

Dubai Investments PJSC and its subsidiaries

Interim consolidated condensed
financial statements

31 March 2008

Dubai Investments PJSC and its subsidiaries

Interim consolidated condensed financial statements

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Independent Auditors' Report on Review of Interim Financial Information

The Shareholders
Dubai Investments PJSC

Introduction

We have reviewed the accompanying interim consolidated condensed balance sheet of Dubai Investments PJSC ("the Company") as at 31 March 2008, and the related interim consolidated condensed statements of income, changes in equity and cash flows (the consolidated interim financial information) for the three month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at and for the three month period ended 31 March 2008 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

Vijendranath Malhotra
Registration No. 48B
Dubai, United Arab Emirates

30 APR 2008

Dubai Investments PJSC and its subsidiaries

Interim consolidated condensed income statement period ended 31 March 2008 (unaudited)

	Note	Three month period ended 31 March	
		2008 AED 000	2007 AED 000
Contract and other revenue		402,863	259,961
Sale of properties	8	215,094	36,063
Gain on sale of investment property		-	33,815
Property income		175,395	87,685
Interest income		15,224	6,396
Dividend income		4,346	1,491
Profit on sale of investments		25,277	-
Gain on fair valuation of investment properties	9	341,910	288,838
Fair valuation (loss)/gain on investments		(29,185)	13,197
Other income		9,739	11,440
Total income		1,160,663	738,886
Direct operating costs	4	(493,477)	(227,513)
Administrative and general expenses	5	(141,299)	(58,909)
Finance expenses		(34,712)	(17,421)
Total expenses		(669,488)	(303,843)
Profit for the period from continuing operations		491,175	435,043
Discontinued operation			
Profit for the period from discontinued operation	6	-	3,720
Profit for the period		491,175	438,763
Attributable to:			
Equity holders of the parent		488,283	439,293
Minority interest		2,892	(530)
		491,175	438,763
Earnings per share			
Basic earnings per share	14	0.21	0.19
Continuing operations			
Basic earnings per share	14	0.21	0.18

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

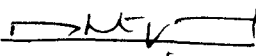
Dubai Investments PJSC and its subsidiaries

Interim consolidated condensed balance sheet at 31 March 2008 (unaudited)

		31 March 2008 AED 000 (Unaudited)	31 December 2007 AED 000 (Audited)	31 March 2007 AED 000 (Unaudited)
	Note			
Assets				
Non-current assets				
Property, plant and equipment	7	1,790,567	1,491,334	1,098,232
Intangible assets including goodwill		158,605	158,812	133,346
Investments in associates		12,727	12,676	6,091
Investment properties	9	2,325,067	1,891,531	1,789,987
Development properties	10	328,377	342,778	335,357
Long term rent receivable		152,357	184,846	154,396
Long term finance lease receivable		36,246	38,723	54,139
Due from related parties and other receivables		117,605	97,661	28,166
Investment at fair value through income statement		-	-	8,382
Total non-current assets		4,921,551	4,218,361	3,608,096
Current assets				
Inventories	12	2,624,312	2,172,192	310,256
Investments at fair value through income statement	11	922,309	930,636	953,533
Available for sale investments	11	649,555	709,209	418,870
Trade, related parties and other receivables	13	1,736,963	1,497,606	815,146
Cash at bank and in hand		617,315	716,411	793,489
Total current assets		6,550,454	6,026,054	3,291,294
Total assets		11,472,005	10,244,415	6,899,390
Equity				
Share capital		2,170,740	2,170,740	1,973,400
Share premium		46	46	46
Legal reserve		311,179	311,179	218,437
Capital reserve		25,502	25,502	26,327
Treasury shares		-	-	(26,327)
General reserve		395,385	395,385	286,932
Revaluation reserve		67,000	67,000	67,000
Fair value reserve		90,960	115,840	84,917
Proposed dividend/bonus	16	217,074	217,074	493,350
Proposed directors' fees		9,000	9,000	6,000
Retained earnings		2,136,638	1,648,355	1,008,110
Total equity attributable to equity holders of the Company		5,423,524	4,960,121	4,138,192
Minority interest		354,298	359,571	118,735
Total equity		5,777,822	5,319,692	4,256,927
Non-current liabilities				
Long-term bank borrowings/payables	15	1,997,869	1,500,818	1,108,385
Total non-current liabilities		1,997,869	1,500,818	1,108,385
Current liabilities				
Bank borrowings	15	2,147,857	1,642,699	474,529
Trade, related parties and other payables		1,548,457	1,781,206	1,059,549
Total current liabilities		3,696,314	3,423,905	1,534,078
Total liabilities		5,694,183	4,924,723	2,642,463
Total equity and liabilities		11,472,005	10,244,415	6,899,390

The interim consolidated condensed financial information was authorized for issue on behalf of the Board of Directors on 30 April 2008.


