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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 30 June 2008, and the related interim consolidated condensed statements of income, changes in equity and cash flows (the consolidated interim financial information) for the six month period then ended. Management is responsible for the preparation and presentation of the consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on the 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 six month period ended 30 June 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

# Dubai Investments PJSC and its subsidiaries

## Interim consolidated condensed income statement period ended 30 June 2008 (unaudited)

|                                                          |      | Three month period ended<br>30 June |                 | Six month period ended<br>30 June |                 |
|----------------------------------------------------------|------|-------------------------------------|-----------------|-----------------------------------|-----------------|
|                                                          | Note | 2008<br>AED 000                     | 2007<br>AED 000 | 2008<br>AED 000                   | 2007<br>AED 000 |
| Contract and other revenue                               |      | <b>483,451</b>                      | 479,854         | <b>886,314</b>                    | 739,815         |
| Sale of properties                                       | 8    | <b>776,520</b>                      | 201,960         | <b>991,614</b>                    | 238,023         |
| Gain on sale of investment property                      |      | -                                   | -               | -                                 | 33,815          |
| Property income                                          |      | <b>135,778</b>                      | 95,657          | <b>311,173</b>                    | 183,342         |
| Interest income                                          |      | <b>6,312</b>                        | 5,911           | <b>21,536</b>                     | 12,307          |
| Dividend income                                          |      | <b>11,897</b>                       | 3,167           | <b>16,243</b>                     | 4,658           |
| Profit on sale of investments                            |      | <b>53,981</b>                       | 1,151           | <b>79,258</b>                     | 1,151           |
| Gain on fair valuation of investment properties          | 9    | <b>131</b>                          | 126,307         | <b>342,041</b>                    | 415,145         |
| Fair valuation gain/(loss) on investments                |      | <b>17,392</b>                       | 67,826          | <b>(11,793)</b>                   | 81,023          |
| Other income                                             |      | <b>15,775</b>                       | 37,129          | <b>25,515</b>                     | 48,569          |
| <b>Total income</b>                                      |      | <b>1,501,237</b>                    | 1,018,962       | <b>2,661,901</b>                  | 1,757,848       |
| Direct operating costs                                   | 4    | <b>(821,025)</b>                    | (544,626)       | <b>(1,314,503)</b>                | (772,139)       |
| Administrative and general expenses                      | 5    | <b>(89,215)</b>                     | (91,848)        | <b>(230,514)</b>                  | (150,757)       |
| Finance expenses                                         |      | <b>(37,860)</b>                     | (22,954)        | <b>(72,572)</b>                   | (40,375)        |
| <b>Total expenses</b>                                    |      | <b>(948,100)</b>                    | (659,428)       | <b>(1,617,589)</b>                | (963,271)       |
| <b>Profit for the period from continuing operations</b>  |      | <b>553,137</b>                      | 359,534         | <b>1,044,312</b>                  | 794,577         |
| <i>Discontinued operation</i>                            |      |                                     |                 |                                   |                 |
| <b>Profit for the period from discontinued operation</b> | 6    | -                                   | 8,147           | -                                 | 11,867          |
| <b>Profit for the period</b>                             |      | <b>553,137</b>                      | 367,681         | <b>1,044,312</b>                  | 806,444         |
| <b>Attributable to:</b>                                  |      |                                     |                 |                                   |                 |
| Equity holders of the Company                            |      | <b>546,525</b>                      | 363,835         | <b>1,034,808</b>                  | 803,128         |
| Minority interest                                        |      | <b>6,612</b>                        | 3,846           | <b>9,504</b>                      | 3,316           |
|                                                          |      | <b>553,137</b>                      | 367,681         | <b>1,044,312</b>                  | 806,444         |
| <b>Earnings per share</b>                                |      |                                     |                 |                                   |                 |
| Basic earnings per share                                 | 14   | <b>0.17</b>                         | 0.12            | <b>0.32</b>                       | 0.27            |
| <i>Continuing operations</i>                             |      |                                     |                 |                                   |                 |
| Basic earnings per share                                 | 14   | <b>0.17</b>                         | 0.12            | <b>0.32</b>                       | 0.27            |

