

Dubai Investments PJSC
and its subsidiaries

Consolidated financial statements
31 December 2007

Dubai Investments PJSC and its subsidiaries

Consolidated financial statements

31 December 2007

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Directors' Report

The Board of Directors ("the Board") of Dubai Investments PJSC ("The Company") are pleased to present their report with the audited financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2007.

Financial Results:

The Group has reported a net profit of AED 1,507 million for the year ended 31 December 2007 as compared to AED 989 million in the previous year, representing a growth of 52%.

The total assets of the Group have grown to AED 10.24 billion as of 31 December 2007 from AED 6.39 billion in the previous year, representing a growth of 60%.

The Directors propose the following appropriations:

	<u>AED' 000</u>
a) Transfer to general reserve	41,678
b) Proposed dividend	217,074
c) Directors' fees	9,000

Proposed Dividend:

The Directors propose a cash dividend of 10% on the share capital existing at 31 December 2007.

Rights Issue:

During the Extraordinary General Meeting held on 13 November 2005, it was resolved to issue right shares in the ratio of 2:1 (2 shares for every 1 share held) at par. The Company issued right shares in the ratio of 1:1 in 2006 and the rights issue for the remaining number of shares (858 million shares) is expected to take place in 2008 at par.

Directors:

The Board of Directors comprises:

- | | |
|-----------------------------------|---------------|
| • Mr. Anis Abdullah Al Jallaf | Chairman |
| • Mr. Suhail Bin Fares Al Mazroui | Vice Chairman |
| • Mr. Hussain Sultan | |
| • Mr. Ali Fardan Al Fardan | |
| • Mr. Khalid J. Kalban | |

Directors' Report *(continued)*

Auditors:

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2007. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

Acknowledgements:

The 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 the hard work that has been put by them for the benefit of the company and its shareholders.

On behalf of the Board



Anis Abdulla Al Jallaf
Chairman

Dated: 19 March 2008



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Independent auditors' report

The Shareholders
Dubai Investments PJSC

Report on the 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 balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the 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 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 principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 2007, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

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, 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 2007, which may have had a material adverse effect on the business of the Company or its financial position.


KPMG

Date: 19 March 2008
Vijendra Nath Malhotra
Registration No: 48 B

Dubai Investments PJSC and its subsidiaries

Consolidated income statement for the year ended 31 December 2007

	Note	2007 AED'000	2006 AED'000
Sales		970,377	430,969
Contract revenue		595,697	411,985
Sale of properties		655,201	116,628
Rental income		426,247	243,755
Gain on fair valuation of investment properties	14	432,273	717,779
Gain on sale of investment properties		118,112	-
Gain/(loss) on investments at fair value		149,789	(84,362)
Profit on sale of investments		57,493	68,041
Dividend income		4,764	2,191
Total income		3,409,953	1,906,986
Direct operating costs	8	(1,737,909)	(712,971)
Selling and administrative expenses	9	(333,929)	(260,445)
Finance expenses	10	(145,709)	(64,646)
Finance income	10	41,644	51,464
Share of profit from associates	17	980	2,468
Other income	11	269,984	41,479
Profit for the year from continuing operations		1,505,014	964,335
<i>Discontinued operations</i>			
Profit for the year from discontinued operations	7	87,484	28,510
Profit for the year		1,592,498	992,845
Attributable to			
Equity holders of the Company		1,507,195	989,468
Minority interest		85,303	3,377
Profit for the year		1,592,498	992,845
Earnings per share			
Basic earnings per share (AED)	33	0.69	0.49
<i>Continuing operations *</i>			
Basic earnings per share (AED)	33	0.65	0.48

* See discontinued operation – note 7

The notes set out on pages 9 to 49 form part of these consolidated financial statements.

The independent auditors' report is set out on page 3.

Dubai Investments PJSC and its subsidiaries

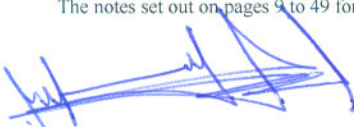
Consolidated balance sheet

at 31 December 2007

	Note	2007 AED'000	2006 AED'000
Assets			
Property, plant and equipment and biological assets	12	1,491,334	970,554
Intangible assets	13	158,812	109,647
Investment properties	14	1,891,531	1,744,995
Development properties	15	342,778	175,326
Investments in associates	17	12,676	5,946
Long term rent receivable (net)	18	184,846	139,997
Long term finance lease receivable	19	38,723	49,500
Due from related parties and other receivables	22	97,661	42,956
Investment at fair value through income statement		-	4,072
Total non-current assets		4,218,361	3,242,993
Inventories	20	2,172,192	384,932
Investments at fair value through income statement	16	930,636	894,667
Available for sale investments	16	709,209	396,385
Trade receivables	21	1,052,978	417,316
Due from related parties and other receivables	22	444,628	237,138
Cash in hand and at bank	23	716,411	815,651
Total current assets		6,026,054	3,146,089
Total assets		10,244,415	6,389,082
Equity			
Share capital	27	2,170,740	1,973,400
Share premium	27	46	46
Treasury shares	28	-	(26,327)
Capital reserve	28	25,502	26,327
Legal reserve	29	311,179	218,437
General reserve	29	395,385	286,932
Revaluation reserve	30	67,000	67,000
Fair value reserve	31	115,840	62,432
Proposed dividend	27	217,074	493,350
Proposed directors fees	32	9,000	6,000
Retained earnings		1,648,355	568,429
Equity attributable to equity holders of the Company		4,960,121	3,676,026
Minority interest		359,571	162,248
Total equity		5,319,692	3,838,274
Liabilities			
Long-term borrowings/ payables	24	1,500,818	958,600
Total non-current liabilities		1,500,818	958,600
Bank borrowings	25	1,642,699	681,942
Trade payables		910,836	273,312
Due to related parties and other payables	26	870,370	636,954
Total current liabilities		3,423,905	1,592,208
Total liabilities		4,924,723	2,550,808
Total equity and liabilities		10,244,415	6,389,082

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 19 March 2008:

The notes set out on pages 9 to 49 form part of these consolidated financial statements.



Anis Al Jallaf
Chairman



Ali Fardan Al Fardan
Director



Khalid Jassim Kalban
MD & CEO

The independent auditors' report is set out on page 3.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2007

	2007 AED'000	2006 AED'000
Operating activities		
Net profit before minority interest	1,592,498	992,845
Adjustments for:		
Depreciation	77,330	45,594
Amortization / impairment losses of intangible assets (net)	2,038	3,214
Gain on disposal/write-off of property, plant and equipment (including assets of discontinued operations) (refer note 7)	(79,549)	(10,129)
Gain on disposal of a subsidiary	(3,959)	-
Gain on fair valuation of investment properties	(432,273)	(717,779)
Share of profit from investment in associates	(980)	(2,468)
(Gain)/loss on fair valuation of held for trading and available for sale investments	(149,789)	84,362
Negative goodwill on acquisition of a joint venture (refer notes 11 and 37)	(13,707)	-
Government grant (refer note 11)	(175,000)	-
<i>Operating profit before changes in working capital</i>	816,609	395,639
Net investment in held for trading and available for sale investments	(140,524)	(756,547)
Change in trade, related parties and other receivables	(814,796)	(189,716)
Change in inventories	(1,777,944)	(193,486)
Change in trade, related parties and other payables	752,529	354,067
<i>Net cash used in operating activities</i>	(1,164,126)	(390,043)
Investing activities		
Purchase consideration paid for acquisition/additional investment in subsidiaries and joint ventures (net of cash acquired) (refer notes 37 and 38)	(150,546)	(129,148)
Net movement in investment & development property	317,042	(217,444)
Dividend from an associate	-	531
Net additions to intangibles	(1,557)	(3,703)
Net acquisitions of property, plant and equipment	(580,669)	(206,047)
Investment in associates	(5,750)	-
Sale of treasury shares	25,502	-
Purchase of treasury shares	-	(8,546)
Proceeds from disposal of property, plant and equipment	157,411	30,433
Net movement in deposits under lien	81,500	(129,400)
<i>Net cash used in investing activities</i>	(157,067)	(663,324)
Financing activities		
Net movement in long term bank borrowings and other payables	679,479	382,102
Issue of rights shares	-	858,000
Dividend paid	(296,010)	-
Director fees paid	(6,000)	(3,000)
Net movement in minority interest	131,121	83,008
<i>Net cash generated from financing activities</i>	508,590	1,320,110
Net (decrease)/increase in cash and cash equivalents	(812,603)	266,743
Cash and cash equivalents at the beginning of the year	180,204	(86,539)
Cash and cash equivalents at the end of the year	(632,399)	180,204
<i>Cash and cash equivalents comprise the following:</i>		
Current and call account with banks	254,611	202,494
Short term deposits with banks	413,900	483,757
Bank overdrafts	(1,300,910)	(506,047)
	(632,399)	180,204
	=====	=====

The notes set out on pages 9 to 49 form part of these consolidated financial statements.

