

Dubai Investments PJSC
and its subsidiaries

Consolidated financial statements
31 December 2008

Dubai Investments PJSC and its subsidiaries

Consolidated financial statements

31 December 2008

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Directors' Report

The Board of Directors ("the Board") of Dubai Investments PJSC ("The Company") are pleased to present their report with the audited financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2008.

Financial Results:

The Group has reported a profit of AED 1,583 million for the year ended 31 December 2008 as compared to AED 1,507 million in the previous year, representing a growth of 5%.

The total assets of the Group have grown to AED 14.24 billion as of 31 December 2008 from AED 10.24 billion in the previous year, representing a growth of 39%.

The Directors also propose the following appropriations:

	<u>AED '000</u>
a) Transfer to Legal Reserve	41,220
b) Transfer to General Reserve	41,220
c) Proposed issue of bonus shares	324,581
d) Directors fees	9,000

Proposed Dividend:

The Directors propose a issue of bonus shares in the ratio of 1:10 (1 share for every 10 shares held) on the share capital existing at 31 December 2008.

Rights Issue:

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

Outlook 2009:

The Group faces a challenging 2009 due to the current financial crisis in the global markets, which has a major impact on the real estate sector in the UAE. Whilst the downturn would cause a general slowdown in growth, the Group is well placed to take advantage of opportunities that would arise in future due to its comfortable liquidity position.

Directors' Report (continued)

The focus will be to continue expansion in the manufacturing and trading sectors and enter into other geographical areas. Access to new regions would enable rapid development of current businesses and result in optimum utilization of resources and value addition to shareholders.

Directors

The Board of Directors comprises:

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

Auditors:

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2008. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

Acknowledgements:

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

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

On behalf of the Board



Anis Abdulla Al Jallaf
Chairman

Dated: 22 March 2009



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Independent auditors' report

The Shareholders
Dubai Investments PJSC

Report on the financial statements

We have audited the accompanying consolidated financial statements of Dubai Investments PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

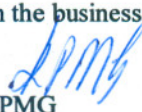
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2008, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company, and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2008, which may have had a material adverse effect on the business of the Company or its financial position.


KPMG

Date: 22 March 2009
Vijendra Nath Malhotra
Registration No: 48 B

Dubai Investments PJSC and its subsidiaries

Consolidated income statement for the year ended 31 December 2008

	Note	2008 AED'000	2007 AED'000
Sales		1,042,601	970,377
Contract revenue		874,177	595,697
Sale of properties		830,323	585,091
Sale of development properties		278,553	70,110
Rental income		551,897	426,247
Gain on fair valuation of investment properties	15	812,902	432,273
Gain on sale of investment properties		-	118,112
(Loss)/gain on fair valuation of investments		(369,978)	149,789
Gain on sale of investments	8	319,337	57,493
Dividend income		18,080	4,764
Total income		4,357,892	3,409,953
Direct operating costs	9	(2,204,967)	(1,737,909)
Selling and administrative expenses	10	(606,259)	(333,929)
Finance expenses	11	(148,031)	(145,709)
Finance income	11	44,295	41,644
Share of (loss)/profit from associates	18	(116)	980
Other income	12	172,948	269,984
Profit for the year from continuing operations		1,615,762	1,505,014
<i>Discontinued operations</i>			
Profit for the year from discontinued operations	7	-	87,484
Profit for the year		1,615,762	1,592,498
Attributable to			
Equity holders of the Company		1,583,180	1,507,195
Minority interest		32,582	85,303
Profit for the year		1,615,762	1,592,498
Earnings per share			
Basic earnings per share (AED)	34	0.50	0.51
<i>Continuing operations *</i>			
Basic earnings per share (AED)	34	0.50	0.48

* See discontinued operation – note 7

The notes set out on pages 9 to 51 form part of these consolidated financial statements.

