Buildings, plant and machinery with a net book value of AED 900 million (*2012: AED 912 million*) are mortgaged as security against term loans obtained from banks. In certain instances, the insurance over buildings and plant and machinery is also assigned in favor of the banks against facilities availed.

## 11. Goodwill and intangible assets

*AED'000*

| | Goodwill | Technical know-how, product distribution rights, patent and, trade mark | Other intangible assets | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 January 2012 | 187,903 | 51,484 | 13,424 | 252,811 |
| Impact of change in accounting policy – refer note 40 | (12,275) | - | - | (12,275) |
| As at 1 January 2012 – as restated | 175,628 | 51,484 | 13,424 | 240,536 |
| Additions | - | 103 | 3,477 | 3,580 |
| Disposal of subsidiaries | (48,394) | - | - | (48,394) |
| As at 31 December 2012 – as restated | 127,234 | 51,587 | 16,901 | 195,722 |
| As at 1 January 2013 – as restated | 127,234 | 51,587 | 16,901 | 195,722 |
| Additions | - | 2,318 | 1,040 | 3,358 |
| **As at 31 December 2013** | **127,234** | **53,905** | **17,941** | **199,080** |
| **Accumulated amortization and impairment losses** | | | | |
| As at 1 January 2012 | (13,281) | (18,453) | (3,641) | (35,375) |
| Amortization | - | (6,525) | (2,920) | (9,445) |
| Impairment (refer (a) below) | (13,933) | - | (2,967) | (16,900) |
| As at 31 December 2012 – as restated | (27,214) | (24,978) | (9,528) | (61,720) |
| At 1 January 2013 | (27,214) | (24,978) | (9,528) | (61,720) |
| Amortization | - | (5,228) | (442) | (5,670) |
| Impairment | (1,588) | - | - | (1,588) |
| **As at 31 December 2013** | **(28,802)** | **(30,206)** | **(9,970)** | **(68,978)** |
| **Carrying amount** | | | | |
| **31 December 2013** | **98,432** | **23,699** | **7,971** | **130,102** |
| 31 December 2012 – as restated | 100,020 | 26,609 | 7,373 | 134,002 |

**11. Goodwill and intangible assets** *(continued)*

(a) A subsidiary of the Group has temporarily suspended its operations since 2012. As per the Group policy, assets of the subsidiary identified as the cash generating unit ("CGU") were tested for impairment. Based on the assessment of recoverable amount, the Group recorded an impairment loss of AED 32 million during the previous year. The recoverable amount was determined based on fair value less cost of disposal.

The impairment loss of AED 32 million recorded in the previous year was allocated as follows:

| | **AED'000** |
|---|---|
| Goodwill related to the cash generating unit | **13,933** |
| Property, plant and equipment | **18,169** |
| | ====== |

At 31st December 2013, the management has reassessed the recoverable amount and the carrying values of the assets were found to be approximately equal to its recoverable amount. Hence no further impairment charge was recorded in the current year.

## 12. Investment properties

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| | | Restated |
| At 1 January | **4,087,096** | 3,977,154 |
| Impact of change in accounting policy – refer note 40 | **-** | (151,037) |
| | ------------ | ------------ |
| At 1 January – as restated | **4,087,096** | 3,826,117 |
| Transfer from property, plant and equipment (refer note 10) | **28,525** | - |
| Transferred from development properties (refer note 13) | **75,252** | 120,799 |
| Sale of investment properties * | **(316,879)** | - |
| Gain on fair valuation | **419,044** | 143,193 |
| On disposal of subsidiaries | **-** | (3,013) |
| | ------------ | ------------ |
| At 31 December | **4,293,038** | 4,087,096 |
| | ======= | ======= |

* During the current year, investment properties with a carrying value of AED 317 million were let out on long term leases, whereby, the present value of the residual interest 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.

*Included in investment properties are mainly the following:*

(a) Infrastructure and logistics facilities leased to third parties, built on the land (number 598-0100 and 597-0100 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.

As at 31st December 2013, the Group has obtained fair values of all Areas/Phases. The valuation was carried out by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by 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. The fair valuation gain has arisen on certain properties where the expected cash flows changed significantly as per the terms of lease contracts with tenants.

Since, valuation of all completed phases/areas by independent registered valuer is based on future net cash flows, the amount of rent accrued on the straight line basis as per IAS 17 has been eliminated. Similarly, the unearned rent received in advance and recognized liabilities for 20% share of the Government of Dubai at the valuation date have been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the consolidated financial statements is as follows:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| Fair valuation of completed areas/phases as per independent registered valuation reports | **3,565,848** | 3,466,403 |
| Fair valuation of ancillary facilities carried out internally | **85,500** | 68,000 |
| Less: adjustment for rent receivable | **(153,122)** | (189,520) |
| Add: adjustment for unearned rent ** | **134,585** | 130,777 |
| Add: adjustment for recognized liabilities | **75,770** | 66,696 |
| | ------------ | ------------ |
| | **3,708,581** | 3,542,356 |
| | ======= | ======= |

****** Unearned rent represents receipt of lease rentals in advance from few tenants.

## 12. Investment properties *(continued)*

*(a) continued*

Significant unobservable inputs in the fair value measurement mainly includes: market rental growth (in line with contracts entered with tenants), occupancy rate (considered to be 95%), rent-free periods (1 year on new leases) and risk adjusted discount rate (average of 7.5%).

The estimated fair value would increase/decrease based on changes in the significant unobservable inputs.

(b) a plot of land in Dubai, which was gifted to the Company by the Government of Dubai. The Company constructed an office cum residential building in 2001 on the gifted land and this has been fully let out. The fair valuation of this property at the reporting date has been determined internally amounting to AED 68 million based on discounted net cash flows.

(c) labor camps and warehouses leased to third parties under operating leases. The fair valuation of these labor camps and warehouses at the reporting date has been determined by an external, independent valuation company amounting to AED 318 million based on income multiple approach and discounted net cash flows.