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 30 June 2008 (unaudited)

|                                                             |       | 30 June<br>2008<br>AED 000<br>(Unaudited) | 31 December<br>2007<br>AED 000<br>(Audited) | 30 June<br>2007<br>AED 000<br>(Unaudited) |
|-------------------------------------------------------------|-------|-------------------------------------------|---------------------------------------------|-------------------------------------------|
|                                                             | Note  |                                           |                                             |                                           |
| <b>Assets</b>                                               |       |                                           |                                             |                                           |
| <b>Non-current assets</b>                                   |       |                                           |                                             |                                           |
| Property, plant and equipment and biological assets         | 7     | 2,026,393                                 | 1,491,334                                   | 1,184,654                                 |
| Intangible assets including goodwill                        |       | 158,419                                   | 158,812                                     | 132,812                                   |
| Investment properties                                       | 9     | 2,320,682                                 | 1,891,531                                   | 2,007,311                                 |
| Development properties                                      | 10    | 480,115                                   | 342,778                                     | 318,790                                   |
| Investments in associates                                   |       | 11,703                                    | 12,676                                      | 9,395                                     |
| Long term rent receivable (net)                             |       | 109,842                                   | 184,846                                     | 155,892                                   |
| Long term finance lease receivable                          |       | 33,073                                    | 38,723                                      | 51,922                                    |
| Due from related parties and other receivables              |       | 245,949                                   | 97,661                                      | 37,466                                    |
| Investment at fair value through income statement           |       | -                                         | -                                           | 12,454                                    |
| <b>Total non-current assets</b>                             |       | <b>5,386,176</b>                          | <b>4,218,361</b>                            | <b>3,910,696</b>                          |
| <b>Current assets</b>                                       |       |                                           |                                             |                                           |
| Inventories                                                 | 12    | 2,901,957                                 | 2,172,192                                   | 413,101                                   |
| Investments at fair value through income statement          | 11    | 951,584                                   | 930,636                                     | 997,662                                   |
| Available for sale investments                              | 11    | 871,534                                   | 709,209                                     | 523,661                                   |
| Trade, related parties and other receivables                | 13    | 1,573,531                                 | 1,497,606                                   | 989,083                                   |
| Cash at bank and in hand                                    |       | 1,104,179                                 | 716,411                                     | 647,006                                   |
| <b>Total current assets</b>                                 |       | <b>7,402,785</b>                          | <b>6,026,054</b>                            | <b>3,570,513</b>                          |
| <b>Total assets</b>                                         |       | <b>12,788,961</b>                         | <b>10,244,415</b>                           | <b>7,481,209</b>                          |
| <b>Equity</b>                                               |       |                                           |                                             |                                           |
| Share capital                                               | 16&17 | 3,245,814                                 | 2,170,740                                   | 2,170,740                                 |
| 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                                          |       | 64,859                                    | 115,840                                     | 72,464                                    |
| Proposed dividend                                           | 16    | -                                         | 217,074                                     | -                                         |
| Proposed directors' fees                                    |       | -                                         | 9,000                                       | -                                         |
| Retained earnings                                           |       | 2,683,163                                 | 1,648,355                                   | 1,371,557                                 |
| <b>Equity attributable to equity holders of the Company</b> |       | <b>6,792,948</b>                          | <b>4,960,121</b>                            | <b>4,187,176</b>                          |
| <b>Minority interest</b>                                    |       | <b>361,057</b>                            | <b>359,571</b>                              | <b>172,682</b>                            |
| <b>Total equity</b>                                         |       | <b>7,154,005</b>                          | <b>5,319,692</b>                            | <b>4,359,858</b>                          |
| <b>Liabilities</b>                                          |       |                                           |                                             |                                           |
| Long-term bank borrowings/payables                          | 15    | 2,426,262                                 | 1,500,818                                   | 1,161,076                                 |
| <b>Total non-current liabilities</b>                        |       | <b>2,426,262</b>                          | <b>1,500,818</b>                            | <b>1,161,076</b>                          |
| Bank borrowings                                             | 15    | 1,617,888                                 | 1,642,699                                   | 1,002,924                                 |
| Trade, related parties and other payables                   |       | 1,590,806                                 | 1,781,206                                   | 957,351                                   |
| <b>Total current liabilities</b>                            |       | <b>3,208,694</b>                          | <b>3,423,905</b>                            | <b>1,960,275</b>                          |
| <b>Total liabilities</b>                                    |       | <b>5,634,956</b>                          | <b>4,924,723</b>                            | <b>3,121,351</b>                          |
| <b>Total equity and liabilities</b>                         |       | <b>12,788,961</b>                         | <b>10,244,415</b>                           | <b>7,481,209</b>                          |