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

Dubai Investments PJSC and its subsidiaries

Consolidated balance sheet

at 31 December 2008

	Note	2008 AED'000	2007 AED'000
Assets			
Property, plant and equipment and biological assets	13	2,355,714	1,491,334
Intangible assets	14	196,456	158,812
Investment properties	15	2,879,458	1,891,531
Properties under development for sale	21	2,263,739	-
Development properties	16	347,862	342,778
Investments in associates	18	9,760	12,676
Long term rent receivable (net)	19	174,570	184,846
Long term finance lease receivable	20	24,392	38,723
Due from related parties and other receivables	23	80,455	97,661
Total non-current assets		8,332,406	4,218,361
Inventories	21	1,217,330	2,172,192
Investments at fair value through income statement	17	662,337	930,636
Available for sale investments	17	953,806	709,209
Trade receivables	22	995,275	1,052,978
Due from related parties and other receivables	23	681,146	444,628
Cash at bank and in hand	24	1,395,016	716,411
Total current assets		5,904,910	6,026,054
Total assets		14,237,316	10,244,415
Equity			
Share capital	28	3,245,814	2,170,740
Share premium	28	46	46
Legal reserve	30	415,344	311,179
Capital reserve	29	25,502	25,502
General reserve	30	557,138	395,385
Revaluation reserve	31	67,000	67,000
Fair value reserve	32	(21,672)	115,840
Proposed dividend	28	324,581	217,074
Proposed directors' fees	33	9,000	9,000
Retained earnings		2,632,036	1,648,355
Equity attributable to equity holders of the Company		7,254,789	4,960,121
Minority interest		690,153	359,571
Total equity		7,944,942	5,319,692
Liabilities			
Long-term borrowings/ payables	25	2,600,172	1,500,818
Total non-current liabilities		2,600,172	1,500,818
Bank borrowings	26	1,607,786	1,642,699
Trade and other payables	27	2,084,416	1,781,206
Total current liabilities		3,692,202	3,423,905
Total liabilities		6,292,374	4,924,723
Total equity and liabilities		14,237,316	10,244,415

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 22 March 2009.

The notes set out on pages 9 to 51 form part of these consolidated financial statements.


Anis Al Jallaf
Chairman


Ali Hassan Al Hassan
Director


Khalid Jassim Kalban
MD & CEO

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 December 2008

	2008 AED'000	2007 AED'000
Operating activities		
Profit before minority interest	1,615,762	1,592,498
Adjustments for:		
Depreciation	85,872	77,330
Impairment loss on property, plant and equipment	31,836	-
Amortization / impairment losses of intangible assets (net)	2,420	2,038
Gain on disposal/write-off of property, plant and equipment (including assets of discontinued operations)	(733)	(79,549)
Gain on disposal of a subsidiary	-	(3,959)
Gain on dilution of stake in a subsidiary	(234,738)	-
Gain on fair valuation of investment properties	(812,902)	(432,273)
Share of loss/ (profit) from investment in associates	116	(980)
Write off of investment in an associate	2,800	-
Loss/(gain) on fair valuation of investments	369,978	(149,789)
Negative goodwill on acquisition of a joint venture	-	(13,707)
Government grant (refer note 12)	-	(175,000)
<i>Operating profit before changes in working capital</i>	1,060,411	816,609
Net investment in held for trading and available for sale investments	(483,788)	(140,524)
Change in trade, related parties and other receivables	(48,976)	(814,796)
Change in inventories	976,132	(1,777,944)
Change in trade and other payables	255,985	752,529
<i>Net cash generated from/(used in) operating activities</i>	1,759,764	(1,164,126)
Investing activities		
Purchase consideration paid for acquisition (net of cash acquired) (refer note 39)	(52,143)	(150,546)
Net movement in investment & development property	(2,443,849)	317,042
Net additions to intangible assets	(4,902)	(1,557)
Net acquisitions of property, plant and equipment	(978,615)	(580,669)
Investment in associates	-	(5,750)
Sale of treasury shares	-	25,502
Proceeds from dilution of stake in a subsidiary	404,471	-
Proceeds from disposal of property, plant and equipment	8,833	157,411
Net movement in deposits under lien	12,860	81,500
<i>Net cash used in investing activities</i>	(3,053,345)	(157,067)
Financing activities		
Net movement in long term bank borrowings and other payables	1,227,459	1,031,078
Issue of rights shares	858,000	-
Dividend paid	-	(296,010)
Director fees paid	(9,000)	(6,000)
Net movement in minority interest	102,510	131,121
<i>Net cash from financing activities</i>	2,178,969	860,189
Net increase/(decrease) in cash and cash equivalents	885,388	(461,004)
Cash and cash equivalents at the beginning of the year	(280,800)	180,204
Cash and cash equivalents at the end of the year	604,588	(280,800)
<i>Cash and cash equivalents comprise the following:</i>		
Current and call account with banks	172,317	254,611
Short term deposits with banks	1,187,659	413,900
Bank overdrafts	(755,388)	(949,311)
	604,588	(280,800)

The notes set out on pages 9 to 51 form part of these consolidated financial statements.

