

Dubai Investments PJSC and its subsidiaries

Interim condensed consolidated
financial statements
31 March 2006



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The Board of Directors
Dubai Investments PJSC

We have reviewed the accompanying condensed consolidated balance sheet of Dubai Investments PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2006, and the related condensed consolidated statements of income, cash flows and changes in equity for the three month period then ended. These financial statements are the responsibility of the management. Our responsibility is to issue a report on these financial statements based on our review. The comparative figures for the three months period ended 31 March 2005 have not been reviewed.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material mis-statement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Vijendranath Malhotra
Registration No. 48B

30 April 2006

Dubai Investments PJSC and its subsidiaries

Interim condensed consolidated income statement period ended 31 March 2006

		Three months ended 31 March	
	<i>Note</i>	Reviewed 2006 AED 000	Not reviewed 2005 AED 000
Contract and other revenue		160,789	124,706
Sale of properties		14,181	41,251
Charter income		14,693	16,402
Property income		49,175	25,506
Interest income	4	16,625	3,151
Dividend income		1,854	1,080
Profit on sale of investments		4,108	5,699
Gain on fair valuation - of investment properties		223,469	-
(Loss)/gain on investments at fair value		(32,254)	8,320
Total income		452,640	226,115
Direct operating costs	5	(146,548)	(129,707)
Administrative and general expenses	6	(47,806)	(35,386)
Finance expenses		(13,007)	(6,665)
Other income		7,783	1,312
Total expenses		(199,578)	(170,446)
Net profit for the period		253,062	55,669
Attributable to:			
Shareholders of the Company		251,918	54,180
Minority interest		1,144	1,489
Net profit for the period		253,062	55,669
Basic earnings per share	14	0.15	0.06

The notes set out on pages 6 to 12 form part of these interim condensed consolidated financial statements.

The Review Report is set out on page 1.

Dubai Investments PJSC and its subsidiaries

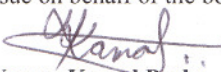
Interim condensed consolidated balance sheet

at 31 March 2006

	Note	Reviewed 31 March 2006 AED 000	Audited 31 December 2005 AED 000	Not reviewed 31 March 2005 AED 000
Assets				
Property, plant and equipment	7	732,876	728,608	581,583
Intangible assets		40,347	42,311	36,830
Investments in associates		7,182	7,320	5,888
Investment properties	8	1,140,437	912,809	608,777
Development properties	9	98,831	81,657	133,963
Long term rent receivable		118,545	138,526	43,378
Long term finance lease receivable		75,460	75,572	85,381
Due from a related party		8,718	8,820	8,885
Other long term assets		3,701	3,443	4,698
Total non-current assets		2,226,097	1,999,066	1,509,383
Inventories		197,867	183,895	105,895
Investments at fair value through income statement	10	546,586	359,754	277,283
Available for sale investments	10	200,975	200,975	140,219
Trade, related party and other receivables		349,807	331,652	291,250
Cash at bank and in hand	12	986,699	194,752	91,002
Total current assets		2,281,934	1,271,028	905,649
Total assets		4,508,031	3,270,094	2,415,032
Equity				
Share capital	13	1,716,000	858,000	715,000
Share premium		46	46	46
Legal reserve		160,625	160,625	81,604
Capital reserve		26,327	26,327	8,217
Treasury shares		(19,680)	(19,680)	(9,893)
General reserve		197,407	197,407	81,365
Revaluation reserve		67,000	67,000	46,100
Proposed bonus issue		257,400	257,400	143,000
Proposed directors fees		3,000	3,000	2,000
Retained earnings		483,952	232,034	58,303
Total equity attributable to equity holders of the parent		2,892,077	1,782,159	1,125,742
Minority interest		52,746	57,155	49,783
Total equity		2,944,823	1,839,314	1,175,525
Liabilities				
Long-term borrowings/ payables		702,250	550,183	525,449
Deferred income		-	-	13,814
Total non-current liabilities		702,250	550,183	539,263
Bank borrowings	15	286,246	355,848	363,446
Trade, related party and other payables		574,712	524,749	336,798
Total current liabilities		860,958	880,597	700,244
Total liabilities		1,563,208	1,430,780	1,239,507
Total equity and liabilities		4,508,031	3,270,094	2,415,032

These consolidated financial statements were authorized for issue on behalf of the board of directors on 30 April 2006:


Khalid Jassim Kalban
MD & CEO


Yawar Kamal Pasha
Finance Manager

The notes set out on pages 6 to 12 form part of these consolidated financial statements.
The Review Report is set out on page 1.