The interim consolidated condensed financial information was authorized for issue on behalf of the Board of Directors on **30<sup>th</sup> July 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

for the period ended 30 June 2008 (unaudited)

|                                                                                                                      | 30 June 2008<br>AED 000 | 30 June 2007<br>AED 000 |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Operating activities</b>                                                                                          |                         |                         |
| Profit for the period before minority interest                                                                       | 1,044,312               | 806,444                 |
| <i>Adjustments for:</i>                                                                                              |                         |                         |
| Depreciation                                                                                                         | 41,352                  | 34,126                  |
| Amortization/impairment losses of intangible assets (net)                                                            | 1,145                   | 864                     |
| Loss on disposal/write-off of property, plant & equipment                                                            | 422                     | 1,461                   |
| Profit on sale of investments                                                                                        | (79,258)                | (1,151)                 |
| Gain on fair valuation of investment properties                                                                      | (342,041)               | (415,145)               |
| Gain on sale of investment property                                                                                  | -                       | (33,815)                |
| Share of loss/(gain) from investment in associates                                                                   | 973                     | (500)                   |
| Loss/(gain) on fair valuation of held for trading and available for sale investments                                 | 11,793                  | (81,023)                |
|                                                                                                                      | -----                   | -----                   |
| <i>Operating profit before changes in working capital</i>                                                            | <b>678,698</b>          | 311,261                 |
| Net investment in held for trading and available for sale investments                                                | (166,789)               | (146,447)               |
| Change in long-term receivables (net)                                                                                | (67,634)                | (12,827)                |
| Change in trade, related parties and other receivables                                                               | (75,925)                | (350,971)               |
| Change in inventories                                                                                                | (729,765)               | (11,827)                |
| Change in trade, related parties and other payables                                                                  | (190,400)               | 47,084                  |
| Directors fee paid                                                                                                   | (9,000)                 | (6,000)                 |
|                                                                                                                      | -----                   | -----                   |
| <i>Net cash used in operating activities</i>                                                                         | <b>(560,815)</b>        | (169,727)               |
|                                                                                                                      | -----                   | -----                   |
| <b>Investing activities</b>                                                                                          |                         |                         |
| Net movement in investment and development property                                                                  | (224,447)               | (232,838)               |
| Proceeds from sale of investment property                                                                            | -                       | 276,019                 |
| Purchase consideration paid for acquisition of interest/additional investment in subsidiaries (net of cash acquired) | -                       | (52,346)                |
| Additions to intangible assets                                                                                       | (752)                   | (5,823)                 |
| Acquisition of property, plant and equipment                                                                         | (578,584)               | (249,767)               |
| Proceeds from disposal of property, plant and equipment                                                              | 1,751                   | 102                     |
| Investment in associates                                                                                             | -                       | (2,950)                 |
| Net movement in deposits under lien                                                                                  | (8,100)                 | -                       |
|                                                                                                                      | -----                   | -----                   |
| <i>Net cash used in investing activities</i>                                                                         | <b>(810,132)</b>        | (267,603)               |
|                                                                                                                      | -----                   | -----                   |
| <b>Financing activities</b>                                                                                          |                         |                         |
| Proceeds from rights issue                                                                                           | 858,000                 | -                       |
| Net movement in long term bank borrowings and other payables                                                         | 991,655                 | 269,547                 |
| Net movement in minority interest                                                                                    | (8,018)                 | 41,237                  |
| Dividend paid                                                                                                        | -                       | (296,010)               |
|                                                                                                                      | -----                   | -----                   |
| <i>Net cash from financing activities</i>                                                                            | <b>1,841,637</b>        | 14,774                  |
|                                                                                                                      | -----                   | -----                   |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>                                                         | <b>470,690</b>          | (422,556)               |
| Cash and cash equivalents at the beginning of the period                                                             | (632,399)               | 180,204                 |
|                                                                                                                      | -----                   | -----                   |
| Cash and cash equivalents at the end of the period                                                                   | <b>(161,709)</b>        | (242,352)               |
|                                                                                                                      | -----                   | -----                   |
| <i>Cash and cash equivalents comprise of the following:</i>                                                          |                         |                         |
| Current and short term deposits with banks (excluding under lien)                                                    | 1,048,179               | 517,606                 |
| Bank overdraft                                                                                                       | (1,209,888)             | (759,958)               |
|                                                                                                                      | -----                   | -----                   |
|                                                                                                                      | <b>(161,709)</b>        | (242,352)               |
|                                                                                                                      | =====                   | =====                   |