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December 2008

	-----Attributable to the equity holders of the Company-----											AED'000		
	Share capital	Share premium	Legal reserve	Capital reserve	Treasury shares	General reserve	Reval- uation reserve	Fair value reserve	Proposed dividend/ bonus	Proposed directors' fees	Retained earnings	Sub total	Minority interest	Total
At 1 January 2007	1,973,400	46	218,437	26,327	(26,327)	286,932	67,000	62,432	493,350	6,000	568,429	3,676,026	162,248	3,838,274
Changes in equity														
Net change in fair value of available for sale investments	-	-	-	-	-	-	-	53,408	-	-	-	53,408	-	53,408
Fair value adjustment on interest free loan from a minority shareholder (refer note 40)	-	-	-	-	-	-	-	-	-	-	-	-	42,861	42,861
Net income recognized directly in equity	-	-	-	-	-	-	-	53,408	-	-	-	53,408	42,861	96,269
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,507,195	1,507,195	85,303	1,592,498
Total recognized income and expense	-	-	-	-	-	-	-	53,408	-	-	1,507,195	1,560,603	128,164	1,688,767
Capital introduced	-	-	-	-	-	-	-	-	-	-	-	-	103,005	103,005
Bonus shares issued	197,340	-	-	-	-	-	-	-	(197,340)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(296,010)	-	-	(296,010)	(14,550)	(310,560)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(6,000)	-	(6000)	-	(6,000)
Proposed directors' fees	-	-	-	-	-	-	-	-	-	9,000	(9,000)	-	-	-
Treasury shares sold (refer note 29)	-	-	-	-	25,502	-	-	-	-	-	-	25,502	-	25,502
Loss on sale of treasury shares transferred to capital reserve	-	-	-	(825)	825	-	-	-	-	-	-	-	-	-
Transfer to reserve	-	-	92,742	-	-	108,453	-	-	-	-	(201,195)	-	-	-
Proposed dividend (refer note 28)	-	-	-	-	-	-	-	-	217,074	-	(217,074)	-	-	-
On business acquisition	-	-	-	-	-	-	-	-	-	-	-	-	(19,879)	(19,879)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	778	778
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	(195)	(195)
At 31 December 2007	2,170,740	46	311,179	25,502	-	395,385	67,000	115,840	217,074	9,000	1,648,355	4,960,121	359,571	5,319,692

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December 2008

	-----Attributable to the equity holders of the Company-----											AED'000		
	Share capital	Share premium	Legal reserve	Capital reserve	Treasury shares	General reserve	Reval- uation reserve	Fair value reserve	Proposed dividend/ bonus	Proposed directors' fees	Retained earnings	Sub total	Minority interest	Total
At 1 January 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														
Transfer to income statement on disposal of available for sale investments	-	-	-	-	-	-	-	(53,248)	-	-	-	(53,248)	-	(53,248)
Net change in fair value of available for sale investments	-	-	-	-	-	-	-	(84,264)	-	-	-	(84,264)	-	(84,264)
	----	----	----	----	----	----	----	-----	-----	----	-----	-----	-----	-----
Net income recognized directly in equity	-	-	-	-	-	-	-	(137,512)	-	-	-	(137,512)	-	(137,512)
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,583,180	1,583,180	32,582	1,615,762
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Total recognized income and expense	-	-	-	-	-	-	-	(137,512)	-	-	1,583,180	1,445,668	32,582	1,478,250
Capital introduced	-	-	-	-	-	-	-	-	-	-	-	-	115,434	115,434
Bonus shares issued	217,074	-	-	-	-	-	-	-	(217,074)	-	-	-	-	-
Issue of right shares	858,000	-	-	-	-	-	-	-	-	-	-	858,000	-	858,000
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(9,150)	(9,150)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(9,000)	-	(9,000)	-	(9,000)
Proposed directors' fees	-	-	-	-	-	-	-	-	-	9,000	(9,000)	-	-	-
Transfer to reserve	-	-	104,165	-	-	161,753	-	-	-	-	(265,918)	-	-	-
Proposed issue of bonus shares (refer note 28)	-	-	-	-	-	-	-	-	324,581	-	(324,581)	-	-	-
On business combinations	-	-	-	-	-	-	-	-	-	-	-	-	21,983	21,983
On dilution of stake in a subsidiary (refer note 8)	-	-	-	-	-	-	-	-	-	-	-	-	169,733	169,733
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At 31 December 2008	3,245,814	46	415,344	25,502	-	557,138	67,000	(21,672)	324,581	9,000	2,632,036	7,254,789	690,153	7,944,942
	=====	==	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