Significant unobservable inputs in the fair value measurements *of (b) and (c)* above mainly includes: market rental growth (in the range of 3% - 5%), occupancy rate (ranges from 75% - 95%), rent-free periods (6 months - 1 year on new leases) and risk adjusted discount rate (range of 6.5% - 10%).

(d) a plot of land received by a subsidiary as grant from the Government of Fujairah. The fair value of this plot of land as at the reporting date has been determined by an external, independent valuation company amounting to AED 175 million based on comparative market prices of similar properties.

The estimated fair value would therefore increase/decrease based on changes in the significant unobservable inputs.

*Level 3 fair value*

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

| | **2013 AED'000** |
|---|---|
| Balance at 1 January 2013 | **4,087,096** |
| Transfers from property, plant and equipment and development properties | **103,777** |
| Sale of investment properties | **(316,879)** |
| Changes in fair value (unrealized) | **419,044** |
| Balance at 31 December 2013 | **4,293,038** |

## 13. Development properties

| | 2013 AED'000 | 2012 AED'000 Restated |
|---|---|---|
| At 1 January | **21,787** | 80,670 |
| Impact of change in accounting policy – refer note 40 | **-** | (43,446) |
| At 1 January – as restated | **21,787** | 37,224 |
| Additions | **53,465** | 105,362 |
| Transferred to investment properties (refer note 12) | **(75,252)** | (120,799) |
| At 31 December | **-** | 21,787 |

## 14. Investments

| | | 2013 AED'000 | 2012 AED'000 |
|---|---|---|---|
| Investments at fair value through profit or loss: | | | |
| - held for trading quoted equity securities | | **372,885** | 326,069 |
| - unquoted equity securities, funds and bonds | | **268,520** | 274,922 |
| | (i) | **641,405** | 600,991 |
| Investments at fair value through other comprehensive income: | | | |
| - unquoted equity securities | | **422,669** | 440,245 |
| | (ii) | **422,669** | 440,245 |

| | | 2013 AED'000 | 2012 AED'000 |
|---|---|---|---|
| ***Geographical distribution of investments:*** | | | |
| UAE | | **509,689** | 400,193 |
| Other GCC countries | | **272,572** | 279,138 |
| Other countries | | **281,813** | 361,905 |
| | (i)+(ii) | **1,064,074** | 1,041,236 |

Investments at fair value through profit or loss with a fair value of AED 107 million *(2012: AED 132 million)* is pledged in favor of banks against borrowings availed.

## 14. Investments *(continued)*

***Sensitivity analysis – equity price risk***

The Group's investment in quoted equity securities are listed on the Dubai Financial Market (DFM), Nasdaq Dubai, Abu Dhabi Securities Market (ADSM), Saudi Stock Exchange (Tadawul) and Khartoum Stock Exchange (Sudan). For such investments classified as at fair value through profit or loss, a 10 % increase in any of these stock exchanges at the reporting date would have increased profit by AED 20.44 million *(2012: AED 20.04 million)*; an equal change in the opposite direction would have decreased profit by AED 20.44 million *(2012: AED 20.04 million)*.

## 14. (a) Investments at fair value through profit or loss

The major investments in unquoted equity securities are:

*Energy City Navi Mumbai Investment Company:*
The Group holds investment in Energy City Navi Mumbai Investment Company, which is registered in Cayman Islands with its head office in India. The company is established for developing commercial buildings and residential accommodations.

*Tunisia Bay Investment Company:*
The Company holds investment in Tunis Bay Investment Company, registered in Cayman Islands. The company is established for development of a financial harbour in Tunis Bay, comprising commercial, residential, tourism, medical, educational and leisure components.

## 14. (b) Investments at fair value through other comprehensive income

The major investments under this category are:

*Thuraya Satellite Telecommunications Company (Thuraya) (unquoted equity security):*
The Company was a founder shareholder in this project and holds 5.39% of the equity of Thuraya.

*First Energy Bank (unquoted equity security):*
The Group holds 5% shareholding in First Energy Bank, which is a Sharia'a compliant bank based in the Kingdom of Bahrain focused on investment, financing and service needs of the energy sector.

*Islamic Bank of Asia (unquoted equity security):*
The Company holds 5% shareholding in Islamic Bank of Asia, Singapore. The bank started its commercial operations in May 2007.

*Abu Dhabi Investment House (ADIH) (unquoted equity security):*
The Company holds 1.84% of shareholding in ADIH, which is a Sharia'a complaint investment bank based in UAE with a focus on investment sector.

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*Takaful Re Limited (unquoted equity security):*
The Company holds a 10% interest in Takaful Re Limited, an Islamic Re-insurance Company promoted by ARIG.

## 14. Investments *(continued)*

**Measurement of fair values**

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: Quoted market price (unadjusted) in an active market. The fair values are based on market price at the valuation date. The Group's investment in held for trading quoted equity securities are classified in this category.

Level 2: Valuation techniques based on observable inputs, 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 active; broker quotes; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. The Group's investment in structured funds and bonds are classified in this category.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include 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.

In certain cases, the valuation is also determined based on fund manager valuation reports and project progress reports. The Group's investment in unquoted equity securities and funds are classified in this category. Generally, a change in underlying comparative data used for estimating fair value is accompanied by change in the fair value.

The Group has reviewed fair value of investments in unquoted equity securities classified as fair value through other comprehensive income and accordingly, change in fair value loss of AED 17.14 million has been recorded during the current year *(2012: AED 50.52 million)*.

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:

| ***31 December 201*3** | **Level 1 AED'000** | **Level 2 AED'000** | **Level 3 AED'000** | **Total AED'000** |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | **372,885** | **131,051** | **137,469** | **641,405** |
| Financial assets at fair value through other comprehensive income | **-** | **-** | **422,669** | **422,669** |
| | **372,885** | **131,051** | **560,138** | **1,064,074** |

There were no transfers between Level 1, 2 and 3 during the year.