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

for the period ended 30 June 2008 (unaudited)

|                                                                         | -----Attributable to the equity holders of the Company----- |                  |                  |                    |                    |                    |                             |                          |                      |                                |                      | AED 000          |                      |                  |
|-------------------------------------------------------------------------|-------------------------------------------------------------|------------------|------------------|--------------------|--------------------|--------------------|-----------------------------|--------------------------|----------------------|--------------------------------|----------------------|------------------|----------------------|------------------|
|                                                                         | Share<br>capital                                            | Share<br>premium | Legal<br>reserve | Capital<br>reserve | Treasury<br>shares | General<br>reserve | Reval-<br>uation<br>reserve | Fair<br>value<br>reserve | Proposed<br>dividend | Proposed<br>directors'<br>fees | Retained<br>earnings | Sub total        | Minority<br>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        |
| <b>Changes in equity</b>                                                |                                                             |                  |                  |                    |                    |                    |                             |                          |                      |                                |                      |                  |                      |                  |
| Fair value adjustment on available for sale investments                 | -                                                           | -                | -                | -                  | -                  | -                  | -                           | 10,032                   | -                    | -                              | -                    | 10,032           | -                    | 10,032           |
| Fair value adjustment on interest free loan from a minority shareholder | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | -                    | -                | 49,114               | 49,114           |
|                                                                         | ----                                                        | ----             | ----             | ----               | ----               | ----               | ----                        | -----                    | -----                | -----                          | -----                | -----            | -----                | -----            |
| Net income recognized directly in equity                                | -                                                           | -                | -                | -                  | -                  | -                  | -                           | 10,032                   | -                    | -                              | -                    | 10,032           | 49,114               | 59,146           |
| Profit for the period                                                   | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | 803,128              | 803,128          | 3,316                | 806,444          |
|                                                                         | ----                                                        | ----             | ----             | ----               | ----               | ----               | ----                        | -----                    | -----                | -----                          | -----                | -----            | -----                | -----            |
| <b>Total recognized income and expense</b>                              | -                                                           | -                | -                | -                  | -                  | -                  | -                           | 10,032                   | -                    | -                              | 803,128              | 813,160          | 52,430               | 865,590          |
| Introduction of share capital in a subsidiary                           | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | -                    | -                | 3,005                | 3,005            |
| Bonus shares issued                                                     | 197,340                                                     | -                | -                | -                  | -                  | -                  | -                           | -                        | (197,340)            | -                              | -                    | -                | -                    | -                |
| Dividend paid                                                           | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | (296,010)            | -                              | -                    | (296,010)        | (10,881)             | (306,891)        |
| Acquisition of minority interest                                        | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | -                    | -                | (34,120)             | (34,120)         |
| Directors' fees paid                                                    | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | (6,000)                        | -                    | (6,000)          | -                    | (6,000)          |
|                                                                         | -----                                                       | ----             | -----            | -----              | -----              | -----              | -----                       | -----                    | -----                | -----                          | -----                | -----            | -----                | -----            |
| <b>At 30 June 2007</b>                                                  | <b>2,170,740</b>                                            | <b>46</b>        | <b>218,437</b>   | <b>26,327</b>      | <b>(26,327)</b>    | <b>286,932</b>     | <b>67,000</b>               | <b>72,464</b>            | <b>-</b>             | <b>-</b>                       | <b>1,371,557</b>     | <b>4,187,176</b> | <b>172,682</b>       | <b>4,359,858</b> |
|                                                                         | =====                                                       | ==               | =====            | =====              | =====              | =====              | =====                       | =====                    | ==                   | =====                          | =====                | =====            | =====                | =====            |
| <b>At 1 January 2008</b>                                                | 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        |