The independent auditors' 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 2007

	-----Attributable to the equity holders of the Company-----											AED'000		
	Share capital	Share premium	Legal reserve	Capital reserve	Treasury shares	General reserve	Reval- uation reserve	Fair value reserve	Proposed dividend/ bonus	Proposed directors' fees	Retained earnings	Sub 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
Changes in equity														
Fair value adjustment on available for sale investments	-	-	-	-	-	-	-	62,432	-	-	-	62,432	-	62,432
Net income recognized directly in equity	-	-	-	-	-	-	-	62,432	-	-	-	62,432	-	62,432
Profit for the year	-	-	-	-	-	-	-	-	-	-	989,468	989,468	3,377	992,845
Total recognized income and expense	-	-	-	-	-	-	-	62,432	-	-	989,468	1,051,900	3,377	1,055,277
Capital introduced	-	-	-	-	-	-	-	-	-	-	-	-	86,950	86,950
Rights share issue	858,000	-	-	-	-	-	-	-	-	-	-	858,000	-	858,000
Bonus shares issued (refer note 27)	257,400	-	-	-	-	-	-	-	(257,400)	-	-	-	-	-
Directors' fees paid	-	-	-	-	-	-	-	-	-	(3,000)	-	(3,000)	-	(3,000)
Proposed directors' fees	-	-	-	-	-	-	-	-	-	6,000	(6,000)	-	-	-
Treasury shares purchased (refer note 27)	-	-	-	-	(8,546)	-	-	-	-	-	-	(8,546)	-	(8,546)
Deficit in excess of capital reserve transferred to retained earnings (refer note 28)	-	-	-	-	1,899	-	-	-	-	-	(1,899)	-	-	-
Transfer to reserve	-	-	58,824	-	-	89,525	-	-	-	-	(148,349)	-	-	-
Proposed dividend and bonus (refer note 27)	-	-	-	-	-	-	-	-	493,350	-	(493,350)	-	-	-
On business acquisition	-	-	-	-	-	-	-	-	-	-	-	-	29,296	29,296
Disposal of a subsidiary	-	-	(1,012)	-	-	-	-	-	-	-	(3,475)	(4,487)	(10,588)	(15,075)
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	(3,942)	(3,942)
At 31 December 2006	1,973,400	46	218,437	26,327	(26,327)	286,932	67,000	62,432	493,350	6,000	568,429	3,676,026	162,248	3,838,274

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity
for the year ended 31 December 2007

	-----Attributable to the equity holders of the Company-----											AED'000		
	Share capital	Share Premium	Legal reserve	Capital Reserve	Treasury shares	General reserve	Reval- uation reserve	Fair value reserve	Proposed dividend/ bonus	Proposed directors' fees	Retained earnings	Sub total	Minority interest	Total
At 1 January 2007	1,973,400	46	218,437	26,327	(26,327)	286,932	67,000	62,432	493,350	6,000	568,429	3,676,026	162,248	3,838,274
Changes in equity														
Fair value adjustment on available for sale investments	-	-	-	-	-	-	-	53,408	-	-	-	53,408	-	53,408
Fair value adjustment on interest free loan from a minority shareholder (refer note 39)	-	-	-	-	-	-	-	-	-	-	-	-	42,861	42,861
Net income recognized directly in equity	-	-	-	-	-	-	-	53,408	-	-	-	53,408	42,861	96,269
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,507,195	1,507,195	85,303	1,592,498
Total recognized income and expense	-	-	-	-	-	-	-	53,408	-	-	1,507,195	1,560,603	128,164	1,688,767
Capital introduced	-	-	-	-	-	-	-	-	-	-	-	-	103,005	103,005
Bonus shares issued	197,340	-	-	-	-	-	-	-	(197,340)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(296,010)	-	-	(296,010)	-	(296,010)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Proposed directors' fees	-	-	-	-	-	-	-	-	-	9,000	(9,000)	-	-	-
Treasury shares sold (refer note 28)	-	-	-	-	25,502	-	-	-	-	-	-	25,502	-	25,502
Loss on sale of treasury shares transferred to capital reserve	-	-	-	(825)	825	-	-	-	-	-	-	-	-	-
Transfer to reserve	-	-	92,742	-	-	108,453	-	-	-	-	(201,195)	-	-	-
Proposed dividend (refer note 27)	-	-	-	-	-	-	-	-	217,074	-	(217,074)	-	(14,550)	(14,550)
On business acquisition	-	-	-	-	-	-	-	-	-	-	-	-	(19,879)	(19,879)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	778	778
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	(195)	(195)
At 31 December 2007	2,170,740	46	311,179	25,502	-	395,385	67,000	115,840	217,074	9,000	1,648,355	4,960,121	359,571	5,319,692
	=====	==	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

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.
The notes set out on pages 9 to 49 form part of these consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Notes

(forming part of the 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 of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities.

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

At 31 December 2007 the Company had approximately 20,868 shareholders (2006: 24,107).

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;
- derivative financial instruments;
- financial instruments at fair value through income statement;
- financial instruments classified as available for sale; and
- investment properties

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 judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in note 40.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies

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.

Certain comparative amounts have been reclassified to conform to the current year's presentation. In addition, the comparative consolidated income statement has been re-presented as if an operation discontinued in the current period had been discontinued from the start of the comparative period (refer note 7).

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates accounted for on an equity basis, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences and until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the investment in the associate, 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 an associate.

Jointly controlled entities

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the enterprises' assets, liabilities, revenue and expenses with items of a similar nature proportionately consolidated on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

Transactions eliminated on consolidation

Material intra-group balances 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 that entity. 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 sold

Revenue from sale of goods 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 significant risks and rewards of ownership have been transferred to the buyer, recovery of 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Revenue (continued)

Services rendered

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

Sale of properties

This represents revenue from property units sold on finance leases. Revenue from the sale of properties under finance lease is recognized in the income statement when the significant risk and rewards of ownership are transferred to the buyer.

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 the income statement in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a work 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 the income statement.

Rental income

Rental income from investment properties is recognized in the income statement 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 the income statement on the date that the dividend is declared.

Government grant

Government grant is not recognized until there is reasonable assurance that:

- (a) the enterprise will comply with the conditions attaching to them; and
- (b) the grants will be received.

Government grant is recognized at fair value and is recorded as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. An unconditional government grant in the form of non depreciable, non-monetary assets is recognized in the income statement when the grant becomes receivable.

Finance income and expense

Finance income comprises interest income on funds invested and gain on derivative financial instruments. Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

Finance expenses comprise interest expenses on borrowings, impairment losses recognized on financial assets and losses on derivative financial instruments. Interest is payable on current facilities from banks and overdrafts and term loans obtained from banks at normal commercial rates. Borrowing costs are recognized as expense in the income statement in the period in which they are incurred. 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Property, plant and equipment and depreciation

Recognition and measurement

Except for land, which is carried at a revalued amount, the Group's property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

The value of the livestock has been determined on a historical cost basis less accumulated depreciation and impairment losses, if any. The value of homebred livestock includes cost of feed, labour and overhead cost incurred before the cows become productive. The cost of feed, labour and overhead cost is determined on the basis of the latest purchase price and standard cost respectively. The cost of the home grown and bought-out cows is depreciated at 15.5 percent per annum over the lactation period.

Subsequent costs

The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative period are as follows:

Assets	Life (years)
Buildings and roads	3-25
Vessel, plant and equipment	2-22
Office equipment and furniture	3-10
Motor vehicles	3- 7

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

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 assets fair value and the present value of the minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Intangible assets

Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates or jointly controlled entities.

All business combinations are accounted for by applying the purchase method. Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When excess is negative (negative goodwill), it is recognized immediately in the income statement.

Subsequent measurement

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of the Group's stake in an entity include the carrying amount of goodwill relating to that entity.

Goodwill attributable to investment in associates is shown as part of the carrying value of investment in associates. Goodwill attributable to subsidiaries and jointly controlled entities is shown separately as goodwill under intangible assets.

Other intangible assets

Other intangible assets including technical know-how, patents and trade marks are stated at cost less accumulated amortization and impairment losses. Technical know-how, patents and trade marks are amortized as per management's estimate of their useful life, which is between 5 to 10 years.

Investment properties

Investment properties are properties which are 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.

Investment properties are stated at fair value. An external, independent valuation company, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the portfolio regularly. The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. However, in the case of residential property units, the fair values are determined having regard to recent selling prices for similar units.

The fair value adjustments on investment properties are included in the income statement as investment returns in the period in which these gains or losses arise and are adjusted for any double counting arising from the recognition of lease income on the straight-line basis in accordance with International Accounting Standard 17 - *Leases*.