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

The notes set out on pages 9 to 51 form part of these consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Notes

(forming part of the consolidated financial statements)

1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. The consolidated financial statements for the year ended 31 December 2008 comprise the financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities.

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

At 31 December 2008 the Company had approximately 21,092 shareholders (2007: 20,868).

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

2. Basis of preparation

Statement of compliance

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

Basis of measurement

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

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

The methods used to measure fair values are discussed in note 3 and 4.

Functional and presentation currency

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

Use of estimates and judgements

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

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

In the current environment obtaining reliable fair value has been one of the greatest challenges. The nature and reliability of information available to management to support the making of a fair value accounting estimate vary widely, and thereby affect the degree of estimation uncertainty associated with that fair value.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in note 41.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently across the Group entities.

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

Basis of consolidation

Subsidiaries

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

Associates

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

Jointly controlled entities

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

Transactions eliminated on consolidation

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Revenue

Goods and properties sold

Revenue from sale of goods and properties is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of the revenue can be measured reliably.

Services rendered

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

Sale of development properties

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

Contract revenue

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

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

Rental income

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

Dividend income

Dividend income is recognized in the income statement when the right to receive the dividend has been established and is normally the date that the dividend is declared.

Government grant

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

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

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Finance income and expense

Finance income comprises interest income on funds invested, unwinding of the discount factor on the financial assets measured at amortized cost and gain on derivative financial instruments. Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

Finance expenses comprise interest expenses on borrowings, unwinding of the discount factor on financial liabilities measured at amortized cost and losses on derivative financial instruments. Interest is payable on current facilities from banks and overdrafts and term loans obtained from banks at normal commercial rates. Borrowing costs are recognized as expense in the income statement in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed. Capitalization of borrowing costs is suspended during extended period in which the active development of a qualifying asset has ceased.

Property, plant and equipment and biological assets

Recognition and measurement

Except for land, which is carried at a revalued amount, the Group's property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

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

Depreciation

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

Assets	Life (years)
Buildings and roads	3-30
Vessel, plant and equipment	2-22
Office equipment and furniture	3-10
Motor vehicles	3-7

Biological assets

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

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

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Leased assets

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

Intangible assets

Goodwill

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

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

Subsequent measurement

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

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

Other intangible assets

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

Investment properties

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

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

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

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Investment properties (continued)

Property that is being constructed for future use as investment property is accounted for as development property until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognized in the income statement.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognized in the income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in the revaluation reserve directly in equity. Any loss is recognized in the revaluation reserve directly in equity to the extent that an amount is included in equity relating to the specific property, with any remaining loss recognized immediately in the income statement.

Development properties

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

Inventories

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

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

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

Properties held for sale

Properties held for sale are stated at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the properties and bringing them to their existing condition. Net realizable value is estimated by the management based on prevailing market conditions.

Properties under development for sale

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

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less foreseeable losses and progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads in the Group's contract activities based on normal operating capacity. Contract work-in-progress is presented as part of other receivables in the balance sheet. In case where progress billings exceed the value of work done, the excess is presented as part of other payables.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments at fair value through income statement, available for sale investment, finance lease receivables, trade receivables, due from related parties and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

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

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

Investments at fair value through income statement

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

Available-for-sale financial assets

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

Others

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

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. At the reporting date, derivatives are marked to market and changes therein are recognized in the income statement.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to functional currency (“AED”) at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to AED at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the income statement, except for differences arising on the retranslation of available for sale equity instruments, which are recognized directly in equity.