Khalid Jassim Kalban
MD & CEO


Mushtaq Masood
CFO

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

Dubai Investments PJSC and its subsidiaries

Interim consolidated condensed statement of cash flows

period ended 31 March 2008 (unaudited)

	31 March 2008 AED 000	31 March 2007 AED 000
Operating activities		
Net profit for the period before minority interest	491,175	438,763
<i>Adjustments for:</i>		
Depreciation	19,772	14,694
Amortization/impairment losses of intangible assets	635	491
Gain on fair valuation of investment properties	(341,910)	(288,838)
Gain on sale of investment property	-	(33,815)
Share of gain from investment in associates	(51)	(145)
Loss/(gain) on fair valuation of investments	29,185	(13,197)
<i>Operating profit before changes in working capital</i>	198,806	117,953
Change in FVP and AFS investments	13,916	(150,055)
Change in trade, related parties and other receivables	(224,335)	(66,081)
Change in inventories	(452,120)	75,893
Change in trade, related parties and other payables	(232,749)	(19,065)
<i>Net cash used in operating activities</i>	(696,482)	(41,355)
Investing activities		
Additions to investment and development property – net	(77,225)	(158,001)
Proceeds from sale of investment property	-	276,019
Purchase consideration paid for acquisition of interest/additional investment in subsidiaries (net of cash acquired)	-	(52,348)
Additions to intangibles	(428)	(5,984)
Acquisition of property, plant and equipment	(319,005)	(142,350)
Change in deposits under lien	(8,100)	-
<i>Net cash used in investing activities</i>	(404,758)	(82,664)
Financing activities		
Net movement in long term bank borrowings and other payables	1,093,231	142,238
Net movement in minority interest	(8,165)	(8,863)
<i>Net cash generated from financing activities</i>	1,085,066	133,375
Net (decrease)/increase in cash and cash equivalents	(16,174)	9,356
Cash and cash equivalents at the beginning of the period	(632,399)	180,204
Cash and cash equivalents at the end of the period	(648,573)	189,560
<i>Cash and cash equivalents comprise of the following:</i>		
Current and short term deposits with banks (excluding under lien)	561,315	664,089
Bank overdraft	(1,209,888)	(474,529)
	(648,573)	189,560

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

Dubai Investments PJSC and its subsidiaries

Interim consolidated condensed statement of changes in equity

period ended 31 March 2008 (unaudited)

	Attributable to the equity holders of the Company											AED'000		
	Share capital	Share premium	Legal reserve	Capital reserve	Treasury shares	General reserve	Revaluation 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	-	-	-	-	-	-	-	22,485	-	-	-	22,485	-	22,485
Net income recognized directly in equity	-	-	-	-	-	-	-	22,485	-	-	-	22,485	-	22,485
Profit for the period	-	-	-	-	-	-	-	-	-	-	439,293	439,293	(530)	438,763
Total recognized income and expense	-	-	-	-	-	-	-	22,485	-	-	439,293	461,778	(530)	461,248
Capital introduced	-	-	-	-	-	-	-	-	-	-	-	-	2,025	2,025
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	(10,881)	(10,881)
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(34,120)	(34,120)
Other movements	-	-	-	-	-	-	-	-	-	-	388	388	(7)	381
At 31 March 2007	1,973,400	46	218,437	26,327	(26,327)	286,932	67,000	84,917	493,350	6,000	1,008,110	4,138,192	118,735	4,256,927
At 1 January 2008	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
Changes in equity														
Fair value adjustment on available for sale investments	-	-	-	-	-	-	-	(24,880)	-	-	-	(24,880)	-	(24,880)
Net income recognized directly in equity	-	-	-	-	-	-	-	(24,880)	-	-	-	(24,880)	-	(24,880)
Profit for the period	-	-	-	-	-	-	-	-	-	-	488,283	488,283	2,892	491,175
Total recognized income and expense	-	-	-	-	-	-	-	(24,880)	-	-	488,283	463,403	2,892	466,295
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	(8,165)	(8,165)
At 31 March 2008	2,170,740	46	311,179	25,502	-	395,385	67,000	90,960	217,074	9,000	2,136,638	5,423,524	354,298	5,777,822

No allocation of profit has been made to the statutory reserve for the three month period ended 31 March 2008 as it would be affected at the year-end.

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

Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information *for the three month period ended 31 March 2008 (unaudited)*

1. Legal status and principal activity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. The interim consolidated condensed balance sheet, and the related interim consolidated condensed statements of income, changes in equity and cash flows (interim consolidated condensed financial information) of the Company for the three month period ended 31 March 2008 (“the current period”) comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities.

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

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

2. Basis of preparation and significant accounting policies

The interim consolidated condensed financial information has been prepared in accordance with the International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2007.