Rental income from investment property is accounted for as described in accounting policy for rental income.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Investment properties (continued)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized directly in equity, if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss arising in this manner is recognized in the income statement immediately. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting. Also, when the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains as investment property, which is measured based on fair value model, and is not reclassified as development property during the redevelopment.

Development properties

Property that is being constructed or developed for future use as an investment property is classified as development property and stated at cost less impairment losses, if any, until construction or development is complete, at which time it is classified as an investment property. The cost of development property comprises of the cost of construction and directly attributable costs.

Inventories

Inventories comprise finished goods, raw materials, work-in-progress, spare parts, consumables, and properties held for sale and under development for sale.

Finished goods, raw material, work- in- progress, spare parts and consumables

Inventories are measured at lower of cost and net realizable value. The cost of raw materials, spare parts and consumables 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.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realizable value. Cost includes the aggregate costs of development, borrowing costs capitalized and other direct expenses. Net realizable value is estimated by the management based on prevailing market conditions.

The amount of any write down or provision for properties held 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 or provision arising from an increase in net realizable value is recognized in the income statement in the period in which the increase takes place.

Properties under development for sale

Properties under development for sale are classified as current assets are stated at the lower of cost and net realizable value. Cost includes the aggregate costs 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 or provision for 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 or provision arising from an increase in net realizable value is recognized in the income statement in the period in which the increase occurs.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in fund and equity securities, rent receivable, finance lease receivables, trade and other receivables, amounts due to/from related parties, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through income statement, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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.

Investments at fair value through income statement

An instrument is classified as fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income statement if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in the income statement

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through income statement. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available for sale monetary items, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the income statement.

Others

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency, commodity price and interest rate exposures. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in the income statement.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less foreseeable losses and 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. Contract work-in-progress is presented as part of trade and other receivables in the balance sheet. In case where progress billings exceed the value of work done, the excess is reflected under other payables.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to functional currency ("AED") at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to AED at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the income statement.

Foreign operations

The assets and liabilities of foreign operations are translated into AED at the exchange rate ruling at the balance sheet date, except share capital, which is converted at historical rate. The revenue and expenses of foreign operations are translated into AED at the average exchange rates for current period. Foreign exchange differences arising on translation are recognized directly as a separate component of equity.

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. 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss of an available for sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognized in the income statement. Any cumulative loss in respect of an available for sale financial asset recognized previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available for sale financial assets that are debt securities, the reversal is recognized in the income statement. For available for sale financial assets that are equity securities, the reversal is recognized directly in equity.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment 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 yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit 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. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. 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

The provision for staff terminal benefits, disclosed under other payables and accruals, is based on the liability that would arise if the employment of all the staff were terminated at the balance sheet date. This provision has been calculated in accordance with the UAE Federal Labour Law, as applicable.

In accordance with the UAE Federal Labour Law No. 7 of 1999 for pension and social security, the employers are required to contribute 12.5% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognized as an expense in the income statement as incurred.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Operating lease payments

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 the income statement 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.

Non-current assets held for sale and discontinued operations

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. Immediately before classification as held for sale, 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 first is allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification 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.

A discontinued operation is a component of the Group's business that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Standards and interpretations effective in the current period

In the current year, the Group has adopted *IFRS 7 Financial Instrument: Disclosures* which is effective for annual periods beginning on or after 1 January, 2007, and the consequential amendments to *IAS 1 Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these consolidated financial statements regarding the Group's financial instruments and management of capital. In accordance with the transitional requirements of the adoption and amendments, the Group has provided full comparative information. Certain comparative amounts have been regrouped to confirm to current year presentation.

New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's management in order to assess each segment's performance and to allocate resources to them. Currently, the Group presents segment information in respect of its business and geographical segments and the adoption of IFRS 8 is not expected to have any material impact on the disclosures in the consolidated financial statements based on management approach.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

New standards and interpretations not yet effective (continued)

- The revised IAS 23 - *Borrowing Costs* will become mandatory for the Group's 2009 financial statements. The revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Accordingly, the adoption of the revised IAS 23 is not expected to have a material impact on the consolidated financial statements.
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 consolidated financial statements, with retrospective application required. This standard is not expected to have a material impact on the consolidated financial statements.

4. Determination 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business acquisition is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Investment property

An external, independent valuation company, having appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the Group's investment property portfolio on a regular basis. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion. These fair values are reviewed by the management.

In the absence of current prices in an active market, the valuations are prepared considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Investments in fund and equity securities

The fair value of financial assets at fair value through income statement and available for sale financial assets are determined by reference to their quoted bid price at the reporting date. Where the securities are not quoted or fair value of securities can not be measured reliably, the carrying value of security is considered as its fair value.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

4. Determination of fair values *(continued)*

Trade and other receivables

The fair value of trade and other receivables, excluding contract work-in-progress is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

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

- credit risk
- liquidity risk
- market 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.

The Board of Directors have 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 analyse 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 Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management 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 receivables from customers, related parties, cash at bank and investment securities.

Trade and other receivables and due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group does not have significant exposure to any individual customer or counter-party that has not otherwise been mitigated.

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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. 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.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management *(continued)*

Credit risk *(continued)*

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

Related parties

Dues from related parties are considered fully recoverable and there has been no default in past.

Investments

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

Guarantees

The Group provides financial guarantees to its subsidiaries and joint ventures in proportion to its holding (refer note 35).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 the following credit limits which have not been fully utilized:

- short term bank facilities totalling to AED 875 million on which interest is payable at normal commercial rates.
- long term bank facilities totalling to AED 1,227 million on which interest is payable at normal commercial rates.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and commodity 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 on risk.

The Group buy derivatives, and also incurs financial liabilities, in order to manage market risks.

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 Group entities, primarily Euro.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

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 receivable and trade payable. 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.

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 adopts a policy of ensuring that a significant portion of its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into interest rate swaps. The Group has hedged its exposure to certain floating rate long term loan by entering into structured interest rate swaps with banks. The swaps mature over the next 2 to 7 years following the pattern of the maturity of the related loan.

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 equity. The net fair value of the interest rate swap at 31 December 2007 was a liability of AED 7.2 million (2006: liability of AED 6.6 million). The changes in fair valuation are recognized in the income statement.

Furthermore, the Group's short-term deposits are at a fixed interest rate and mature within three months. 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 available for sale equity securities and other marketable securities measured at fair value through income statement. Management of the Group monitors the mix of debt and equity investments to maximize investment returns.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

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 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 Group has 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), the Group is not subject to any externally imposed capital requirements.

6. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in producing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

7. Discontinued operation

During the year, the management of a joint venture entity took a decision to liquidate its operations. The joint venture's main objective was to run a vessel on charter (representing the Group's entire transportation segment). Consequent to the decision to liquidate, the vessel was sold to a third party by the joint venture at a profit of AED 78.5 million. The transportation segment was not a discontinued operation or classified as held for sale as at 31 December 2006 and the comparative income statement for the previous period has been re-presented to show the results of discontinued operation separately from the continuing operations. The liquidation of the joint venture is expected to be complete by 2008. At 31 December 2007, the joint venture had assets of AED 5.1 million and liabilities of AED 0.5 million.

Results of discontinued operation (the Group's share)

	2007 AED'000	2006 AED'000
Revenue	20,129	38,449
Expenses	(11,202)	(9,939)
	-----	-----
Profit from operating activities	8,927	28,510
Gain on sale of fixed asset	78,557	-
	-----	-----
Profit for the year	87,484	28,510
	=====	=====
Basic earnings per share	0.04	0.01
	====	====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

7. Discontinued operation (continued)

	2007 AED'000	2006 AED'000
Cash flows generated from/(used in) discontinued operation:		
Net cash flow generated from operating activities	24,070	29,703
Net cash flow generated from investing activities	146,448	-
Net cash flow used in financing activities	(170,222)	(29,485)
	-----	-----
Net cash generated from discontinued operation	296	218
	=====	=====

8. Direct operating costs

	2007 AED'000	2006 AED'000
These include:		
Staff costs	102,290	66,444
Depreciation	52,740	26,245
	=====	=====

9. Selling and administrative expenses

	2007 AED'000	2006 AED'000
These include:		
Staff costs	151,648	91,559
Depreciation	20,245	14,011
	=====	=====

10. Finance income and expenses

	2007 AED'000	2006 AED'000
Interest income	41,644	51,464
	-----	-----
Finance income	41,644	51,464
	-----	-----
Interest expense on financial liabilities measured at amortized cost	(126,983)	(59,833)
Net foreign exchange loss	(2,101)	(895)
Net change in fair value of derivative financial instruments	(16,625)	(3,918)
	-----	-----
Finance expenses	(145,709)	(64,646)
	-----	-----
Net finance expenses recognized in the income statement	(104,065)	(13,182)
	=====	=====

11. Other income

- (a) The Group received an unconditional government grant in the form of a land in Fujairah from the Government of Fujairah, UAE. The Group obtained a fair valuation of the land from a third party expert valuation company, which provided a valuation of AED 175 million. Based on the valuation received, the Group recognized governments grant income of AED 175 million within other income and recorded the granted land at that value (refer note 14).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

11. Other income (continued)

- (b) Negative goodwill amounting to AED 13.7 million upon acquisition of a jointly controlled entity is recorded within other income (refer note 37).
- (c) Included within other income is AED 8.8 million of compensation approved by a customer for certain damages suffered by a subsidiary.