Dubai Investments PJSC and its subsidiaries

Interim condensed consolidated statement of cash flows

period ended 31 March 2006

	Reviewed 31 March 2006 AED' 000	Not reviewed 31 March 2005 AED' 000
Operating activities		
Net profit for the period before minority interest	253,062	55,669
<i>Adjustments for:</i>		
Depreciation	8,178	6,945
Amortization / impairment losses of intangible assets (net)	2,122	-
Loss on disposal/write-off of property, plant & equipment	294	-
(Gain) on fair valuation of investment properties	(223,469)	-
Share of gain from investment in associates	(280)	(104)
Loss/ (gain) on fair valuation of trading and available for sale investments	32,254	(8,320)
<i>Operating profit before changes in working capital</i>	<i>72,161</i>	<i>54,190</i>
Net investment in trading and available for sale investments	(219,086)	(92,428)
Decrease/(increase) in long-term receivables	19,835	(42,988)
(Increase)/ decrease in trade, related parties and other receivables	(18,053)	35,288
(Increase) in inventories	(13,972)	(16,443)
Increase in trade, related parties and other payables	49,963	17,019
<i>Cash flows from operating activities</i>	<i>(109,152)</i>	<i>(45,362)</i>
Investing activities		
Net additions to investment and development property	(21,333)	(13,738)
Dividend received from associates	418	-
Net additions to intangibles	(158)	(6,786)
Net acquisitions of property, plant and equipment	(14,654)	(19,601)
Proceeds from disposal of property, plant and equipment	1,914	-
Sale of treasury shares	-	17,813
Purchase of treasury shares	-	(23,756)
Proceeds from rights issue	858,000	-
<i>Cash flows from investing activities</i>	<i>824,187</i>	<i>(46,068)</i>
Financing activities		
Net movement in long term bank borrowings and other payables	(72,680)	75,823
Term loan availed during the period	250,000	-
Term loan repaid during the period	(47,000)	-
Net movement in minority interest	(5,553)	(8,232)
<i>Cash flows from financing activities</i>	<i>124,767</i>	<i>67,591</i>
Net increase/(decrease) in cash and cash equivalents	839,802	(23,839)
Cash and cash equivalents at the beginning of the period	(86,539)	(173,586)
Cash and cash equivalents at the end of the period	753,263	(197,425)
<i>Cash and cash equivalents comprise of the following:</i>		
Current and call account with banks	67,485	71,460
Short term deposits with banks	919,214	19,542
Bank overdraft	(233,436)	(288,427)
	753,263	(197,425)

The notes set out on pages 6 to 12 form part of these interim condensed consolidated financial statements
The Review Report is set out on page 1.

Dubai Investments PJSC and its subsidiaries

Interim condensed consolidated statement of changes in equity

period ended 31 March 2006

	AED'000												
	Share capital	Share premium	Legal reserve	Capital reserve	Treasury shares	General reserve	Reval- uation reserve	Proposed bonus issue	Proposed directors' fees	Retained earnings	Total	Minority Interest	Total
At 1 January 2005	715,000	46	81,604	4,267	-	81,365	46,100	143,000	2,000	4,123	1,077,505	56,526	1,134,031
Treasury shares purchased	-	-	-	-	(23,755)	-	-	-	-	-	(23,755)	-	(23,755)
Treasury shares sold	-	-	-	-	17,812	-	-	-	-	-	17,812	-	17,812
Net gain on treasury shares transferred to capital reserve	-	-	-	3,950	(3,950)	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	54,180	54,180	1,489	55,669
Other movements	-	-	-	-	-	-	-	-	-	-	-	(8,232)	(8,232)
At 31 March 2005	715,000	46	81,604	8,217	(9,893)	81,365	46,100	143,000	2,000	58,303	1,125,742	49,783	1,175,525
	=====	==	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	Share capital	Share premium	Legal reserve	Capital reserve	Treasury shares	General reserve	Reval- uation reserve	Proposed bonus issue	Proposed directors' fees	Retained earnings	Total	Minority Interest	Total
At 1 January 2006	858,000	46	160,625	26,327	(19,680)	197,407	67,000	257,400	3,000	232,034	1,782,159	57,155	1,839,314
Rights share issue	858,000	-	-	-	-	-	-	-	-	-	858,000	-	858,000
Net income for the period	-	-	-	-	-	-	-	-	-	251,918	251,918	1,144	253,062
Other movements	-	-	-	-	-	-	-	-	-	-	-	(5,553)	(5,553)
At 31 March 2006	1,716,000	46	160,625	26,327	(19,680)	197,407	67,000	257,400	3,000	483,952	2,892,077	52,746	2,944,823
	=====	==	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

In accordance with the Ministry of Economy & Commerce interpretation of Article 118 of Federal Law No. 8 of 1984, directors' remuneration has been treated as an appropriation from shareholders' funds.

No allocation of profit has been made to the statutory reserve for the three month period ended 31 March 2006 as it would be effected at the year-end.