| <b>Changes in equity</b>                                                |                                                             |                  |                  |                    |                    |                    |                             |                          |                      |                                |                      |                  |                      |                  |
| Fair value adjustment on available for sale investments                 | -                                                           | -                | -                | -                  | -                  | -                  | -                           | (50,981)                 | -                    | -                              | -                    | (50,981)         | -                    | (50,981)         |
|                                                                         | ----                                                        | ----             | ----             | ----               | ----               | ----               | ----                        | -----                    | -----                | -----                          | -----                | -----            | -----                | -----            |
| Net income recognized directly in equity                                | -                                                           | -                | -                | -                  | -                  | -                  | -                           | (50,981)                 | -                    | -                              | -                    | (50,981)         | -                    | (50,981)         |
| Profit for the period                                                   | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | 1,034,808            | 1,034,808        | 9,504                | 1,044,312        |
|                                                                         | ----                                                        | ----             | ----             | ----               | ----               | ----               | ----                        | -----                    | -----                | -----                          | -----                | -----            | -----                | -----            |
| <b>Total recognized income and expense</b>                              | -                                                           | -                | -                | -                  | -                  | -                  | -                           | (50,981)                 | -                    | -                              | 1,034,808            | 983,827          | 9,504                | 993,331          |
| Introduction of share capital in a subsidiary                           | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | -                    | -                | 147                  | 147              |
| Issue of right shares                                                   | 858,000                                                     | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | -                    | 858,000          | -                    | 858,000          |
| Bonus shares issued                                                     | 217,074                                                     | -                | -                | -                  | -                  | -                  | -                           | -                        | (217,074)            | -                              | -                    | -                | -                    | -                |
| Dividend paid                                                           | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | -                              | -                    | -                | (8,165)              | (8,165)          |
| Directors' fees paid                                                    | -                                                           | -                | -                | -                  | -                  | -                  | -                           | -                        | -                    | (9,000)                        | -                    | (9,000)          | -                    | (9,000)          |
|                                                                         | -----                                                       | ----             | -----            | -----              | ----               | -----              | -----                       | -----                    | -----                | -----                          | -----                | -----            | -----                | -----            |
| <b>At 30 June 2008</b>                                                  | <b>3,245,814</b>                                            | <b>46</b>        | <b>311,179</b>   | <b>25,502</b>      | <b>-</b>           | <b>395,385</b>     | <b>67,000</b>               | <b>64,859</b>            | <b>-</b>             | <b>-</b>                       | <b>2,683,163</b>     | <b>6,792,948</b> | <b>361,057</b>       | <b>7,154,005</b> |
|                                                                         | =====                                                       | ==               | =====            | =====              | ==                 | =====              | =====                       | =====                    | ==                   | =====                          | =====                | =====            | =====                | =====            |

No allocation of profit has been made to the statutory reserve for the six month period ended 30 June 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 six month period ended 30 June 2008 (unaudited)*

### **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 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 six month period ended 30 June 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 six month period ended 30 June 2008 (unaudited)

## 4. Direct operating costs

|                       | Three month period ended<br>30 June |         | Six month period ended<br>30 June |         |
|-----------------------|-------------------------------------|---------|-----------------------------------|---------|
|                       | 2008                                | 2007    | 2008                              | 2007    |
|                       | AED 000                             | AED 000 | AED 000                           | AED 000 |
| <i>These include:</i> |                                     |         |                                   |         |
| Staff costs           | 32,622                              | 27,124  | 62,675                            | 47,057  |
| Depreciation          | 15,790                              | 14,182  | 29,707                            | 23,275  |
|                       | =====                               | =====   | =====                             | =====   |