Foreign operations

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

Provisions

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Impairment

Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss of an available for sale financial asset is calculated by reference to its fair value (also refer note 41).

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

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Staff terminal benefits

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

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

Operating lease payments

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

Non-current assets held for sale and discontinued operations

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

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

New standards and interpretations in issue but not yet effective

Certain new standards, amendments to standards and interpretations are in issue but not yet effective for the year ended 31 December 2008, and therefore have not been applied in preparing these consolidated financial statements and those with particular relevance to the Group are:

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

New standards and interpretations in issue but not yet effective (continued)

- The revised IAS 23 - *Borrowing Costs* will become mandatory for the Group's 2009 financial statements. The revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Accordingly, the adoption of the revised IAS 23 is not expected to have a material impact on the consolidated financial statements.
- Revised IAS 1 - *Presentation of Financial statements* (2007) introduces the term total comprehensive income, which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have an impact on the presentation of the consolidated financial statements.
- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the income statement. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are expected to have a significant impact on the consolidated financial statements for transactions involving change in ownership structure without losing control. The amendments will be applied prospectively and therefore will have no impact on prior periods in the Group's 2010 consolidated financial statements.
- Revised IFRS 3 *Business Combinations* (2008), incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognized in the income statement.
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in the income statement.
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3 *Business Combinations* (2008), which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability or in note 41.

Property, plant and equipment

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

Investment property

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

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

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Investments in bonds, fund and equity securities

The fair value of financial assets at fair value through income statement and available for sale financial assets are determined by reference to their quoted bid price at the reporting date.

Trade and other receivables

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

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's Internal Audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties, investments in bonds and funds and cash at bank.

Trade and other receivables

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

The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk.

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Credit risk (continued)

Investments

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

Cash at bank

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

Due from related parties

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

Guarantees

The Group policy is to provide financial guarantees to its subsidiaries and joint ventures in proportion to its holding (refer note 36).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group currently has the following credit limits which have not been fully utilized:

- short term bank facilities totalling to AED 671 million on which interest is payable at normal commercial rates.
- long term bank facilities totalling to AED 354 million on which interest is payable at normal commercial rates.

Market risk

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

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

Currency risk

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

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

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

Interest rate risk

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

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

The Group adopts a policy of ensuring that a significant portion of its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into interest rate swaps. The Group has hedged its exposure to certain floating rate long term loans by entering into structured interest rate swaps with banks. The swaps mature over the next 2 to 5 years following the pattern of the maturity of the related loans.

Although the swap is undertaken to hedge the exposure on interest rate on the floating rate loan, the Group has not opted to use hedge accounting. Had the hedge accounting been used, the effective portion of the hedge would have been taken through equity. The net fair value of the interest rate swap at 31 December 2008 was a liability of AED 29.2 million (2007: liability of AED 13.3 million). The changes in fair valuation are recognized in the income statement.

Furthermore, the Group's short-term deposits are at a fixed interest rate and mature within three months. The long-term loans attract varying rates of interest, which are, in general, varied with reference to the base lending rates of the banks at regular intervals.

Other market price risk

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Capital management

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

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

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

6. Segment reporting

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

7. Discontinued operation

During the 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.

Results of discontinued operation (the Group's share)

	2008 AED'000	2007 AED'000
Revenue	-	20,129
Expenses	-	(11,202)
	-----	-----
Profit from operating activities	-	8,927
Gain on sale of fixed asset	-	78,557
	-----	-----
Profit for the year	-	87,484
	===	=====
Basic earnings per share	-	0.03
	===	===

Dubai Investments PJSC and its subsidiaries

Notes (continued)

7. Discontinued operation (continued)

	2008 AED'000	2007 AED'000
Cash flows generated from/(used in) discontinued operation:		
Net cash flow generated from operating activities	-	24,070
Net cash flow generated from investing activities	-	146,448
Net cash flow used in financing activities	-	(170,222)
	-----	-----
Net cash flow generated from discontinued operation	-	296
	=====	=====

8. Gain on sale of investments

Gain on sale of investments include an amount of AED 235 million, representing profit on dilution of 40% stake in its wholly owned subsidiary, viz., M'Sharie LLC (refer note 17).