### 14. Investments *(continued)*

| 31 December 2012 | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | 326,069 | 87,592 | 187,330 | 600,991 |
| Financial assets at fair value through other comprehensive income | - | - | 440,245 | 440,245 |
| | 326,069 | 87,592 | 627,575 | 1,041,236 |

*Reconciliation of Level 3 fair values measurements of investments*

| | **2013 AED'000** | 2012 AED'000 |
|---|---|---|
| As at 1 January | **627,575** | 725,100 |
| Purchase during the year | **175** | 183 |
| Sold during the year | **(6,704)** | (36,160) |
| **Loss included in OCI** | | |
| - Net change in fair value (unrealized) | **(17,135)** | (50,522) |
| **Loss included in Gain on fair valuation of investments** | | |
| - Net change in fair value (unrealized) | **(43,773)** | - |
| Transfers out of Level 3 | **-** | (11,026) |
| As at 31 December | **560,138** | 627,575 |

*Sensitivity analysis*

Since the valuation of Level 3 investments is based on various unobservable inputs, the potential impact on the valuation due to effects of changes in these inputs cannot be estimated with precision.

### 14. Investments *(continued)*

### 14. (c) Investments in subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2013:

| **Subsidiaries:** | **Incorporated in** | **Ownership %** |
|---|---|---|
| Dubai Investments Park Development Co. LLC | UAE | 100 |
| Dubai Investment Real Estate Company | UAE | 100 |
| Al Taif Investment Company LLC | UAE | 60 |
| Dubai Investments Industries LLC | UAE | 100 |
| Glass LLC | UAE | 100 |
| Masharie LLC (refer note (i) below) | UAE | 72.05 |
| Dubai Investments International Limited * | UAE | 100 |

The following are the investments in subsidiaries held by Dubai Investments Industries LLC as at 31 December 2013:

| | | |
|---|---|---|
| Emirates Building Systems Company LLC | UAE | 100 |
| Globalpharma Company LLC | UAE | 100 |
| The Edible Oil Company (Dubai) LLC | UAE | 81 |
| Marmum Dairy Farm LLC | UAE | 100 |
| United Sales Partners LLC | UAE | 100 |
| Dubai Cranes and Technical Services LLC | UAE | 80 |
| Emirates Extruded Polystyrene LLC | UAE | 51 |
| Gaussin Middle East LLC | UAE | 51 |
| Techsource LLC | UAE | 100 |

The following are the investments in subsidiaries held by Glass LLC as at 31 December 2013:

| | | |
|---|---|---|
| Emirates Glass LLC | UAE | 100 |
| Lumi Glass Industries LLC | UAE | 76.5 |
| Emirates Float Glass LLC (refer note (ii) below) | UAE | 67.28 |
| Saudi American Glass Company Limited | KSA | 100 |
| Emirates Insolaire LLC * | UAE | 51 |

The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2013:

| | | |
|---|---|---|
| Emirates Extrusion Factory LLC | UAE | 100 |
| Gulf Dynamic Switchgears Company LLC | UAE | 100 |
| Gulf Metal Craft LLC | UAE | 100 |
| Emirates Thermostone Factory LLC | UAE | 100 |
| Folcra Beach Industrial Co LLC | UAE | 80 |
| Gulf Dynamic Services LLC | UAE | 70 |
| Labtech Interiors LLC | UAE | 70 |
| Technological Laboratory Furniture - Manufacturers (Labtech) LLC | UAE | 70 |
| National Insulated Blocks Industry (Insulite) LLC | UAE | 52 |
| International Rubber Company LLC | UAE | 51 |
| White Aluminum Extrusion LLC | UAE | 51 |
| Integrated Commercial Investments LLC | UAE | 55 |
| Techno Rubber Company | KSA | 51 |
| Lite tech Industries LLC | UAE | 54 |
| IntlSys LLC | UAE | 100 |

* Incorporated during the current year.

## 14. Investments *(continued)*

### 14. (c) Investments in subsidiaries *(continued)*

(i) In December 2013, the Company acquired an additional 7.02% interest in Masharie LLC increasing its ownership from 65% to 72.02%. On acquisition, the Group recognized a decrease in non-controlling interests of AED 27.1 million and increase in retained earnings of AED 2.1 million.

(ii) 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.

## 15. Investment in equity accounted investees

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| Investment in joint ventures | **698,492** | 652,231 |
| Investment in an associate | **2,576** | 2,576 |
| | --------- | ---------- |
| Total investment in equity accounted investees' | **701,068** | 654,807 |
| | ===== | ====== |

*Joint ventures*

The following are the investment in joint ventures held by the Group as at 31 December 2013:

**Emirates District Cooling LLC (Emicool)**
Emicool is a joint venture between the Company and Union Properties PJSC. The principal activity of this entity is to distribute and sell chilled water for use in district cooling systems. The Group effectively owns 50% equity in this entity.

**Properties Investment LLC**
Properties Investment LLC is a joint venture between the Company and Union Properties PJSC. The principal activities of the entity are property investment, development, sale and related activities. The Group effectively owns 50% equity in this entity.

**Al Mujamma Real Estate Company LLC**
Al Mujamma Real Estate Company LLC is a joint venture between the Group and ANC Investment LLC. The joint venture is mainly engaged in the business of real estate including construction, demolition and rebuilding as manager, developers, and investors as well as management and leasing of properties. The Group effectively owns 50% equity in this entity.

**QDI Sport Management Company LLC (QDI)**
QDI is a joint venture between the Group and Al Qudra Sports Management LLC. The principal activities of the joint venture are to engage in sports clubs and facilities management and other sports related activities. The Group effectively owns 50% equity in this entity.

**Dubai International Driving Center LLC**
This is a limited liability company registered in the UAE, the principal activities of the entity are to impart, train and teach driving skills and to provide services of auto general repairing, vehicle maintenance and related services. The Group effectively owns 36% equity in this entity.

**Masharie Al Arif Real Estate Development Company LLC**
This is a limited liability company registered in the UAE, the principal activities of the entity is real estate development. The Group effectively owns 36% equity in this entity.

*Associate*

The Group has 30% interest in Al Taweeq Investment LLC, a limited liability company registered in the Kingdom of Saudi Arabia.