The accounting policies applied in the preparation of the interim consolidated condensed financial information are consistent with those applied in the annual financial statements of the Group for the year ended 31 December 2007. Certain comparatives have been reclassified to conform to the current period’s presentation.

The Group’s financial risk management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2007.

The interim consolidated condensed financial information of the Group, presented in UAE Dirhams (“AED”), which is the Company’s functional currency, rounded to the nearest thousand, have been prepared under the historical cost convention, except for financial instruments at fair value through income statement, financial instruments classified as available for sale, land, derivative financial instruments and investment properties, which are stated at their fair values.

3. Accounting estimates and judgments

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

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)
for the three month period ended 31 March 2008 (unaudited)

4. Direct operating costs

	Three month period ended	
	31 March	
	2008	2007
	AED 000	AED 000
<i>These include:</i>		
Staff costs	30,053	19,933
Depreciation	13,917	9,093
	<u> </u>	<u> </u>

5. Administrative and general expenses

	Three month period ended	
	31 March	
	2008	2007
	AED 000	AED 000
<i>These include:</i>		
Staff costs	42,264	24,691
Depreciation	5,855	5,601
	<u> </u>	<u> </u>

6. Discontinued operation

During the previous 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 March 2007 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 during the current year. At 31 March 2008, the joint venture had assets of AED 5.1 million and liabilities of AED 0.5 million.

Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information *(continued)*
for the three month period ended 31 March 2008 (unaudited)

6. Discontinued operation *(continued)*

Results of discontinued operation	Three month period ended	
	31 March	
	2008 AED 000	2007 AED 000
Revenue	-	5,884
Expenses	-	(2,164)
	-----	-----
Profit for the period	-	3,720
	=====	=====
Basic earnings per share	-	0.01
	=====	=====
	Three month period ended	
	31 March	
	2008 AED 000	2007 AED 000
Cash flows discontinued operation:		
Net cash flow generated from operating activities	-	15,087
Net cash flow used in financing activities	-	(2,942)
	-----	-----
Net cash flow generated from discontinued operation	-	12,145
	=====	=====

7. Property, plant and equipment

During the quarter ended 31 March 2008, the Group acquired assets amounting to AED 319 million *(quarter ended 31 March 2007: AED 142.4 million including assets acquired through business combinations)*.

8. Sale of properties

During the current period, the Group recorded revenue of AED 214 million on sale of various plots of land in Jebel Ali and Al Rafaa area.

Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)
for the three month period ended 31 March 2008 (unaudited)

9. Investment properties

The majority of investment properties are built on a land located at Dubai Investment Park which was obtained from the Government of Dubai in earlier years 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. This land leased from the Government of Dubai is developed in phases.

The development of area 2 and area 4 of Phase V was completed in the current period. The development of area 3, area 5 and area 6 of Phase V and the entire phase VI are in progress as of the current period end (refer note 10). During the period, the Group has obtained a fair valuation of area 2 and area 4 of Phase V carried out by an independent registered valuer. The independent registered valuer has 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 valuation of property carried out by the independent registered valuer resulted in a net valuation gain of AED 342 million which has been credited to the income statement.

Management believes that the fair valuation of the remaining investment properties at 31 March 2008 is not significantly different from the valuation carried out as at 31 December 2007. Accordingly, no fair value adjustments have been made during the current period for those investment properties.

10. Development properties

Development properties as of the current period end mainly comprise costs incurred to date for the development of area 3, area 5 and area 6 of Phase V and the Phase VI at Dubai Investment Park (refer note 9).

11. Investments

	31 March 2008 AED 000 (Unaudited)	31 December 2007 AED 000 (Audited)	31 March 2007 AED 000 (Unaudited)
Investments designated as fair value through income statement (FVP) – current:			
- held for trading quoted equity securities	420,096	415,137	409,763
- quoted funds	468,653	482,124	428,035
- bonds	33,560	33,375	115,735
	922,309	930,636	953,533
Investments designated as available for sale (AFS):			
- quoted/unquoted equity securities	649,555	709,209	418,870

Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*) for the three month period ended 31 March 2008 (unaudited)

12. Inventories

Inventories at 31 March 2008 includes properties held for sale amounting to AED 1,507 million (31 March 2007: AED 66 million) and properties under development for sale amounting to AED 865 million (31 March 2007: AED 33 million) in the ordinary course of business.

13. Related party transactions

Significant related party transactions were as follows:

	Three month period ended 31 March	
	2008	2007
Compensation to key management personnel including Directors are as follows:		
- Short term benefits	1,697	1,042
- Provision towards employees' terminal benefits	21	21
	<u> </u>	<u> </u>

14. Basic earnings per share

	Three month period ended 31 March	
	2008	2007
Net profit attributable to shareholders of the Company (AED 000)	488,283	439,293
Weighted average number of shares outstanding (refer note 16)	2,387,814	2,385,284
	<u> </u>	<u> </u>

For earnings per share from continuing operations, net profit from discontinued operations is reduced from the net profit attributable to the shareholders.