## 5. Administrative and general expenses

|                       | Three month period ended<br>30 June |         | Six month period ended<br>30 June |         |
|-----------------------|-------------------------------------|---------|-----------------------------------|---------|
|                       | 2008                                | 2007    | 2008                              | 2007    |
|                       | AED 000                             | AED 000 | AED 000                           | AED 000 |
| <i>These include:</i> |                                     |         |                                   |         |
| Staff costs           | 51,735                              | 30,994  | 93,999                            | 55,685  |
| Depreciation          | 5,790                               | 6,295   | 11,645                            | 10,851  |
|                       | =====                               | =====   | =====                             | =====   |

## 6. Discontinued operation

During the previous year, the management of a joint venture entity decided 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 30 June 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 30 June 2008, the joint venture had assets of AED 5.1 million and liabilities of AED 0.5 million.

### Results of discontinued operation

|                          | Three month period ended<br>30 June |         | Six month period ended<br>30 June |         |
|--------------------------|-------------------------------------|---------|-----------------------------------|---------|
|                          | 2008                                | 2007    | 2008                              | 2007    |
|                          | AED 000                             | AED 000 | AED 000                           | AED 000 |
| Revenue                  |                                     | 10,459  | -                                 | 16,343  |
| Expenses                 | -                                   | (2,312) | -                                 | (4,476) |
|                          | -----                               | -----   | -----                             | -----   |
| Profit for the period    | -                                   | 8,147   | -                                 | 11,867  |
|                          | =====                               | =====   | =====                             | =====   |
| Basic earnings per share | -                                   | 0.003   | -                                 | 0.004   |
|                          | =====                               | =====   | =====                             | =====   |

### Cash flows from discontinued operation:

|                                                     | Six month period ended<br>30 June |          |
|-----------------------------------------------------|-----------------------------------|----------|
|                                                     | 2008                              | 2007     |
|                                                     | AED 000                           | AED 000  |
| Net cash flow generated from operating activities   | -                                 | 15,053   |
| Net cash flow used in financing activities          | -                                 | (13,407) |
|                                                     | -----                             | -----    |
| Net cash flow generated from discontinued operation | -                                 | 1,646    |
|                                                     | =====                             | =====    |

# Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)  
for the six month period ended 30 June 2008 (unaudited)

## 7. Property, plant and equipment

### Additions and disposals

During the six month period ended 30 June 2008, the Group acquired assets amounting to AED 586 million (*six month period ended 30 June 2007: AED 367 million including assets acquired through business combinations*).

## 8. Sale of properties

During the current period, the Group recorded revenue of AED 992 million on sale of various plots of land and buildings in Jebel Ali, Al Barsha, Dubai Investment Park (DIP), Mirdiff and Al Rafaa area.

## 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 current 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 30 June 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).



# Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)  
for the six month period ended 30 June 2008 (unaudited)

## 11. Investments

|                                                                                | 30 June<br>2008<br>AED 000<br>(Unaudited) | 31 December<br>2007<br>AED 000<br>(Audited) | 30 June<br>2007<br>AED 000<br>(Unaudited) |
|--------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|-------------------------------------------|
| Investments designated as fair value through income statement (FVP) – current: |                                           |                                             |                                           |
| - held for trading quoted equity securities                                    | 445,596                                   | 415,137                                     | 444,658                                   |
| - quoted funds                                                                 | 472,587                                   | 482,124                                     | 451,324                                   |
| - bonds                                                                        | 33,401                                    | 33,375                                      | 101,680                                   |
|                                                                                | -----                                     | -----                                       | -----                                     |
|                                                                                | 951,584                                   | 930,636                                     | 997,662                                   |
|                                                                                | =====                                     | =====                                       | =====                                     |
| Investments designated as available for sale (AFS):                            |                                           |                                             |                                           |
| - quoted/unquoted equity securities                                            | 871,534                                   | 709,209                                     | 523,661                                   |
|                                                                                | =====                                     | =====                                       | =====                                     |

## 12. Inventories

Inventories at 30 June 2008 includes properties held for sale amounting to AED 1,134 million (31 December 2007: AED 1,498 million) and properties under development for sale amounting to AED 1,543 million (31 December 2007: AED 379 million) in the ordinary course of business. Furthermore, included in properties under development for sale is the Group's proportionate share of land acquired by a joint venture entity, which has been recorded based on provisional valuation of AED 890 million by the joint venture.