12. Property, plant and equipment and biological assets

	Land & Buildings AED'000	Biological assets AED'000	Vessel plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
Cost/Valuation							
Balance at 1 January 2006	225,690	14,175	372,105	30,766	18,100	307,895	968,731
Additions	19,072	2,463	38,114	5,371	3,360	137,667	206,047
Disposals, write-offs and transfers	5,637	(690)	6,469	(1,606)	(701)	(34,091)	(24,982)
Acquisition through business combination	22,362	-	86,384	1,933	5,301	17,540	133,520
Disposal of investment in a subsidiary	(12,826)	-	(6,091)	(526)	(2,925)	(1,957)	(24,325)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2006	259,935	15,948	496,981	35,938	23,135	427,054	1,258,991
	-----	-----	-----	-----	-----	-----	-----
Balance at 1 January 2007	259,935	15,948	496,981	35,938	23,135	427,054	1,258,991
Additions	57,417	4,737	54,381	8,987	6,105	449,042	580,669
Disposals, write-offs and transfers	52,179	(1,882)	131,193	(234)	(2,037)	(323,469)	(144,250)
Acquisition through business combination	53,534	-	58,690	2,218	7,970	1,828	124,240
Disposal of investment in a subsidiary	(4,384)	-	(3,395)	(216)	(303)	-	(8,298)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2007	418,681	18,803	737,850	46,693	34,870	554,455	1,811,352
	-----	-----	-----	-----	-----	-----	-----
Depreciation							
At 1 January 2006	45,275	3,081	158,960	22,318	10,489	-	240,123
Charge for the year	11,792	1,203	26,000	3,648	2,951	-	45,594
On disposals & write-offs	-	-	(3,609)	(218)	(852)	-	(4,679)
On acquisition through business combination	2,887	-	20,466	738	1,613	-	25,704
On disposal of investment in a subsidiary	(11,989)	-	(4,850)	(309)	(1,157)	-	(18,305)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2006	47,965	4,284	196,967	26,177	13,044	-	288,437
	-----	-----	-----	-----	-----	-----	-----
At 1 January 2007	47,965	4,284	196,967	26,177	13,044	-	288,437
On charge for the year	15,433	880	51,821	4,811	4,385	-	77,330
On disposals & write-offs	(4)	-	(64,851)	(255)	(1,278)	-	(66,388)
On acquisition through business combination	5,107	-	9,956	1,529	5,011	-	21,603
On disposal of investment in a subsidiary	(495)	-	(249)	(96)	(124)	-	(964)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2007	68,006	5,164	193,644	32,166	21,038	-	320,018
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31 December 2007	350,675	13,639	544,206	14,527	13,832	554,455	1,491,334
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2006	211,970	11,664	300,014	9,761	10,091	427,054	970,554
	=====	=====	=====	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Property, plant and equipment (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. In 1999, 2003 and 2005 both these plots of land were valued on an open market basis 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 that date, a revaluation surplus arose which had been credited to a non-distributable reserve (refer note 30).
- (ii) Capital work in progress mainly represents the cost incurred by a subsidiary to set up its manufacturing facilities and costs incurred by Emicool, a joint venture, towards certain key district cooling projects that are outstanding at the year end. It also includes net borrowing costs amounting to AED 7.6 million (2006: AED 8.5 million) capitalized as a part of the cost of the qualifying assets.
- (iii) In accordance with IAS 41 - *Agriculture*, the Group is required to fair value its biological assets and produce therefrom. According to management it is not possible to fair value its biological assets and therefore, biological assets are measured at cost, less accumulated depreciation and impairment losses.
- (iv) Buildings, plant and machinery with a net book value of AED 895 million (2006: AED 489 million) are mortgaged as security against term loans obtained from banks (refer note 24). In certain instances, the insurance over buildings and plant and machinery is also assigned in favor of the banks against facilities availed.

13. Intangible assets

AED'000s

	Goodwill	Other intangible assets	Product formulation, trademarks and technical know-how	Total
Cost				
Balance at 1 January 2006	37,381	1,900	18,815	58,096
Additions net of adjustments	69,847	551	3,152	73,550
Disposal	(4,019)	-	-	(4,019)
	-----	-----	-----	-----
Balance at 31 December 2006	103,209	2,451	21,967	127,627
	-----	-----	-----	-----
Balance at 1 January 2007	103,209	2,451	21,967	127,627
Additions (refer notes 37 and 38)	49,646	-	1,557	51,203
	-----	-----	-----	-----
Balance at 31 December 2007	152,855	2,451	23,524	178,830
	-----	-----	-----	-----
Amortization/impairment losses				
Balance at 1 January 2006	(12,140)	(503)	(3,142)	(15,785)
Amortization/impairment	-	(1,683)	(1,531)	(3,214)
On disposal	1,019	-	-	1,019
	-----	-----	-----	-----
Balance at 31 December 2006	(11,121)	(2,186)	(4,673)	(17,980)
	-----	-----	-----	-----
Balance at 1 January 2007	(11,121)	(2,186)	(4,673)	(17,980)
Amortization/impairment	-	(218)	(1,820)	(2,038)
	-----	-----	-----	-----
Balance at 31 December 2007	(11,121)	(2,404)	(6,493)	(20,018)
	-----	-----	-----	-----
31 December 2007 (carrying amount)	141,734	47	17,031	158,812
	=====	=====	=====	=====
31 December 2006 (carrying amount)	92,088	265	17,294	109,647
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investment properties

	2007 AED'000	2006 AED'000
At 1 January	1,744,995	930,347
Additions	176,335	65,897
Transferred from development properties (refer note 15)	38,594	88,279
Acquisition through business combinations (refer note 37)	23,757	-
Gain on fair valuation	432,273	717,779
Transferred to inventories	(139,129)	-
Investment property sold	(385,294)	(57,307)
	-----	-----
At 31 December	1,891,531	1,744,995
	=====	=====

- (a) Investment properties, which comprise infrastructure facilities, are leased to third parties and contain an initial non-cancelable period of ten years. Subsequent renewals are negotiated with the lessee (refer note 36).
- (b) The majority of these investment properties are built on the land (number 598-0100 and 596-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancelable long-term lease of 99 years. The Group is exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the annual net profits from the project are payable.

The leased land from the Government of Dubai is developed in phases. The development of area 3 of Phase IV and area 1 of Phase V were completed during the year. The development of area 2 to 6 of Phase V and the entire Phase VI are in the progress as of the year end (refer note 15). During the year, the Group obtained fair values for all completed phases/areas 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 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 amounts of rent receivable relating to accounting for lease rentals on the straight line basis as per IAS 17 for completed investment properties has been eliminated from the valuation of investment properties carried out by the independent registered valuer, in order to avoid double counting of assets. Similarly, the unearned rent received in advance at the valuation date for completed investment properties has 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:

	2007 AED'000	2006 AED'000
Fair valuation of completed investment properties as per independent registered valuer's report	1,337,466	1,078,384
Less: adjustment for rent receivable for completed phases	(197,048)	(139,572)
Add: adjustment for unearned rent for completed phases	407,088	165,253
	-----	-----
	1,547,506	1,104,065
	=====	=====

After the aforementioned adjustments, the fair value gain on the aforementioned investment properties amounts to AED 419 million for the year ended 31 December 2007 (gain recorded in 2006: AED 471 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investment properties (continued)

- (c) Included in investment properties are residential units leased out under short term operating leases, a shopping mall and executive apartments of the joint venture entity, Properties Investment LLC ("PI"). For the residential property units, the operating lease agreements give the tenants an option to buy the property at an "option price". The fair value of such property units have accordingly been restricted to the "option price" committed to the tenants. Furthermore, adjustments have been made to the fair value towards apportionment of capital repayment charge of a district cooling system and expected direct selling costs. The fair values of these residential units were determined by management having regard to recent selling prices for similar property units in the Green Community owned by the Joint Venture. The fair value of the shopping mall and the executive apartments is determined by an external, independent valuation company. In the current year, the group has recognized its proportionate share of the fair value gain amounting to AED nil after carrying out appropriate adjustments to avoid double counting of assets. (2006: gain of AED 12.5 million).
- (d) Also, included in investment properties is a plot of land in Al Ghusais, 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 Company has fair valued this property in 2007 and a gain of AED 12 million (2006: loss of AED 11 million) was recognized on account of the change in fair valuation of this property. This investment property is mortgaged to a bank against facilities availed. Also, the fire insurance policy and rentals from the property are assigned in favor of the bank. The title deeds of this property are deposited with the bank.
- (e) In the previous year, the Group had obtained fair values for all labour accommodation buildings and warehouses included in the books of Dubai Investment Real Estate Company LLC, a subsidiary, 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. As at 31 December 2006, these properties were valued at AED 469.7 million resulting in a net gain of AED 245.5 million. During the year, due to change in management intention, some of these investment properties were sold and the remaining properties were then transferred to inventories.
- (f) Included in additions for the year is a land which was received by a subsidiary as grant from the Government of Fujairah (refer note 11).