## 15. **Investment in equity accounted investees** *(continued)*

Included in the consolidated financial statements are the following items that represent the Group's interest in the assets, liabilities, revenues and expenses of the joint ventures:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| Non-current assets | **1,193,672** | 1,148,930 |
| Current assets | **210,213** | 167,317 |
| Non-current liabilities | **(383,046)** | (402,498) |
| Current liabilities | **(334,622)** | (273,793) |
| | ---------- | ---------- |
| | **686,217** | 639,956 |
| | ---------- | ---------- |
| Goodwill | **12,275** | 12,275 |
| | -------- | -------- |
| Carrying amount of interest in joint ventures | **698,492** | 652,231 |
| | ===== | ===== |
| Income | **239,800** | 359,769 |
| Expenses | **(163,782)** | (308,711) |
| | ---------- | ---------- |
| Group's share of profit from interest in joint ventures | **76,018** | 51,058 |
| | ===== | ===== |
| Dividends received by the Group | **10,000** | 32,000 |
| | ===== | ===== |

During the current year, a joint venture entity of the Group recorded a fair valuation gain on its investment property amounting to AED 108 million. The fair valuation has been conducted by an independent registered valuer using a market value approach in accordance with the Valuation Standards of the Royal Institute of Chartered Surveyors.

During the year ended 31st December 2012, a joint venture entity of the Group signed a Memorandum of Understanding (MOU) with a customer. Under the MOU, the customer agreed to honor the commitment for the services requested but not fully utilized in the earlier years. This resulted in recognition of additional revenue and profit by the joint venture amounting to AED 108 million in the previous period.

The movement in investment in equity accounted investees' is as follows:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| At 1 January | **654,807** | 728,510 |
| Profit for the year | **76,018** | 51,058 |
| Capital introduced | **3,259** | - |
| Dividends received | **(10,000)** | (32,000) |
| Return of share capital | **(23,016)** | (19,847) |
| Disposal of joint ventures | **-** | (72,914) |
| | ---------- | ---------- |
| At 31 December | **701,068** | 654,807 |
| | ===== | ====== |

## 16. Long term rent receivable (net)

Long term rent receivable represents the differential between the amount billed to tenants and the amount recognized as rental income on a straight line basis over the term of the lease, including the option to renew the lease at the end of the initial lease term, as required by IAS 17 – *Leases*. The difference principally arises due to an initial rent free period allowed and the rent increase agreed after the expiry of the initial term of the lease. Rent received in advance from lessees is netted off in determining the net long term receivable as of the reporting date.

## 17. Finance lease receivable

The Group has the following interest in finance leases:

| | **2013 AED'000** | 2012 AED'000 Restated |
|---|---|---|
| Gross investment | **182,914** | - |
| Unearned finance income | **(26,062)** | - |
| | -------- | -------- |
| Net investment | **156,852** | - |
| Less: classified as trade receivables | **(14,582)** | - |
| | --------- | -------- |
| Non-current portion | **142,270** | - |
| | ===== | ===== |

The finance leases receivable by the Group are as follows:

| | **Minimum lease payments 2013 AED'000** | **Interest 2013 AED'000** | **Principal 2013 AED'000** | Minimum lease payments 2012 AED'000 | Interest 2012 AED'000 | Principal 2012 AED'000 |
|---|---|---|---|---|---|---|
| Less than one year | **14,582** | **-** | **14,582** | - | - | - |
| Between one and five years | **168,332** | **26,062** | **142,270** | - | - | - |
| | -------- | -------- | --------- | -------- | ------- | -------- |
| | **182,914** | **26,062** | **156,852** | - | - | - |
| | ===== | ===== | ===== | ===== | ==== | ===== |

The Group's interest in finance leases represents lease of land let out on long term leases, whereby, the present value of the residual interest at the end of the lease term is estimated to be negligible. These leases are therefore accounted for as finance leases under IAS 17 *Leases* (refer note 12). The terms of payment range from 2 to 5 years. No contingent rent is receivable.

Included in the non-current portion of the finance lease receivable is an amount of AED 111 million receivable from a related party (refer note 35).

## 18. Inventories

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| | | Restated |
| Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories) | **192,495** | 186,597 |
| Finished goods | **59,268** | 55,700 |
| Goods in transit | **4,892** | 2,640 |
| Properties under development for sale (net of provision for write down to net realizable value) | **1,738,605** | 1,955,035 |
| | **1,995,260** | 2,199,972 |
| Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value) | **(1,198,037)** | (1,206,772) |
| | **797,223** | 993,200 |
| Inventories carried at net realizable value | **1,198,037** | 1,206,772 |

As at 31 December 2013, the Group is carrying a provision of AED 218 million *(2012: AED 218 million)* against properties under development for sale. Based on the re-assessment of net realizable values (NRV) of properties under development for sale, the provision of AED 218 million was found to be adequate. Where discounted cash flows have been used to estimate NRV, the cash flows have been estimated by the management based on the latest information available.

Properties under development for sale represent cost 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.

Inventories amounting to AED 434 million *(2012: AED 387 million)* are mortgaged against facilities obtained from a bank. In certain instances, the insurance over inventories is also assigned in favor of banks.

## 19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 100.23 million *(2012: as restated AED 132.03 million).* Trade receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

Trade receivables as at 31st December 2013 includes an amount of AED 217.9 million representing balance of the consideration receivable in respect of the sale by Dubai Investments Park Development Company LLC ("the subsidiary") to a customer ("the customer") for a 90 year usufruct right in a plot of land located in Dubai Investments Park. The subsidiary has initiated legal proceedings against the customer to recover the outstanding balance and the Dubai Court of First Instance had issued a judgment in subsidiary's favor. The customer has filed an appeal with the Dubai Court of Appeal and the proceedings are currently ongoing. Based on the judgement received from Dubai Court of First Instance and legal advice obtained by the subsidiary, management believes that the balance is fully recoverable and accordingly no provision has been created at 31 December 2013. Also refer note 33.