## 13. Related party transactions

Significant related party transactions during the period were as follows:

*Compensation to key management personnel including Directors:*

|                                                | Three months period ended<br>30 June |                 | Six months period ended<br>30 June |                 |
|------------------------------------------------|--------------------------------------|-----------------|------------------------------------|-----------------|
|                                                | 2008<br>AED 000                      | 2007<br>AED 000 | 2008<br>AED 000                    | 2007<br>AED 000 |
| Short term benefits                            | 1,399                                | 1,140           | 3,096                              | 2,182           |
| Provision towards employees' terminal benefits | 21                                   | 36              | 42                                 | 57              |
|                                                | =====                                | =====           | =====                              | =====           |

## 14. Basic earnings per share

|                                                                      | Three months period ended<br>30 June |               | Six months period ended<br>30 June |               |
|----------------------------------------------------------------------|--------------------------------------|---------------|------------------------------------|---------------|
|                                                                      | 2008                                 | 2007          | 2008                               | 2007          |
| Net profit attributable to shareholders of the Company (AED 000)     | 546,525                              | 363,835       | 1,034,808                          | 803,128       |
| Weighted average number of shares outstanding (refer note 16 and 17) | 3,232,843,886                        | 2,978,272,457 | 3,232,843,886                      | 2,978,272,457 |
|                                                                      | =====                                | =====         | =====                              | =====         |

For the computation of basic earnings per share from continuing operations, profit for the period from discontinued operations is reduced from the profit attributable to equity holders of the Company.

# Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)  
for the six month period ended 30 June 2008 (*unaudited*)

## 15. Bank borrowings

The terms of the bank borrowings vary from seven to sixteen years and are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee, the Company's liability is mostly restricted to its percentage of equity interest in the borrowing entity and amounts to AED 2,651 million as at 30 June 2008 (*30 June 2007: AED 1,373 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 the previously proposed cash dividend of 10% 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).

## 17. Right issue

During the Extraordinary General Meeting (EGM) held on 13 November 2005, it was resolved to issue right shares in the ratio of 2:1 (2 shares for every 1 held) at par. The Company has issued such right shares in two installments; first installment of 858 million shares of AED 1 each was issued and subscribed in the year 2006 and the right issue of the remaining 858 million shares was made in the current period. Weighted average number of shares outstanding has been adjusted to include the right shares issued during the current period (refer note 14).

## 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 2,651 million as at 30 June 2008 (*31 December 2007: AED 965 million*).

## 19. Capital commitments

As at 30 June 2008, the Group has contractual capital commitments amounting to AED 2.3 billion (*31 December 2007: 2.2 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 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 Co. LLC. The additional interest was acquired by way of conversion of a loan into share capital.

# Dubai Investments PJSC and its subsidiaries

Notes to the interim consolidated condensed financial information (*continued*)  
for the six month period ended 30 June 2008 (*unaudited*)

## 20. Investment in subsidiaries, joint ventures and change of interest in existing subsidiaries (*continued*)

- (iv) The Company has formed Gaussin Middle East LLC, a subsidiary for the purpose of manufacture of motor vehicles, trailers and semi-trailers and to engage in related activities incidental thereto.
- (v) The Group has formed Techsource LLC, a wholly owned subsidiary, for the purposes of data centre co-location and hosted services, IT management including software, enterprise resource planning, security solution and related services.

## 21. Subsequent event

The Company has initiated a private placement to divest up to 40% of its shareholding in its wholly owned subsidiary, M'Sharie LLC, and expects to complete the transaction during the third quarter of the current financial year.