15. Development properties

	2007 AED'000	2006 AED'000
At 1 January	175,326	54,751
Additions	206,959	208,854
Transferred to investment properties (refer note 14)	(38,594)	(88,279)
Transferred to inventories	(913)	-
	-----	-----
At 31 December	342,778	175,326
	=====	=====

Development properties as of 31 December 2007 mainly comprise costs incurred to date for the development of area 2 to 6 of Phase V and the entire Phase VI at Dubai Investment Park (refer note 14).

Dubi Investments PJSC and its subsidiaries

Notes (continued)

16. Investments

	2007 AED'000	2006 AED'000
Investments designated at fair value through income statement:		
- held for trading: quoted equity securities	415,137	361,025
- quoted fund	482,124	414,193
- quoted bonds	33,375	119,449
	-----	-----
	930,636	894,667
	=====	=====
Investments designated as available for sale investments:		
- equity securities and unquoted fund	709,209	396,385
	=====	=====
	2007 AED'000	2006 AED'000
Geographical distribution of investments:		
GCC	1,236,558	855,506
Non-GCC	403,287	435,546
	-----	-----
	1,639,845	1,291,052
	=====	=====

Sensitivity analysis – equity price risk

The Group's investment in quoted equity securities are listed on the Dubai Financial Market (DFM), Dubai International Financial Exchange (DIFX), Abu Dhabi Securities Market (ADSM) and Saudi Stock Exchange (Tadawul). A 10 % increase either in the DFM, DIFX, ADSM, and Tadawul at the reporting date would have increased profit by AED 40.4 million (2006: AED 12.2 million); an equal change in the opposite direction would have decreased profit by AED 40.4 million (2006: AED 12.2 million). The analysis is performed on the same basis for 2006.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

16. Investments (continued)

16. (a) Quoted and unquoted funds, bonds and equity securities

The major investments made by the Group under this category are:

Thuraya Satellite Telecommunications Company (Thuraya) (unquoted equity security):

The Company was a founder shareholder in this project and holds 5% of the equity of Thuraya.

Nama (quoted equity security):

In 1998, the Company was invited to participate in Al Jubail Chemical Industries Company (JANA), a Saudi Arabian Private Joint Stock Company. JANA manufactures adhesives and additives for the paint industry. In 2006, Nama, the parent company of JANA, acquired the balance 49% shareholding in JANA in exchange of shares in Nama. The shares of Nama are listed on the Saudi Arabian stock exchange (Tadawul). In the current year, the Company received 625,513 shares in bonus issue from Nama increasing the total shares of the Company in Nama to 2,510,054 shares.

Saudi International Petrochemical Company (Sipchem) (quoted equity security):

Sipchem is a Saudi Joint Stock Company established in 1999 and is listed on Tadawul. Sipchem manufactures methanol and related products. The Company has 1.25% shareholding in Sipchem.

Islamic Bank of Asia (unquoted equity security):

During the year, the Company acquired 5% shareholding in Islamic Bank of Asia in Singapore. The bank started its commercial operations in September 2007.

Al Thani Emirates Petroleum (Thani) (unquoted equity):

During the year, the Company acquired 2,924,444 shares of Thani Emirates Petroleum. The shares are acquired subject to a buy back arrangement by Thani Investments.

Energy City Navi Mumbai Investment Company (unquoted equity):

During the year, the Company invested 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.

Sudanese French Bank (quoted equity):

During the year, the Company has invested in Sudanese French Bank which is listed on Khartoum Stock Exchange, in Sudan.

Takaful Re Limited (unquoted equity security):

In 2005, the Company acquired a 10% interest in Takaful Re Limited, an Islamic Re-insurance Company promoted by ARIG.

Managed funds and structured products:

The Company has invested in various funds and structured products. Some of the major ones are Investcorp Balanced Fund of Investcorp Bank, Global Property Fund of Sarasin Bank, Total Return Alternative Investment of Standard Chartered Bank and Al Aabar Sukuk.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

16. Investments (continued)

(b) Investments in subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2007:

Subsidiaries:	Incorporated in	Ownership %
Dubai Investments Industries LLC	UAE	100
Emirates Building Systems Company LLC (also refer note 38 (ii))	UAE	100
Dubai Investments Park Development Co. LLC	UAE	100
Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC	UAE	53
Saudi American Glass LLC	UAE	100
Marmum Dairy Farm LLC	UAE	100
United Sales Partners LLC	UAE	100
Globalpharma Company LLC	UAE	78
M'Sharie LLC	UAE	100
The Edible Oil Company (Dubai) LLC	UAE	54
Gulf Venture Capital Limited	JERSEY	100
Emirates Extruded Polystyrene LLC	UAE	51
Dubai Cranes and Technical Services LLC	UAE	70
Dubai Investment Real Estate Company	UAE	100
Glass LLC (see (i) below)	UAE	100
Al Taif Investment Company LLC (see (ii) below)	UAE	60

(i) During the year, the Company's management has decided, as part of the restructuring of the Group to transfer its shareholding in Lumi Glass LLC, Emirates Glass LLC, Saudi American Glass LLC and Emirates Float Glass LLC to Glass LLC, a newly formed wholly owned subsidiary.

(ii) During the year, the Group has together with the Fujairah Investment Establishment Ltd. (incorporated and owned by Government of Fujairah) established a new company, Al Taif Investment LLC. The entity is established for the purpose of setting up, participating in/or acquiring companies dealing in various economic activities.

The following are the investments in subsidiaries, joint venture and associates held by M'Sharie LLC (a 100% subsidiary of the Company) as of 31 December 2007:

Name of the Entities	Incorporated in	Ownership %
Subsidiary:		
Emirates Extrusion Factory LLC	UAE	100
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Metrofile Middle East LLC	UAE	55
Gulf Dynamic Services LLC	UAE	70
Labtech Interiors LLC	UAE	70
Technological Laboratory Furniture - Manufacturers (Labtech) LLC	UAE	70
Syscom Emirates LLC	UAE	100
Emirates Thermostone Factory LLC (also refer note 38(i))	UAE	100
Folcra Beach Constructions LLC	UAE	80
National Insulated Blocks Industry (Insulite) LLC	UAE	52
Stromek Emirates Foundation LLC	UAE	51
International Rubber Company LLC	UAE	51
White Aluminum Extrusion LLC (also refer note 38(i))	UAE	51

(i) During the year the Group has sold 51% equity interest in Thermoset Technologies LLC to a third party (refer note 38 (iii)).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

16. Investments (continued)

Name of the Entities	Incorporated in	Ownership %
Joint venture:		
Emirates District Cooling (Emicool) LLC	UAE	50
Dubai International Driving Centre LLC (also refer note 37)	UAE	50
Al Arif Contracting Company LLC (also refer note 37)	UAE	50
Associates:		
Lite-Tech Industries LLC	UAE	30
Metrofile KSA	UAE	16

16. (c) Investment in joint ventures

The following are the investment in joint ventures held by the Group as at 31 December 2007 (also refer note 37):

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.

EMIROLL LLC

EMIROLL LLC has been formed to set up an aluminum product manufacturing plant at Dubai Investments Park. The other joint venture partners are Compagnie Generale De Participation Industrielle Et Financiere of France and Al-Ghurair Private Company LLC.

Al Mujamma Real Estate Company LLC

Al Mujamma Real Estate Company LLC has been formed as a joint venture between Dubai Investment Real Estate Company LLC and ANC Investment LLC. The joint venture is mainly engaged in the business of real estate including construction, demolition and rebuilding as manager, developers, investors as well as leasing of properties.

Emirates District Cooling LLC

This is a limited liability company registered in the UAE. The principal activity of this entity is to distribute and sell chilled water for use in district cooling systems. This entity is a joint venture with Union Properties PJSC.