Trade receivables amounting to AED 114.9 million are assigned against the facilities availed from banks as at 31 December 2013 *(2012: AED 99.46 million)*.

## 20. Due from related parties and other receivables

| | 2013 AED'000 | 2012 AED'000 Restated |
|---|---|---|
| *Non - current* | | |
| Capital advance | **33,534** | 31,507 |
| Other receivables | **63,399** | 124,549 |
| | **96,933** | 156,056 |
| *Current* | | |
| Other receivables and prepayments | **365,588** | 332,237 |
| Due from related parties | **44,733** | 27,672 |
| Due from customers for contract work (refer (a) below) | **83,774** | 64,162 |
| | **494,095** | 424,071 |

Other receivables include advances paid to suppliers amounting to AED 73 million *(2012: AED 69 million)* and amount receivable from Dubai Electricity and Water Authority of AED 90 million *(2012: AED 125 million)* for sub-stations constructed on its behalf in Dubai Investments Park. Other receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

(a) Movement in construction work-in-progress is as follows:

| | 2013 AED'000 | 2012 AED'000 |
|---|---|---|
| Contract costs incurred | **427,849** | 484,027 |
| Recognized profits less recognized losses | **70,647** | 41,113 |
| | **498,496** | 525,140 |
| Progress billings | **(414,722)** | (460,978) |
| Due from customers for contract work | **83,774** | 64,162 |

## 21. Cash at bank and in hand

| | 2013 AED'000 | 2012 AED'000 Restated |
|---|---|---|
| Cash in hand | **2,010** | 1,698 |
| Cash at bank within UAE (current accounts) | **346,531** | 260,444 |
| Cash at bank outside UAE – GCC Countries (current accounts) | **2,594** | 3,879 |
| Short term deposits (including deposits of AED 63.67 million *(2012: AED 69.01 million)* under lien with banks) | **126,142** | 181,394 |
| | **477,277** | 447,415 |

## 22. Long-term bank borrowings

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

## 23. Bank borrowings

| | **2013 AED'000** | 2012 AED'000 Restated |
|---|---|---|
| Bank overdraft, trust receipt loans and bills discounted | **290,837** | 310,147 |
| Short term loans | **170,415** | 173,143 |
| Current portion of long term bank borrowings (refer note (ii) below) | **682,661** | 780,220 |
| | **1,143,913** | 1,263,510 |

(i) The bank borrowings are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee, the Company's liability is mostly restricted to its percentage of equity interest in the borrowing entity.

(ii) Subsequent to the year ended 31st December 2013, a subsidiary of the Company namely Dubai Investments Park Development Company LLC ("DIP") issued a US$ 300 million 5 year Sukuk maturing in year 2018. The proceeds of this Sukuk have been partially utilized to settle the other outstanding bank loans of DIP amounting to AED 710 million. The current portion of long term bank borrowings includes an amount of AED 180 million relating to DIP as at 31st December 2013.

## 24. Trade, related parties and other payables

| | **2013 AED'000** | 2012 AED'000 Restated |
|---|---|---|
| *Non-current* | | |
| Other payables | **130,125** | 75,879 |
| *Current* | | |
| Trade payables | **358,653** | 418,921 |
| Due to related parties | **9,502** | 10,389 |
| Other payables and accrued expenses | **689,552** | 669,225 |
| | **1,057,707** | 1,098,535 |

## 25. Share capital and share premium

| | **2013 AED'000** | 2012 AED'000 |
|---|---|---|
| ***Issued and paid up:*** | | |
| 3,570.4 million shares of AED 1 each *(2012:3,570.4 million shares of AED 1 each)* | **3,570,395** | 3,570,395 |

For the year 2013, the Board of Directors has proposed a cash dividend of 7% *(2012: 7%)* and issue of 5% bonus shares *(2012: Nil)* to the shareholders of the Company.

In the year 1998, 5,474 unallocated shares were sold at the prevailing market price to a shareholder, at a premium of AED 46,000.

## 26. Capital reserve

Capital reserve comprises the net gain on sale of the Company's own shares (treasury shares) by a subsidiary of the Company in the earlier years.

## 27. Legal and general reserve

In accordance with the Articles of Association of entities within the Group and Article 255 of the UAE Federal Law No. 8 of 1984 (as amended), 10% of the profit for the year of the individual entities, to which the law is applicable, is to be transferred to the statutory reserve. Such transfer may be discontinued when the statutory reserve equals 50% of the paid up share capital of the respective individual entities. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned law.

Further, in accordance with the Articles of Association of certain entities within the Group, 10% of the profit for the year is required to be transferred to a general reserve. However, as per the Articles of Association of these entities, the transfer may be discontinued upon a resolution passed at the Ordinary General Meeting if proposed by the Board of Directors.

Accordingly, the companies within the Group, where applicable, have transferred amounts to legal and general reserve.

## 28. Revaluation reserve

The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at a nominal value by the Group. These plots of land were earlier revalued in 1999, 2003 and 2005 and 2009 by a professional firm of independent property valuers. As the market value of these two plots of land was higher than the carrying value as at those dates, a revaluation surplus of AED 47 million was credited to a non-distributable revaluation reserve.

In prior years, a plot of land was gifted to the Company by the Government of Dubai (refer note 12(b)) which was recorded as property, plant and equipment at a nominal value. Upon construction of an office cum residential building in 2001 on the gifted land for the purposes of leasing, the land was transferred from property, plant and equipment to investment properties at fair value in prior years. The resulting gain on fair valuation of AED 20 million was credited to a non-distributable revaluation reserve at the time of transfer.

## 29. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments classified as fair value through other comprehensive income.

## 30. Proposed directors' fees

Proposed directors' fees amounting to AED 6 million *(2012: AED 4 million)*, represents remuneration for attendance at meetings and compensation for professional services rendered by the Directors.