## 22. Segment reporting

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

*Business segments:*

The Group comprises the following main business segments:

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

For analysis of segments see page 12.

|                                                        | Manufacturing |           | FMCG    |         | Transportation |             | Investments |           | Property  |           | Adjustments |             | Total      |           |
|--------------------------------------------------------|---------------|-----------|---------|---------|----------------|-------------|-------------|-----------|-----------|-----------|-------------|-------------|------------|-----------|
|                                                        | 2008          | 2007      | 2008    | 2007    | 2008           | 2007        | 2008        | 2007      | 2008      | 2007      | 2008        | 2007        | 2008       | 2007      |
| <b>Business Segments</b>                               |               |           |         |         |                |             |             |           |           |           |             |             |            |           |
| Sales (including sale of properties)                   | 804,068       | 707,764   | 82,246  | 44,213  | -              | -           | -           | -         | 991,614   | 238,023   |             | (12,162)    | 1,877,928  | 977,838   |
| Charter revenue                                        | -             | -         | -       | -       | -              | 16,147      | -           | -         | -         | -         | -           | -           | -          | 16,147    |
| Sales of investment property                           | -             | -         | -       | -       | -              | -           | -           | -         | -         | 33,815    | -           | -           | -          | 33,815    |
| Interest, dividend and other income                    | 13,872        | 11,991    | 34      | 1,023   | -              | 196         | 99,454      | 265,109   | 24,221    | 17,522    | (6,822)     | (147,937)   | 130,759    | 147,904   |
| Property income                                        | 2,480         | -         | -       | -       | -              | -           | 3727        | 4,137     | 322,797   | 201,909   | (17,831)    | (22,704)    | 311,173    | 183,342   |
| Gain/(loss) on fair valuation of investment properties | -             | -         | -       | -       | -              | -           | -           | -         | 342,041   | 415,145   | -           | -           | 342,041    | 415,145   |
| Total revenue                                          | 820,420       | 719,755   | 82,280  | 45,236  | -              | 16,343      | 103,181     | 269,246   | 1,680,673 | 906,414   | (24,653)    | (182,803)   | 2,661,901  | 1,774,191 |
| Segment Result                                         | 63,739        | 30,936    | 5,066   | 3,015   | -              | 13,417      | 32,469      | 252,435   | 1,022,573 | 699,342   | (6,962)     | (150,776)   | 1,116,885  | 848,369   |
| Finance expenses                                       |               |           |         |         |                |             |             |           |           |           |             |             | (72,573)   | (41,925)  |
| Minority interests                                     |               |           |         |         |                |             |             |           |           |           |             |             | (9,504)    | (3,316)   |
| Net profit/(loss) for the year                         | 32,777        | 8,717     | 4,368   | 1,556   | -              | 11,867      | 19,958      | 249,660   | 991,114   | 684,203   | (13,409)    | (152,875)   | 1,034,808  | 803,128   |
| Assets                                                 | 3,363,476     | 2,307,303 | 134,327 | 134,016 | 5,161          | 93,605      | 4,930,841   | 3,552,296 | 6,806,393 | 3,493,803 | (2,451,237) | (2,099,814) | 12,788,961 | 7,481,209 |
| Liabilities                                            | 2,412,029     | 1,613,382 | 102,502 | 109,811 | 503            | 46,170      | 349,092     | 328,962   | 3,342,191 | 1,495,098 | (571,361)   | (472,072)   | 5,634,956  | 3,121,351 |
| <b>Geographical Segments</b>                           |               |           |         |         |                |             |             |           |           |           |             |             |            |           |
|                                                        | UAE           |           | Others  |         | Adjustments    |             | Total       |           |           |           |             |             |            |           |
|                                                        | 2008          | 2007      | 2008    | 2007    | 2008           | 2007        | 2008        | 2007      |           |           |             |             |            |           |
| Revenue from external customers                        | 2,686,553     | 1,940,651 | -       | 16,343  | (24,652)       | (182,803)   | 2,661,901   | 1,774,191 |           |           |             |             |            |           |
| Segment assets                                         | 15,235,037    | 9,487,418 | 5,161   | 93,605  | (2,451,237)    | (2,099,814) | 12,788,961  | 7,481,209 |           |           |             |             |            |           |

# Dubai Investments PJSC and its subsidiaries

Interim financial information

*30 June 2008*

# Dubai Investments PJSC and its subsidiaries

## Interim consolidated condensed financial information

30 June 2008

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