QDI Sport Management Company LLC

This company has been formed during the current year as a joint venture between the Group and Al Qudra Sports Management LLC of Abu Dhabi. The joint venture intends to engage in sports clubs and facilities management and other sports related activities.

Al Arif Contracting Company LLC

This is a limited liability company registered in the UAE. The principal activities of this entity are piling and foundation contracting, building contracting, general maintenance, plumbing and sanitary contracting, electrical fitting contracting and real estate agency. The Group acquired 50% interest in this entity in the current year.

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, teach driving skills and to provide services of auto general repairing, vehicle maintenance and related services. The Group acquired 50% interest in this entity in the current year.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

16. Investments *(continued)*

16. (c) Investments in joint ventures *(continued)*

DUMOCO Limited Life Corporation (under liquidation)

This was a 30-year limited life joint venture between a fully owned subsidiary of the Company and Mobil Oil Shipping and Transport Company (MOSAT). During the current year, the management of the joint venture entity took a decision to liquidate its operations (also refer note 7). The joint venture was formed to acquire and lease out a very large crude carrier tanker, the M. V. Eagle.

17. Investments in associates

The following are the investments in associates:

Lite-Tech Industries LLC: This is a limited liability company registered in the UAE, the principal activities of which are manufacturing and installation of light fixtures and fittings. The Group owns 30% equity of this entity.

Metrofile KSA: During the year, a subsidiary of the Group namely, Metrofile Middle East LLC acquired 30 % interest in Metrofile KSA (the Group's effective shareholding in Metrofile KSA is 16%). Metrofile KSA is registered as a limited liability company in the Kingdom of Saudi Arabia. The principal activity of this company is storage and maintenance of files and electronic data of various business entities.

AL Taweeq Investment LLC: This is a limited liability company registered in the Kingdom of Saudi Arabia. The entity is expected to start its operations in 2008. The Company has acquired 30% interest in this entity.

The Group's share of post acquisition profit for the year ended 31 December 2007 in associates amounted to AED 0.98 million *(2006: profit of AED 2.5 million)*.

18. Long term rent receivable (net)

Long term rent receivable mainly comprises amounts receivable by a subsidiary on leasing its investment properties for an initial lease period with an option to renew the lease after the expiry. At times, these leases provide for a rent-free period in the initial years. In accordance with IAS 17, *Leases*, the lease rentals are recognized as income over the period of lease. Rent received in advance from lessees is netted off in determining the net long term receivable as of the balance sheet date.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

19. Finance lease receivable

The Group has the following interest in finance leases:

	2007 AED'000	2006 AED'000
Gross investment	63,766	82,626
Unearned finance income	(20,631)	(28,104)
Net investment	43,135	54,522
Less: Current portion (refer note 22)	(4,412)	(5,022)
Non current portion	38,723	49,500

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2007 AED'000	Interest 2007 AED'000	Principal 2007 AED'000	Minimum lease payments 2006 AED'000	Interest 2006 AED'000	Principal 2006 AED'000
Less than one year	7,819	3,407	4,412	9,309	4,287	5,022
Between one and five years	25,507	10,290	15,217	31,745	13,058	18,687
More than five years	30,440	6,934	23,506	41,572	10,759	30,813
	63,766	20,631	43,135	82,626	28,104	54,522

The Group's interest in finance leases represent lease of property units to third parties which have been classified as finance leases under IAS 17, *Leases*. The terms of payment are for a period of 2 to 15 years where substantially all the risks and rewards lie with the lessee. Where the Group enters into such a lease, the Group records a disposal of the property concerned and recognizes an interest in the finance lease. No contingent rent is receivable.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

20. Inventories

	2007 AED'000	2006 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	253,118	223,047
Finished goods	22,579	71,802
Goods in transit	19,682	8,988
Properties under development for sale	379,061	33,325
Properties held for sale	1,497,752	47,770
	-----	-----
	2,172,192	384,932
	=====	=====

Properties under development for sale comprise costs incurred towards the development of a warehouse project, residential project (Ritaj) and office building project which is being developed at Dubai Investment Park. Management intends to develop these properties for the purpose of sale in future.

Properties held for sale represents the Group's share in the joint venture's labour accommodation constructed at Jebel Ali. The Group's management has a positive intent to develop the properties for the purpose of sale. This property is secured against a long term loan taken from a bank. Properties held for sale also include land at Mirdiff, Jebel Ali, Nahda and Al Barsha areas, which the management intends to sell in future.

Inventories amounting to AED 165.3 million (2006: AED 179.7 million) are mortgaged against facilities obtained from a bank. In certain instances, the insurance over inventories is also assigned in favor of banks (refer notes 24 and 25).

21. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 17.6 million (2006: AED 17 million).

Trade receivables amounting to AED 50.9 million are mortgaged against the bank facilities availed from banks as at 31 December 2007 (2006: AED 126.2 million) (refer notes 24 and 25).

22. Due from related parties and other receivables

	2007 AED'000	2006 AED'000
<i>Long-term dues from related parties and other receivables</i>		
Long term portion of dues from a minority shareholder (note (a) below)	8,796	8,820
Capital advance	78,525	-
Long term receivable for sale of investment properties	-	23,333
Other long term assets	10,340	10,803
	-----	-----
	97,661	42,956
	=====	=====
<i>Short-term dues from related parties and other receivables</i>		
Due from related parties	8,257	33,534
Current portion of net investment in finance leases (refer note 19)	4,412	5,022
Others (note (b) below)	431,959	198,582
	-----	-----
	444,628	237,138
	=====	=====

(a) This represents receivable from a minority shareholder of a subsidiary which will be adjusted against out of pocket expenses/drug formulation charges of about 30 new products (by offering complete dossiaries/technical support and other relevant inputs for the new products) agreed mutually between the subsidiary and the minority shareholder.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

22. Due from related parties and other receivables (continued)

- (b) Includes advances of AED 184 million paid by a subsidiary of the Group towards acquiring land, development and construction of properties for sale.

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:

	2007 AED'000	2006 AED'000
Sales	15,500	14,848
Gain on transfer of district cooling project	-	9,395
	=====	=====

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

	2007 AED'000	2006 AED'000
Short-term benefits (including proposed Directors' fees)	16,057	10,416
Post-employment benefits	117	92
	=====	=====

23. Cash in hand and at bank

	2007 AED'000	2006 AED'000
Cash in hand and at bank	254,611	202,494
Short term deposit (including a deposit of AED 47.9 million (2006: 129.4 million) under lien with a bank)	461,800	613,157
	-----	-----
	716,411	815,651
	=====	=====

24. Long-term borrowings/payables

	2007 AED'000	2006 AED'000
Long term bank borrowings	967,393	634,230
Unearned rent – investment properties on 90 year lease (note below)	377,658	177,203
Others	155,767	147,167
	-----	-----
	1,500,818	958,600
	=====	=====

The Company has leased investment properties to certain parties for a period of 90 years without any initial rent-free period. Under the terms of the lease, the lessee is required to make the payment towards the lease over a period of one to five years. The balance as of the year-end represent the amounts received from the customers net of revenue recognized from the lease of these investment properties over the lease term in accordance with IAS 17 *Leases*.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

24. Long-term borrowings/payables (continued)

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 2,176 million as at 31 December 2007 (2006: AED 916 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. Also refer notes 12, 20, 21, 25 and 35.

25. Bank borrowings

	2007 AED'000	2006 AED'000
Bank overdraft, trust receipt loans and bills discounted	1,300,910	506,047
Current portion of long term bank borrowings	341,789	175,895
	-----	-----
	1,642,699	681,942
	=====	=====

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. Also refer notes 12, 20, 21, 24 and 35.

26. Due to related parties and other payables

	2007 AED'000	2006 AED'000
Due to related parties	-	2,551
Other payables and accrued expenses	870,370	634,403
	-----	-----
	870,370	636,954
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

27. Share capital and premium

	2007 AED'000	2006 AED'000
Issued and paid up:		
2,170.7 million shares of AED 1 each (2006: 1,973.4 million shares of AED 1 each)	2,170,740 =====	1,973,400 =====

For the year 2006, the Board of Directors had proposed to issue bonus shares in the ratio of 1:10 (1 share for every 10 shares held). The bonus issue of 197.3 million shares at AED 1 each took place in the current year.

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

For the year 2007, the Board of Directors has proposed a cash dividend of 10 %.

During the Extraordinary General Meeting held on 13 November 2005, it was resolved to issue right shares in the ratio of 2:1 (2 shares for every 1 share held) at par. The Company issued right shares in the ratio of 1:1 in 2006 and the right issue for the remaining shares (858 million shares) is expected to take place in 2008 at par.