9. Direct operating costs

	2008 AED'000	2007 AED'000
These include:		
Staff costs	137,953	102,290
Depreciation	54,702	52,740
	=====	=====

10. Selling and administrative expenses

	2008 AED'000	2007 AED'000
These include:		
Staff costs	197,379	151,648
Impairment loss (refer note 13)	31,836	-
Depreciation	31,170	24,590
	=====	=====

11. Finance income and expenses

	2008 AED'000	2007 AED'000
Interest income	37,994	41,644
Unwinding of discount on financial assets measured at amortized cost	6,300	-
	-----	-----
Finance income	44,295	41,644
	=====	=====
Interest expense	(113,894)	(126,983)
Unwinding of discount on financial liabilities measured at amortized cost	(13,795)	-
Net foreign exchange loss	(4,414)	(2,101)
Net change in fair value of derivative financial instruments	(15,928)	(16,625)
	-----	-----
Finance expenses	(148,031)	(145,709)
	=====	=====
Net finance expenses recognized in the income statement	(103,736)	(104,065)
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

12. Other income

- (a) Other income includes an amount of AED 41 million received by a subsidiary on sale of lease rights of certain properties in Dubai Investments Park.
- (b) In the previous year, the Group received an unconditional government grant in the form of a land in Fujairah from the Government of Fujairah, UAE. The Group had obtained a fair valuation of the land from a third party expert valuation company, which provided a valuation of AED 175 million. Based on the valuation received, the Group recognized government grant income of AED 175 million within other income and recorded the granted land at that value (refer note 15).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

13. Property, plant and equipment and biological assets

	Land buildings and roads AED'000	Biological assets AED'000	Vessel plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
Cost/Valuation							
Balance at 1 January 2007	259,935	15,948	496,981	35,938	23,135	427,054	1,258,991
Additions	57,417	4,737	54,381	8,987	6,105	449,042	580,669
Disposals, write-offs and transfers	52,179	(1,882)	131,193	(234)	(2,037)	(323,469)	(144,250)
Acquisition through business combination	53,534	-	58,690	2,218	7,970	1,828	124,240
Disposal of investment in a subsidiary	(4,384)	-	(3,395)	(216)	(303)	-	(8,298)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2007	418,681	18,803	737,850	46,693	34,870	554,455	1,811,352
	-----	-----	-----	-----	-----	-----	-----
Balance at 1 January 2008	418,681	18,803	737,850	46,693	34,870	554,455	1,811,352
Additions	130,904	3,931	22,618	15,264	12,175	793,723	978,615
Disposals, write-offs and transfers	17,344	(2,645)	50,419	(2,218)	(2,345)	(79,258)	(18,703)
Acquisition through business combination	1,740	-	20,081	1,603	1,550	-	24,974
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2008	568,669	20,089	830,968	61,342	46,250	1,268,920	2,796,238
	-----	-----	-----	-----	-----	-----	-----
Accumulated depreciation and impairment losses							
At 1 January 2007	47,965	4,284	196,967	26,177	13,044	-	288,437
Charge for the year	15,433	880	51,821	4,811	4,385	-	77,330
On disposals & write-offs	(4)	-	(64,851)	(255)	(1,278)	-	(66,388)
On acquisition through business combination	5,107	-	9,956	1,529	5,011	-	21,603
On disposal of investment in a subsidiary	(495)	-	(249)	(96)	(124)	-	(964)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2007	68,006	5,164	193,644	32,166	21,038	-	320,018
	-----	-----	-----	-----	-----	-----	-----
At 1 January 2008	68,006	5,164	193,644	32,166	21,038	-	320,018
Charge for the year	28,692	813	42,112	7,719	6,536	-	85,872
Impairment loss	-	-	31,836	-	-	-	31,836
On disposals & write-offs	(618)	-	(6,095)	(2,126)	(1,764)	-	(10,603)
On acquisition through business combination	270	-	11,335	953	843	-	13,401
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2008	96,350	5,977	272,832	38,712	26,653	-	440,524
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31 December 2008	472,319	14,112	558,136	22,630	19,597	1,268,920	2,355,714
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2007	350,675	13,639	544,206	14,527	13,832	554,455	1,491,334
	=====	=====	=====	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