## 31. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to Owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

| | **2013** | 2012 |
|---|---|---|
| Profit attributable to Owners of the Company (AED 000) | **822,316** | 321,372 |
| Weighted average number of shares outstanding (000s) | **3,570,395** | 3,570,395 |
| | ======= | ======= |

## 32. Commitments

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| Capital commitments – contracted and committed | **60,299** | 111,328 |
| | ==== | ====== |

This mainly includes commitment by a subsidiary for construction of warehouse facilities in Dubai Investments Park.

## 33. 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 consolidated statement of financial position.

With reference to the legal proceedings initiated by the subsidiary against a customer as mentioned in note 19, the customer has filed an application to the Dubai Court of First Instance alleging that the subsidiary has breached its contractual obligations under the agreement and as a result of which it had suffered substantial losses, being significantly in excess of the purchase price for the usufruct right in the land. The subsidiary has also separately made a counter-claim against the customer for damages suffered as a result of alleged breaches by the customer of its obligations under the relevant agreement. Proceedings are ongoing in the Dubai Court of First Instance.

Based upon a formal legal advice that the subsidiary has received, the subsidiary believes that the customer claims are entirely without merit and that it has meritorious defenses to each of the customer's claims. The subsidiary considers the customer claims to be frivolous and a delaying tactic employed by the customer as a result of the judgment issued by the Dubai Court of First Instance against the customer as stated in note 19.

## 34. Lease rentals

***Leases as lessor***

The Group leases out its investment properties under operating lease. The minimum lease payments receivable under non-cancelable leases are as follows:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| Less than one year | **355,312** | 354,806 |
| Between one to five years | **1,807,066** | 1,558,425 |
| More than five years | **2,259,721** | 1,806,138 |
| | ======= | ======= |

## 35. Related party transactions

The Group, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard 24. Related party transactions are entered at mutually agreed terms.

The aggregate value of significant transactions with related parties during the year was as follows:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| Construction of Head office building | **-** | 13,033 |
| Sale of an investment property (refer note 17) | **111,306** | - |
| | **=====** | ===== |

Compensation to key management personnel, including directors is as follows:

| | **2013** | 2012 |
|---|---|---|
| Short-term benefits (including proposed Directors' fees) | **16,951** | 14,660 |
| Post-employment benefits | **127** | 111 |
| | ===== | **=====** |

## 36. Non-controlling interests

(i) In December 2013, the Company acquired an additional 7.02% interest in Masharie LLC increasing its ownership from 65% to 72.02%. On acquisition, the Group recognized a decrease in non-controlling interests of AED 27.1 million.

(ii) 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.

The Group does not have any individual material non-controlling interests in any of its subsidiaries at 31st December 2013.

## 37. Accounting estimates and judgments

Management has reviewed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The following are the critical accounting estimates and judgment used by management in the preparation of these consolidated financial statements:

***Valuation of investment properties***

The Group fair values its investment properties. External, independent valuation companies, having the appropriate recognized professional qualification value majority of the properties annually. Note 12 contains information about the valuation methodology considered by the third party valuation company.

***Valuation of real estate inventories***

The Group reviews its inventories to assess any loss on account of diminution in the value of real estate inventories on a regular basis. A significant portion of the Group's inventories comprise property under development for sale. 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.

***Impairment of goodwill, intangible assets and other assets***

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (refer accounting policy on impairment). Testing for impairment requires management to estimate the recoverable amount of the cash generating unit to which the goodwill is allocated.

Furthermore, intangibles such as technical know-how, product distribution rights, patent, and trademark which have limited useful life and other assets such as property, plant and equipment are tested for impairment whenever there is an indication of impairment. Testing for impairment of these assets requires management to estimate the recoverable amount of the cash generating unit.

***Contract revenue***

Revenue from contracts is recognized in profit or loss when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from period to period.

***Contingency provisions in project accruals***

In order to recognize cost of properties sold, management needs to make an estimate of the total cost of the project considering the fact that all the project accounts may not be finalized as at the reporting date. These contingency provisions are initially made as a percentage of the total anticipated project cost and later adjusted based on judgment as the project progresses.

***Other estimates and judgments***

Management of the Group exercises significant judgment in estimating the recoverability of trade receivables.

It is reasonably possible based on existing knowledge that the current assessment and judgments used by management as discussed above, could be subject to material adjustment in the next financial year due to changes in estimates and assumptions underlying such assessments. Should these estimates and underlying assumptions vary, statement of profit or loss and statement of financial position in the following years could be significantly impacted.

## 38. Financial instruments

### Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| | | Restated |
| Investments | **107,434** | 96,173 |
| Long term rent receivable | **66,129** | 66,143 |
| Long term finance lease receivable | **142,270** | - |
| Trade receivables | **1,520,972** | 1,375,474 |
| Other receivables | **591,028** | 580,127 |
| Cash at bank | **475,267** | 445,717 |
| | ------------ | ------------ |
| Carrying amount | **2,903,100** | 2,563,634 |
| | ======= | ======= |

The maximum exposure to credit risk for trade receivables and finance lease receivables at the reporting date by geographic region was:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| | | Restated |
| Domestic | **1,486,303** | 1,226,474 |
| Other GCC countries | **128,007** | 90,354 |
| Other regions | **48,932** | 58,646 |
| | ------------ | ------------ |
| | **1,663,242** | 1,375,474 |
| | ======= | ======= |

The maximum exposure to credit risk for trade receivables and finance lease receivables at the reporting date by type of customer was:

| | **2013** | 2012 |
|---|---|---|
| | **AED'000** | AED'000 |
| | | Restated |
| Contracting | **480,166** | 483,142 |
| Real estate | **487,437** | 334,416 |
| Others | **695,639** | 557,916 |
| | ------------ | ------------ |
| | **1,663,242** | 1,375,474 |
| | ======= | ======= |

**38. Financial instruments** *(continued)*

**Credit risk** *(continued)*

The age of trade receivables at the reporting date was:

| | **2013 Gross AED'000** | **2013 Impairment AED'000** | 2012 Gross AED'000 Restated | 2012 Impairment AED'000 Restated |
|---|---|---|---|---|
| Current 0-30 days | **254,778** | **-** | 149,149 | - |
| 31-90 days | **149,976** | **-** | 170,488 | - |
| 91 – 180 days | **121,591** | **-** | 136,934 | - |
| 180 - 365 days | **228,798** | **-** | 193,637 | - |
| More than one year | **866,061** | **(100,232)** | 857,296 | (132,030) |
| | **1,621,204** | **(100,232)** | 1,507,504 | (132,030) |

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| | **2013 AED'000** | 2012 AED'000 Restated |
|---|---|---|
| Balance at 1 January | **132,030** | 98,397 |
| Impairment loss recognized | **1,850** | 51,233 |
| Reversal of impairment loss | **(19,560)** | - |
| Impairment loss written-off | **(14,088)** | (17,600) |
| Balance at 31 December | **100,232** | 132,030 |

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off.