The notes set out on pages 6 to 12 form part of these interim condensed consolidated financial statements

Dubai Investments PJSC and its subsidiaries

Notes

(forming part of the condensed consolidated interim financial statements)

1. Legal status and principal activity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. These interim condensed consolidated financial statements of the Company for the period ended 31 March 2006 (“the current period”) comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities.

The Company’s principal objective is to invest in companies and projects. The Company is able to invest in a wide range of business sectors as defined in its Articles of Association.

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

2. Basis of preparation and significant accounting policies

These interim condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements of the Group, presented in UAE Dirhams (“AED”) rounded to the nearest thousand, have been prepared under the historical cost convention except for financial assets fair valued through income statement, available for sale investments, land and investment properties, which are stated at their fair values.

The accounting policies applied in the preparation of the interim condensed consolidated financial information are consistent with those applied in the annual financial statements of the Group for the year ended 31 December 2005.

The interim condensed consolidated financial statements do not include all of the information for full annual financial statements, and should be read in conjunction with the latest audited consolidated financial statements of the Group as at and for the year ended 31 December 2005.

3. Accounting estimates and judgements

The preparation of interim financial statements in conformity with IAS 34 - *Interim Financial Reporting* requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2005.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

4. Interest income

This includes an amount of AED 12 million earned on balances held with the banks for proceeds from the issuance of rights shares.

5. Direct operating costs

	Three months ended	
	31 March	
	Reviewed	Not reviewed
	2006	2005
	AED 000	AED 000
<i>These include:</i>		
Staff costs	18,135	13,201
Depreciation	4,208	4,580
	=====	=====

6. Administrative and general expenses

	Three months ended	
	31 March	
	Reviewed	Not reviewed
	2006	2005
	AED 000	AED 000
<i>These include:</i>		
Staff costs	17,998	13,039
Depreciation	3,968	2,365
	=====	=====

7. Property, plant and equipment

Additions and disposals

During the quarter ended 31 March 2006, the Group acquired assets amounting to AED 14.6 million (*quarter ended 31 March 2005: AED 19.6 million*). Assets with a net book value of AED 2.2 million were disposed off during the quarter ended 31 March 2006 (*quarter ended 31 March 2005: Nil*).

During the current period, the Group has capitalized interest costs amounting to AED 2.7 million as a part of the qualifying asset.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

8. Investment properties

The majority of investment properties are built on land located at Jebel Ali Industrial Area which was obtained from the Government of Dubai in earlier years on a renewable, non-cancelable long term lease of 99 years. This leased land from the Government of Dubai is developed in phases. During the current period, the development of Phase IV area 5 was completed, consequent to which the same was transferred to investment properties from development properties. The development of the remaining areas of Phase IV and Phase V are still in progress as of the period end (refer note 9). The Group has obtained fair values for Phase IV area 5 based on valuation carried by an independent registered valuer who carried out the valuation in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors. This has resulted in a net gain on valuation of investment properties amounting to AED 223.5 million, which takes into consideration the cash outflows resulting from the estimated 20% share of the net profits due to the Government of Dubai starting 2009. The gain of AED 223.5 million has been credited to the income statement.

Management believes that the fair valuation of the remaining investment properties at 31 March 2006 is not significantly different from the valuation as at 31 December 2005. Accordingly, no fair value adjustments have been made during the current period for those investment properties.

9. Development properties

Development properties as of 31 March 2006 mainly comprise costs incurred to date for the development of remaining areas of Phases IV and Phase V (refer note 8).

10. Investments

	Reviewed 31 March 2006 AED 000	Audited 31 December 2005 AED 000	Not reviewed 31 March 2005 AED 000
Investments re-designated at fair value through income statement:			
- held for trading quoted equity securities	251,402	263,407	141,541
- quoted funds and equity securities (refer note below)	223,718	23,580	61,358
- bonds	71,466	72,767	74,384
	-----	-----	-----
	546,586	359,754	277,283
	=====	=====	=====
Investments designated as available for sale:			
- unquoted equity securities	200,975	200,975	140,219
	=====	=====	=====

During the current period, the Company has invested in Investcorp Balanced Fund and Standard Chartered Bank - Total Returns Alternative Investments fund.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

11. Related parties and other receivables

Related party transactions:

Significant related party transactions during the periods were as follows:

	Reviewed 31 March 2006 AED '000	Audited 31 December 2005 AED '000	Not reviewed 31 March 2005 AED '000
Sales	22,954	48,158	4,819
Purchase and expenses	15,843	14,504	4,072
Management fee charged to an associate	165	660	165
Purchase of fixed assets	35	16,417	518
	=====	=====	=====
Compensation to key management personnel including Directors are as follows:			
- Short term benefits	2,088	8,691	1,263
- Provision towards employees' terminal benefits	46	180	45
	=====	=====	=====

12. Cash at bank and in hand

Cash in hand and at bank includes deposits amounting to AED 919 million as of the period end. These deposits were made consequent to the receipt from shareholders towards the rights issue (note 13).