28. Capital reserve and treasury shares

Capital reserve comprises the net gain on sale of the Company's own shares (treasury shares) by a wholly owned subsidiary of the Company. The cost of treasury shares purchased is debited to treasury shares account, which is shown as a deduction from equity. When treasury shares are sold, the amount received for the shares is also credited to this account. No gains or losses are recognized in the income statement on any transaction or change in fair value of treasury shares.

29. 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 net 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.

In addition, in accordance with the Articles of Association 10% of the net income of the Company is required to be transferred to a general reserve. However, as per the Articles of Association of the Company, 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

30. Revaluation reserve

The Government of Dubai had gifted two plots of land in prior years, one to the Company and the other to a wholly owned subsidiary. These lands were valued on an open market basis by a professional firm of independent property valuers in the year 1999, 2003 and 2005. The aggregate surplus on revaluation amounting to AED 66 million was credited to a non-distributable revaluation reserve (refer note 12). No revaluation was carried out in the current year.

Furthermore, land owned by a wholly owned subsidiary was revalued in the year 2005 by a professional firm of independent property valuers and the valuation gain of AED 0.9 million was credited to the revaluation reserve. The total revaluation reserve attributable to this piece of land as of 31 December 2007 amounted to AED 1 million (2006: AED 1 million). No revaluation was carried out in the current year.

31. Fair value reserve

The fair value reserve as of 31 December 2007 comprise the fair value gain arising from investments classified as available for sale.

32. Proposed directors' fees

Proposed directors' fees amounting to AED 9 million (2006: AED 6 million), represents remuneration for attendance at meetings and compensation for professional services rendered by the Directors.

33. Basic earnings per share

The calculation of basic earnings per share at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2007	2006
Net profit attributable to shareholders (AED 000)	1,507,195	989,468
Weighted average number of shares outstanding (000s)	2,169,015	2,008,307
	=====	=====

Weighted average number of shares outstanding has been retrospectively adjusted to include the affect of bonus shares issued during the current year (refer note 27). For earnings per share from continuing operations, net profit from discontinued operations is reduced from the net profit attributable to the shareholders.

34. Commitments

	2007 AED'000	2006 AED'000
Capital commitments	2,195,622	1,484,467
	=====	=====

35. 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 2,176 million (2006: AED 916 million) (also refer notes 24 and 25).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

36. Lease rentals

Leases as lessor

The Group leases out its investment property under operating lease (refer note 14). The minimum lease payments under non-cancelable leases are as follows:

	2007 AED'000	2006 AED'000
Less than one year	345,189	170,920
Between one to five years	1,643,693	777,547
More than five years	1,045,149	821,733
	=====	=====

37. Interest in joint ventures

The Group has interest in several joint ventures (refer note 16 (c)).

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:

	2007 AED'000	2006 AED'000
Non-current assets	698,693	409,977
Current assets	357,342	197,921
Non-current liabilities	(216,156)	(102,990)
Current liabilities	(499,425)	(327,540)
	-----	-----
	340,454	177,368
	=====	=====
Income	265,526	176,519
Expenses	(121,294)	(99,753)
	-----	-----
	144,232	76,766
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

37. Interest in joint ventures (continued)

The acquisition of jointly controlled entities has been accounted for using the purchase method.

The acquisitions during the year had the following effect on the Group's assets and liabilities on the acquisition date:

% acquired	50% QDI Sports Management	50% DIDC	50% Al Arif Contracting	Total	Fair value adjustment	Total recognized values on acquisition
	-----Pre-acquisition carrying values-----					
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Non-current assets	4,428	21	11,129	15,578	46,042	61,620
Current assets	19,133	1,013	84,970	105,116	-	105,116
	-----	-----	-----	-----	-----	-----
Total assets	23,561	1,034	96,099	120,694	46,042	166,736
	-----	-----	-----	-----	-----	-----
Less: non-current liabilities	-	-	(1,000)	(1,000)	-	(1,000)
Less: current liabilities	(19,910)	-	(72,285)	(92,195)	-	(92,195)
	-----	-----	-----	-----	-----	-----
Net assets/(liabilities) acquired	3,651	1,034	22,814	27,499	46,042	73,541
	=====	=====	=====	=====	=====	=====
Purchase consideration (A)						72,109
Less: the Group's share of net assets acquired						(73,541)

Net negative goodwill on acquisition of jointly controlled entities						(1,432)
						=====
Represented by:						
Negative goodwill						(13,707)
Goodwill						12,275

						(1,432)
						=====
Cash acquired (B)						(6,293)

Net cash outflow (A) – (B)						65,816
						=====
Revenue - since the date of acquisition						34,547
Expenses - since the date of acquisition						(30,316)
						=====

38. Acquisition and disposal of subsidiaries

(i) Acquisitions during the year 2007

The acquisition of subsidiaries have been accounted for using the purchase method (refer note 16 (b) for list of the subsidiaries).

The acquisitions during the year had the following effect on the Group's assets and liabilities on the acquisition date:

Dubai Investments PJSC and its subsidiaries

Notes (continued)

38. Acquisition and disposal of subsidiaries (continued)

(i) Acquisitions during the year 2007 (continued)

% acquired	Thermostone 100%	White Aluminium 51%	Total
	-----Recognized values on acquisition-----		
	AED'000	AED'000	AED'000
Non-current assets	41,424	44,873	86,297
Current assets	18,324	25,910	44,234
	-----	-----	-----
Total assets	59,748	70,783	130,531
Less: non-current liabilities	(37,464)	(12,501)	(49,965)
Less: current liabilities	(15,134)	(29,219)	(44,353)
	-----	-----	-----
Net assets acquired	7,150	29,063	36,213
	=====	=====	=====
Purchase consideration (A)			37,957
Less: the Group's share of net assets acquired			(18,397)

Goodwill on initial accounting			19,560
			=====
Cash acquired (B)			(4,560)

Net cash outflow (A) – (B)			33,397
			=====
Contribution to profit from the date of acquisition up to 31 December 2007			1,277
			=====

- The Group carried out the initial accounting for the business combination provisionally based on management accounts for an acquisition in the previous year. The Group's management addressed the issues highlighted at the time of acquisition and during the year ended 31 December 2007, the fair value of certain net identifiable assets was reduced in aggregate by AED 0.59 million and consequently, the goodwill on initial accounting was adjusted by the same amount.
- With effect from 1 July 2007, the Group has acquired the balance 50% interest in its existing jointly controlled entity, Emirates Thermostone LLC ("Thermostone") from the joint venture partner. Upon acquisition of additional interest, Thermostone is now a 100% subsidiary of the Group.
- Since the initial accounting of the above business combinations affected during the current year, has been determined only provisionally, the Group shall recognize any adjustments to the provisional values of identifiable assets and liabilities within 12 months from the acquisition date in accordance with IFRS 3 *Business Combinations*.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

38. Acquisition and disposal of subsidiaries (continued)

(i) Acquisitions during the year 2007 (continued)

- d) If the acquisition had occurred on 1 January 2007, management estimates that the consolidated total income would have been AED 3,417 million and consolidated profit for the year would have been AED 1,592 million.

The goodwill recognized on the acquisition of White Aluminum and further interest in Thermostone is attributable mainly to the synergies expected to be achieved from integrating these businesses into the Group's existing business and the expected growth in the construction and other related businesses in the UAE.

(ii) Goodwill on acquisition of additional interest in a subsidiary

With effect from 1 January 2007, the Group acquired an additional 49% stake in its existing subsidiary, Emirates Building Systems LLC ("EBS"). Upon the acquisition of additional interest, EBS is now a 100% subsidiary of the Group. The goodwill on acquisition of additional interest is calculated as follows:

	AED'000
Purchase consideration paid	51,333
Group's share of net assets acquired	(34,120)

Goodwill on acquisition of additional interest	17,213
	=====

(iii) Disposal of a subsidiary in the year 2007

The nominee directors of the Group on the board of Thermoset Technologies LLC ("Thermoset") resigned on 1 December 2007. Subsequently, the Group entered into a sale and purchase agreement to sell its 51% interest in Thermoset to a third party buyer for a net consideration of AED 3.2 million.

The disposal of interest in Thermoset had the following effect on the Group's assets and liabilities at the date of disposal:

	2007 AED'000
Non-current assets	7,643
Current assets	4,843

Total assets	12,486
Less: non-current liabilities	(3,600)
Less: current liabilities	(10,471)

Net liabilities at the date of disposal	(1,585)

Consideration agreed	3,151
Add: Group's share of the subsidiary's net liabilities	808

Net gain on disposal	3,959
	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Minority interest

The shareholders of a subsidiary have provided an interest free long term loan which is measured at fair value. The fair valuation reserve (being the difference between the amount initially recognized and its fair value) is credited directly in equity. The minority shareholders share in the fair valuation reserve amounting to AED 42.9 million is included under minority interest.