The Group limits its exposure to credit risk by investing with counterparties that have credible market reputation. The Group's management does not expect any counterparty to fail to meet its obligations.

Cash is placed with local and international banks of good repute.

## 38. Financial instruments *(continued)*

### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| **31 December 2013**<br>*In AED '000* | Carrying amount | Contractual cash flows | Within 1 year | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | | | |
| Loans and borrowings * | **1,975,634** | **(2,140,961)** | **(1,194,838)** | **(373,232)** | **(544,552)** | **(28,339)** |
| Trade and other payables | **1,048,685** | **(1,048,685)** | **(1,048,685)** | **-** | **-** | **-** |
| Other long term liabilities | **66,129** | **(66,129)** | **(8,867)** | **(16,834)** | **(40,428)** | **-** |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps | **9,022** | **(9,022)** | **(9,022)** | **-** | **-** | **-** |
| | **3,099,470** | **(3,264,797)** | **(2,261,412)** | **(390,066)** | **(584,980)** | **(28,339)** |

| 31 December 2012<br>*In AED '000 – restated* | Carrying amount | Contractual cash flows | Within 1 year | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | | | |
| Loans and borrowings | 2,226,286 | (2,423,537) | (1,311,709) | (373,039) | (661,615) | (77,174) |
| Trade and other payables | 1,085,377 | (1,085,377) | (1,085,377) | - | - | - |
| Other long term liabilities | 75,879 | (75,879) | (33,787) | (27,634) | (14,458) | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps | 13,158 | (13,158) | (13,158) | - | - | - |
| | 3,400,700 | (3,597,951) | (2,444,031) | (400,673) | (676,073) | (77,174) |

* Also refer note 23 (ii).

### Market risk

### Currency risk

*Exposure to currency risk*

The Group's exposure to foreign currency risk is as follows based on notional amounts:

| | **2013**<br>**Euro'000** | 2012<br>Euro'000 |
|---|---|---|
| Trade and other receivables | **3,456** | 1,793 |
| Cash at bank | **22** | 34 |
| Trade and other payables | **(5,310)** | (4,200) |
| | ------- | ------- |
| Gross exposure | **(1,832)** | (2,373) |
| | ------- | ------- |
| Net exposure | **(1,832)** | (2,373) |
| | ==== | ==== |

**38. Financial instruments** *(continued)*

**Market risk** *(continued)*

**Currency risk** *(continued)*

The following exchange rates were applied during the year:

| | Average rate | | Spot rate | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **AED** | AED | **AED** | AED |
| Euro | **4.93** | 4.72 | **4.87** | 4.85 |
| | ==== | === | ==== | === |

**Sensitivity analysis**

A limited fluctuation of AED against Euro at 31 December would not have any material impact on profit or loss.

**Interest rate risk**

The Group is exposed to interest rate risk on its interest bearing assets and liabilities. The Group manages its exposure arising due to fluctuations in interest rates by the use of derivative instruments when appropriate.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

| | Carrying amount | |
|---|---|---|
| | **2013** | 2012 |
| | **AED'000** | AED'000 |
| | | Restated |
| **Fixed rate instruments** | | |
| Financial assets | **88,159** | 86,686 |
| Financial liabilities | **(43,789)** | (60,720) |
| | ====== | ===== |
| **Variable rate instruments** | | |
| Financial assets | **37,983** | 94,708 |
| Financial liabilities | **(1,931,845)** | (2,165,566) |
| | ======= | ======= |

**Fair value sensitivity analysis for fixed rate instruments**

Though, the Group accounts for certain fixed rate financial assets and liabilities at fair value through profit or loss, a limited change in interest rates at the reporting date would not significantly affect profit or loss. Further, the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model.

## 38. Financial instruments *(continued)*

**Market risk** *(continued)*

**Interest rate risk** *(continued)*

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

| | Profit or (loss) | |
|---|---|---|
| **Effect in AED'000** | **100 bp increase** | **100 bp decrease** |
| **31 December 2013** | **(18,938)** | **18,938** |
| 31 December 2012 - restated | (20,709) | 20,709 |
| | ===== | ====== |

**Fair value of financial assets and liabilities measured at amortized costs**

The fair value of financial assets and liabilities measured at amortized costs approximate its carrying value at 31st December 2013.

## 39. 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, production, pharmaceuticals, production and distribution of dairy products, aluminum extruded products and laboratory furniture.

*Investments* : strategic minority investments in start up ventures and IPO's, bonds, funds and shares held for trading purposes.

*Property* : the development of real estate projects for rentals and sale of developed property units.

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.