13. Share capital

During the current period, the Company issued 858 million rights shares in the ratio of 1:1 (1 share for every share held) at par. Consequent to the rights issue, the share capital increased to AED 1,716 million.

14. Earnings per share

	Three months ended	
	31 March 2006 Reviewed	31 March 2005 Not reviewed
Net profit attributable to shareholders (AED '000)	251,918	54,180
Weighted average number of shares outstanding	1,664,563,656	858,000,000
	=====	=====

15. Bank borrowings

The terms of the bank borrowings vary from seven to sixteen years and 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 and amounts to AED 666 million as at 31 March 2006 (quarter ended 31 March 2005: AED 511 million).

The term loans and other bank borrowings are secured by mortgages over certain inventories, trade receivables and property, plant and equipment and insurance policies of the Group and in some cases by shareholders' guarantee.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

15. Bank Borrowings *(continued)*

During the current period, the Group availed a syndicated term loan facility of AED 250 million for the purpose of capital expenditure and expansion of facilities located at the Dubai Investments Park. The loan is repayable in four equal semi-annual installments, with the first installment due after 18 months from the date of availing the facility.

16. Capital commitments

During the current quarter the Group has entered into contractual capital commitments amounting to AED 658 million towards new projects.

17. Change in interest in subsidiaries and investment in newly formed subsidiaries

During the quarter ended 31 March 2006, the Group acquired a further interest in its subsidiary Lumi Glass Industries LLC. Consequently, the interest of the Group in Lumi Glass Industries LLC increased from 55% to 67.1%.

Furthermore, during the quarter ended 31 March 2006, Emirates Float Glass LLC was incorporated and the Group currently has a 100% interest in this subsidiary.

18. Contingent liabilities

The Company has issued corporate guarantees for loans and advances to related and third parties by commercial banks. These guarantees are limited to AED 666 million (*quarter ended 31 March 2005: AED 511 million*).

19. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format of business segments, is based on the Group's management reporting structure.

Business segments:

The Group comprises the following main business segments:

<i>Manufacturing and contracting</i>	: manufacture and sale of materials used in building construction projects, production and sale of crude edible oil, pharmaceuticals, aluminum extruded products and laboratory furniture.
<i>FMCG</i>	: production and distribution of dairy products.
<i>Transportation</i>	: provision of a tanker for the transportation of crude oil.
<i>Investments</i>	: strategic minority investments in start up ventures and IPO's, bonds, funds and shares held for trading purposes.
<i>Property</i>	: the development of real estate projects for rentals and sale of developed property units.

For analysis of segments see page 12.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

20. Comparative figures

Certain comparative figures have been reclassified, where necessary, to conform to the presentation adopted in these interim condensed consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

	Manufacturing		FMCG		Transportation		Investments		Property		Adjustments		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Business Segments														
Sales (including sale of properties)	144,769	109,775	25,200	14,930	-	-	-	-	14,181	41,252	(9,180)	-	174,970	165,957
Charter revenue	-	-	-	-	14,693	16,402	-	-	-	-	-	-	14,693	16,402
Interest, dividend and other income	(12,018)	10,848	139	-	68	391	7,759	43,611	5,322	1,990	(3,154)	(37,278)	(1,884)	19,562
Property income	-	605	-	-	-	22	1,351	1,320	52,399	24,858	(4,575)	(1,299)	49,175	25,506
Gain/(loss) on fair valuation of investment properties	-	-	-	-	-	-	-	-	223,469	-	-	-	223,469	-
Total revenue	132,751	121,228	25,339	14,930	14,761	16,815	9,110	44,931	295,371	68,100	(16,909)	(38,577)	460,423	227,427
Segment Result	(6,856)	16,450	706	909	13,249	14,982	2,199	41,320	270,458	21,363	(13,687)	(32,690)	266,069	62,334
Finance expenses	(5,877)	(2,359)	(967)	(619)	(875)	(969)	(4,079)	(933)	(2,420)	(2,915)	1,211	1,130	(13,007)	(6,665)
Minority interests	(19)	(1,489)	-	-	-	-	-	-	-	-	(1,125)	-	(1,144)	(1,489)
Net profit/(loss) for the year	(12,752)	12,602	(261)	290	12,374	14,013	(1,880)	40,387	268,038	18,448	(13,601)	(31,560)	251,918	54,180
Assets	1,017,874	851,858	115,775	87,835	96,986	149,596	2,895,946	1,386,783	1,505,048	784,855	(1,123,598)	(845,895)	4,508,031	2,415,032
Liabilities	851,033	675,678	97,950	88,764	52,586	97,218	22,315	99,723	592,634	559,556	(53,310)	(281,432)	1,563,208	1,239,507