15. Bank borrowings

The terms of the bank borrowings vary from seven to sixteen years and are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee provided by the Company, the Company's liability is mostly restricted to its percentage of equity interest in the borrowing entity and amounts to AED 2,222 million as at 31 March 2008 (31 March 2007: AED 965 million).

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.

16. Proposed dividend

At the Annual General Meeting (AGM) held on 23 April 2008, the shareholders approved issue of 10% bonus shares instead of 10% cash dividend proposed by the Directors. Weighted average number of shares outstanding has been retrospectively adjusted to include the 10% bonus shares approved in the aforesaid AGM (refer note 14).

Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)
for the three month period ended 31 March 2008 (unaudited)

17. 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 was included under minority interest.

18. Contingent liabilities

The Company has issued corporate guarantee for loans and advances to related and third parties by commercial banks. These guarantees are limited to AED 2,222 million (31 December 2007: AED 965 million).

19. Capital commitments

As at 31 March 2008, the Group has contractual capital commitments amounting to AED 2.76 billion (31 December 2007: 2.19 billion) mainly relating to new projects/investments.

20. Investment in subsidiaries, joint ventures and change of interest in existing subsidiaries

- (i) The Group jointly with the Aqaar Properties LLC has incorporated Ajman Oasis LLC ("the joint venture") for development, financing, construction and completion of an integrated real estate project in the Emirate of Ajman, comprising residential, commercial and tourist properties substantially for sale to third parties, which shall be known as "Ajman Oasis Project". The Group has 50% interest in the joint venture.
- (ii) The Company has formed Dubai Investment Capital Ventures LLC ("DICV"), a subsidiary to invest in manufacturing and mining industry.
- (iii) The Group acquired an additional 6% stake in its existing subsidiary, Global Pharma Co. LLC. Consequent to this acquisition of additional interest, the Group's share has increased from 78% to 84% in Global Pharma LLC. The additional interest was acquired by way of conversion of a loan into share capital.

21. 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. (refer note 6).

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.

For analysis of segments see page 12.

	Manufacturing and Contracting		FMCG		Transportation (Discontinued operation) *		Investments		Property		Adjustments		Total		Continuing operations		AED'000
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
Business Segments																	
Sales (including sale of properties)	364,284	247,797	38,579	20,892	-	-	-	-	215,094	36,062	-	(8,727)	617,957	296,024	617,957	296,024	
Charter revenue	-	-	-	-	-	5,792	-	-	-	-	-	-	-	5,792	-	-	
Gain on sale of investment property	-	-	-	-	-	-	-	-	-	33,815	-	-	-	33,815	-	33,815	
Interest, dividend and other income	9,948	3,067	131	527	-	92	8,317	21,725	11,476	9,610	(4,471)	(2,405)	25,401	32,616	25,401	32,524	
Property income	865	-	-	-	-	-	1,865	1,818	182,660	97,867	(9,995)	(12,000)	175,395	87,685	175,395	87,685	
Gain/(loss) on fair valuation of investment properties	-	-	-	-	-	-	-	-	341,910	288,838	-	-	341,910	288,838	341,910	288,838	
Total revenue	375,097	250,864	38,710	21,419	-	5,884	10,182	23,543	751,140	466,192	(14,466)	(23,132)	1,160,663	744,770	1,160,663	738,886	
Segment Result	21,779	26,779	2,606	1,502	-	4,495	(47,688)	18,740	556,658	423,034	(7,468)	(17,591)	525,887	456,959	525,887	452,464	
Finance expenses													(34,712)	(18,195)	(34,712)	(17,421)	
Minority interests													(2,892)	530	(2,892)	530	
Net profit/(loss) for the year	12,710	13,037	2,165	721	-	3,720	(56,897)	18,460	540,349	415,795	(10,044)	(12,440)	488,283	439,293	488,283	435,573	
Assets	3,132,732	2,130,744	136,405	117,383	5,161	95,121	4,414,099	3,417,798	6,285,666	3,046,895	(2,502,058)	(1,908,551)	11,472,005	6,899,390	11,466,844	6,804,269	
Liabilities	2,069,279	1,592,849	106,783	117,248	503	45,368	902,189	99,432	3,272,236	1,166,596	(656,807)	(379,032)	5,694,183	2,642,461	5,693,680	2,597,093	

	UAE and other GCC countries		Others		Adjustments		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Geographical Segments								
Revenue from external customers	1,175,129	762,018	-	5,884	(14,466)	(23,132)	1,160,663	744,770
Segment assets	13,968,902	8,712,820	5,161	95,121	(2,502,058)	(1,908,551)	11,472,005	6,899,390

* See discontinued operations – note 6.