## 39. Segment reporting *(continued)*

### Information about reportable segments

| | Manufacturing and contracting | | Investments | | Property | | Total | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | AED'000 | |
| | **2013** | 2012 Restated | **2013** | 2012 Restated | **2013** | 2012 Restated | **2013** | 2012 Restated |
| ***Business Segments*** | | | | | | | | |
| Revenue | **1,435,867** | 1,550,268 | **75,561** | 55,571 | **911,634** | 583,914 | **2,423,062** | 2,189,753 |
| Finance income and other income | **37,424** | 31,636 | **4,154** | 8,797 | **42,931** | 8,876 | **84,509** | 49,309 |
| Finance expenses | **(47,714)** | (73,404) | **(8,196)** | (16,005) | **(47,698)** | (111,215) | **(103,608)** | (200,624) |
| Gain on fair valuation of investment properties | **-** | - | **-** | - | **419,044** | 143,193 | **419,044** | 143,193 |
| | ---------- | --------- | --------- | -------- | ---------- | ---------- | ---------- | ---------- |
| Reportable segment profit | **(15,576)** | (67,270) | **(8,195)** | 37,871 | **846,087** | 350,771 | **822,316** | 321,372 |
| | ====== | ====== | ====== | ===== | ====== | ====== | ====== | ====== |
| Reportable segment assets | **2,943,611** | 3,071,743 | **1,323,884** | 1,295,827 | **8,353,478** | 7,990,494 | **12,620,973** | 12,358,064 |
| | ======== | ======== | ======== | ======= | ======= | ======= | ======== | ======== |
| Reportable segment liabilities | **1,429,435** | 1,554,730 | **405,027** | 319,736 | **1,329,004** | 1,526,234 | **3,163,466** | 3,400,700 |
| | ======== | ======== | ====== | ====== | ======= | ======= | ======== | ======== |

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

## 40. Impact of change in accounting policy

The following table summarizes the adjustments made to the Group's consolidated statement of profit or loss and statement of cash flows for the year ended 31 December 2012 and consolidated statement of financial position as at 1 January 2012 and 31 December 2012 upon change in accounting policy for joint ventures as mentioned in note 3. The change in accounting policy had no impact on the consolidated statement of comprehensive income.

**Consolidated statement of profit or loss**

| | For the year ended 31 December 2012 | | |
|---|---|---|---|
| | **As previously reported AED 000** | **Adjustment AED 000** | **As restated AED 000** |
| Sale of goods and services | 1,400,125 | (149,436) | 1,250,689 |
| Rental income | 497,042 | (12,544) | 484,498 |
| Contract revenue | 432,054 | (167,240) | 264,814 |
| Sale of properties | 116,461 | (22,575) | 93,886 |
| Gain on fair valuation of investment properties | 151,167 | (7,974) | 143,193 |
| Loss on fair valuation of investments | 14,957 | - | 14,957 |
| Gain on sale of investments – (net) | 14,987 | - | 14,987 |
| Dividend income | 14,862 | - | 14,862 |
| Share of profit from equity accounted investees | - | 51,058 | 51,058 |
| **Total income** | **2,641,655** | **(308,711)** | **2,332,944** |
| Direct operating costs | (1,733,148) | 260,794 | (1,472,354) |
| Administrative and general expenses | (490,576) | 39,824 | (450,752) |
| Finance expenses | (225,970) | 25,346 | (200,624) |
| Finance income | 12,535 | (3,037) | 9,498 |
| Other income | 54,027 | (14,216) | 39,811 |
| **Profit for the year** | **258,523** | **-** | **258,523** |

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

**Consolidated statement of cash flows**

| | For the year ended 31 December 2012 | | |
|---|---|---|---|
| | **As previously reported AED 000** | **Adjustment AED 000** | **As restated AED 000** |
| Net cash from operating activities | 661,378 | (101,078) | 560,300 |
| Net cash used in investing activities | (86,669) | 57,511 | (29,158) |
| Net cash from financing activities | (124,368) | (5,788) | (130,156) |
| **Net increase in cash and cash equivalents** | **450,341** | **(49,355)** | **400,986** |

## 40. Impact of change in accounting policy *(continued)*

### Consolidated statement of financial position

| | As at 31 December 2012 | | | As at 1 January 2012 | | |
|---|---|---|---|---|---|---|
| | 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 | 2,769,017 | (929,681) | 1,839,336 |
| Goodwill and intangible assets | 147,445 | (13,443) | 134,002 | 217,436 | (12,275) | 205,161 |
| Investment properties | 4,253,207 | (166,111) | 4,087,096 | 3,977,154 | (151,037) | 3,826,117 |
| Development properties | 51,294 | (29,507) | 21,787 | 80,670 | (43,446) | 37,224 |
| Investment in equity accounted investees' | 2,576 | 652,231 | 654,807 | 2,576 | 725,934 | 728,510 |
| Long term finance lease receivable | 13,841 | (13,841) | - | 15,834 | (15,834) | - |
| Inventories | 1,269,777 | (63,005) | 1,206,772 | 1,287,894 | (57,548) | 1,230,346 |
| **Current assets** | | | | | | |
| Inventories | 993,217 | (17) | 993,200 | 1,088,161 | (4,843) | 1,083,318 |
| Investments at fair value through profit or loss | 600,991 | - | 600,991 | 796,686 | (5) | 796,681 |
| Trade receivables | 1,195,917 | (46,695) | 1,149,222 | 1,342,208 | (96,092) | 1,246,116 |
| Due from related parties and other receivables | 511,349 | (87,278) | 424,071 | 772,609 | (212,534) | 560,075 |
| Cash at bank and in hand | 480,740 | (33,325) | 447,415 | 287,280 | (27,775) | 259,505 |
| **Non-current liabilities** | | | | | | |
| Long-term borrowings and payables | (1,441,153) | 402,498 | (1,038,655) | (858,037) | 67,680 | (790,357) |
| **Current liabilities** | | | | | | |
| Bank borrowings | (1,278,063) | 14,553 | (1,263,510) | (2,074,104) | 405,203 | (1,668,901) |
| Trade, related parties and other payables | (1,357,775) | 259,240 | (1,098,535) | (1,506,513) | 352,253 | (1,154,260) |
| **Equity** | | | | | | |
| Legal reserve | (564,724) | 20,128 | (544,596) | (513,039) | 20,128 | (492,911) |
| General reserve | (875,475) | 2,540 | (872,935) | (830,903) | 2,540 | (828,363) |
| Retained earnings | (3,234,555) | (22,668) | (3,257,223) | (3,288,783) | (22,668) | (3,311,451) |
| **Net impact** | 3,393,914 | - | 3,393,914 | 3,566,146 | - | 3,566,146 |