40. Accounting estimates and judgements

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 judgement used by management in the preparation of these financial statements:

Valuation of investment properties

The Group fair values investment properties. An external, independent valuation company having the appropriate recognized professional qualification values the properties regularly. Note 4 contains information about the valuation methodology considered by the valuation company. Should the significant assumptions change, the fair value of investment properties would significantly impact the income statement and balance sheet of the Group in the future.

Contract revenue

Revenue from contracts is recognized in the income statement 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 a 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 balance sheet 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. Should the estimates for contingency provisions significantly vary, the change will be accounted for as a change in estimate and the income statement would be significantly impacted in future.

Impairment of intangibles 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, other intangibles such as patents, trademarks etc. 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.

The above entails significant estimates. Should these estimates vary, the income statement and balance sheet of the following years would be significantly impacted.

Other estimates and judgements

Management of the Group exercises significant judgement in estimating the recoverability of trade receivables and for providing for slow moving inventory. Should these estimates vary, the income statement and balance sheet in the following years would be significantly impacted.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

41. 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:

	2007 AED'000	2006 AED'000
Investments at fair value through income statement	930,636	898,739
Available for sale investments	709,209	396,385
Long term rent receivable (net)	184,846	139,997
Long term finance lease receivable	38,723	49,500
Trade receivables	1,052,978	417,316
Due from related parties and other receivables	118,939	118,742
Cash at bank	715,622	812,318
	-----	-----
Carrying amount	3,750,953	2,832,997
	-----	-----

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

	2007 AED'000	2006 AED'000
Domestic	1,250,279	571,854
Other GCC countries	22,744	16,036
Other regions	3,524	18,923
	-----	-----
	1,276,547	606,813
	-----	-----

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

	2007 AED'000	2006 AED'000
Contracting	352,478	195,519
Real estate	683,362	208,104
Others	240,707	203,190
	-----	-----
	1,276,547	606,813
	=====	=====

The age of trade receivables at the reporting date was:

	2007 Gross AED'000	2007 Impairment AED'000	2006 Gross AED'000	2006 Impairment AED'000
Not past due	756,093	-	223,262	-
Past due 0-30 days	91,367	-	43,079	-
Past due 31-90 days	121,707	-	104,357	-
Past due 91 – 180 days	33,487	-	10,860	-
Past due 180 - 365 days	22,372	248	6,825	129
More than one year	45,649	17,449	46,045	16,983
	-----	-----	-----	-----
	1,070,675	17,697	434,428	17,112
	-----	-----	-----	-----

Dubai Investments PJSC and its subsidiaries

Notes (continued)

41. Financial instruments (continued)

Credit risk (continued)

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

	2007 AED'000	2006 AED'000
Balance at 1 January	17,112	5,643
Impairment loss recognized	5,090	12,579
Impairment loss reversed/write-offs	(4,505)	(1,110)
	-----	-----
Balance at 31 December	17,697	17,112
	-----	-----

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 only investing in liquid securities and only 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 banks of good credit ratings. Amount due from related parties is considered to be fully recoverable by the management.

Liquidity risk

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

31 December 2007

In AED '000

	Carrying am	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>							
Loans and borrowings	2,610,092	2,824,884	1,198,996	580,529	344,558	507,447	193,354
Trade payables	910,836	910,836	776,721	134,115	-	-	-
Due to related parties and other payables	291,117	291,117	283,355	7,762	-	-	-
Other long term liabilities	155,767	198,629	903	903	56,313	18,690	121,820
<i>Derivative financial liabilities</i>							
Interest rate swaps	7,200	7,200	-	-	-	7,200	-
	3,975,012	4,232,666	2,259,975	723,309	400,871	533,337	315,174

31 December 2006

In AED '000

	Carrying am	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>							
Loans and borrowings	1,316,172	1,376,188	626,724	214,966	231,040	202,469	100,989
Trade payables	273,312	273,312	273,312	-	-	-	-
Due to related parties and other payables	248,872	248,872	225,797	23,075	-	-	-
Other long term liabilities	96,642	139,503	-	-	52,553	-	86,950
<i>Derivative financial liabilities</i>							
Interest rate swaps	6,600	6,600	-	-	-	6,600	-
	1,941,598	2,044,475	1,125,833	238,041	283,593	209,069	187,939

Dubai Investments PJSC and its subsidiaries

Notes (continued)

41. Financial instruments (continued)

Market risk

Currency risk

Exposure to currency risk

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

	2007 Euro'000	2006 Euro'000
Trade receivables	122	190
Trade payables	1,112	1,229
Other payables	14,640	1,135
	-----	-----
Gross balance sheet exposure	15,874	2,554
Forward exchange contracts	(14,640)	(1,135)
	-----	-----
Net exposure	1,234	1,419
	=====	=====

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2007 AED	2006 AED	2007 AED	2006 AED
Euro	5.104	4.598	5.362	4.349
	=====	=====	=====	=====

Sensitivity analysis

A limited fluctuation of the AED against the Euro at 31 December would not have any material impact on the Group's consolidated 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	
	2007 AED'000	2006 AED'000
Fixed rate instruments		
Financial assets	417,067	480,476
Financial liabilities	52,827	54,124
	=====	=====
Variable rate instruments		
Financial assets	87,868	279,907
Financial liabilities	2,603,712	1,258,666
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

41. Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the income statement, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect consolidated profit or loss.

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 2006.

Effect in AED	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2007	(26,036)	26,036
31 December 2006	(12,586)	12,586
	-----	-----

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying value as at the balance sheet date.

42. 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:

Manufacturing and contracting

: manufacture and sale of materials used in building construction projects, production and sale of crude edible oil, pharmaceuticals, aluminum extruded products and laboratory furniture.

FMCG

: production and distribution of dairy products.

Transportation

: provision of a tanker for the transportation of crude oil.

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.

Geographical segments:

The focus of the Company has been to invest primarily in the UAE although some of the investments have been made in other GCC and non-GCC countries.

For analysis of segments – see next page.

															AED'000	
	Manufacturing and Contracting		FMCG		Transportation (Discontinued operation) *		Investments		Property		Adjustments		Total		Continuing operations	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Business Segments																
Sales (including sale of properties)	1,448,651	804,436	138,434	71,980	-	-	-	-	651,631	116,628	(17,441)	(33,462)	2,221,275	959,582	2,221,275	959,582
Charter revenue	-	-	-	-	18,092	38,226	-	-	-	-	-	-	18,092	38,226	-	-
Gain on sale of investment property	-	-	-	-	-	-	-	-	118,112	-	-	-	118,112	-	118,112	-
Interest, dividend and other income	64,912	18,982	3,367	717	80,594	223	491,667	272,561	210,596	25,164	(245,888)	(236,143)	605,248	81,504	524,654	81,281
Property income	-	-	-	-	-	-	7,444	6,591	456,092	277,232	(37,289)	(40,068)	426,247	243,755	426,247	243,755
Gain/(loss) on fair valuation of investment properties	1,128	-	-	-	-	-	12,000	(11,000)	419,145	728,779	-	-	432,273	717,779	432,273	717,779
Total revenue	1,514,691	823,418	141,801	72,697	98,686	38,449	511,111	268,152	1,855,576	1,147,803	(300,618)	(309,673)	3,821,247	2,040,846	3,722,561	2,002,397
Segment Result	140,730	64,475	8,320	9,310	91,534	31,910	470,826	228,356	1,282,927	1,028,505	(252,080)	(301,666)	1,742,257	1,060,890	1,650,723	1,028,980
Finance expenses													(149,759)	(68,045)	(145,709)	(64,645)
Minority interests													(85,303)	(3,377)	(85,303)	(3,377)
Net profit/(loss) for the year	57,896	22,228	5,874	5,471	87,484	28,510	452,082	220,419	1,166,561	1,007,900	(262,702)	(295,060)	1,507,195	989,468	1,419,711	960,958
Assets	2,868,980	2,092,635	141,402	135,167	5,161	95,538	3,993,999	3,319,220	5,611,648	2,564,103	(2,376,775)	(1,817,581)	10,244,415	6,389,082	10,239,254	6,293,544
Liabilities	2,040,861	1,604,696	113,945	112,518	503	49,506	572,415	40,258	2,745,334	1,099,600	(548,335)	(355,770)	4,924,723	2,550,808	4,924,220	2,501,302
									UAE and other GCC countries		Others		Adjustments		Total	
									2007	2006	2007	2006	2007	2006	2007	2006
Geographical Segments																
Revenue from external customers									4,023,179	2,312,070	98,686	38,449	(300,618)	(309,673)	3,821,247	2,040,846
Segment assets									12,616,029	8,111,125	5,161	95,538	(2,376,775)	(1,817,581)	10,244,415	6,389,082
									=====	=====	=====	=====	=====	=====	=====	=====

* See discontinued operations – note 7.