13. Property, plant and equipment (continued)

- (i) The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at nominal value by the Group. In 1999, 2003 and 2005 both these plots of land were valued on an open market basis by a professional firm of independent property valuers. As the market value of these two plots of land was higher than the carrying value as at that date, a revaluation surplus arose which had been credited to a non-distributable revaluation reserve (refer note 31).
- (ii) Capital work in progress mainly represents cost incurred by a subsidiary in setting up its manufacturing facilities and costs incurred by a joint venture towards certain key district cooling projects that are outstanding at the year end. Also included is the net borrowing cost amounting to AED 14.8 million (2007: AED 7.6 million) capitalized as a part of the cost of the qualifying assets.
- (iii) In accordance with IAS 41 - *Agriculture*, the Group is required to fair value its biological assets and produce therefrom. According to management it is not possible to fair value its biological assets and therefore, biological assets are measured at cost, less accumulated depreciation and impairment losses (if any).
- (iv) In accordance with the Group policy, all assets were tested for impairment. During the year, a subsidiary of the Group has ceased commercial operations and the Group recognized an impairment loss of AED 31.8 million over its assets based on its assessment of recoverable amount i.e. higher of its value in use and the net selling price.
- (v) Buildings, plant and machinery with a net book value of AED 527 million (2007: AED 895 million) are mortgaged as security against term loans obtained from banks (refer note 25). In certain instances, the insurance over buildings and plant and machinery is also assigned in favor of the banks against facilities availed.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Intangible assets

AED'000s

	Goodwill	Other intangible assets	Technical know-how, product distribution rights, patent and trade mark	Total
Cost				
Balance at 1 January 2007	103,209	2,451	21,967	127,627
Additions	49,646	-	1,557	51,203
	-----	-----	-----	-----
Balance at 31 December 2007	152,855	2,451	23,524	178,830
	-----	-----	-----	-----
Balance at 1 January 2008	152,855	2,451	23,524	178,830
Additions (refer note 39)	35,162	253	4,649	40,064
	-----	-----	-----	-----
Balance at 31 December 2008	188,017	2,704	28,173	218,894
	-----	-----	-----	-----
Accumulated amortization/impairment losses				
Balance at 1 January 2007	(11,121)	(2,186)	(4,673)	(17,980)
Amortization	-	(218)	(1,820)	(2,038)
	-----	-----	-----	-----
Balance at 31 December 2007	(11,121)	(2,404)	(6,493)	(20,018)
	-----	-----	-----	-----
Balance at 1 January 2008	(11,121)	(2,404)	(6,493)	(20,018)
Amortization	-	(51)	(2,369)	(2,420)
	-----	-----	-----	-----
Balance at 31 December 2008	(11,121)	(2,455)	(8,862)	(22,438)
	-----	-----	-----	-----
31 December 2008 (carrying amount)	176,896	249	19,311	196,456
	=====	===	=====	=====
31 December 2007 (carrying amount)	141,734	47	17,031	158,812
	=====	===	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investment properties

	2008 AED'000	2007 AED'000
At 1 January	1,891,531	1,744,995
Additions	43,489	176,335
Transferred from development properties (refer note 16)	135,170	38,594
Gain on fair valuation	812,902	432,273
Acquisition through business combinations	-	23,757
Transferred to inventories	-	(139,129)
Investment property sold	(3,634)	(385,294)
	-----	-----
At 31 December	2,879,458	1,891,531
	=====	=====

- (a) Investment properties, which mainly comprise infrastructure facilities, are leased to third parties. These are built on the land (number 598-0100 and 596-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable 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 net profits from the project are payable.

The leased land from the Government of Dubai is developed in phases. The development of area 2, 3 and 4 of Phase V was completed during the current year. Areas 5 and 6 of Phase V were merged in area 4. The development of the entire Phase VI is in progress as of the year end (refer note 16). During the year, the Group has obtained fair values for all completed phases/areas based on valuation carried by an independent registered valuer who carried out the valuation in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors which also takes into consideration the cash outflows resulting from the estimated 20% share of the net profits due to the Government of Dubai starting February 2009. The cash flows from existing phases have increased mainly due to increase in leased area after certain modifications made to the phases and increase in lease rentals per terms of contract with tenants and receipt of significant lease rentals in advance from few tenants.

Since, valuation of all completed phases/areas by independent registered valuer is based on future cash flows, the amount of rent accrued on the straight line basis as per IAS 17 has been eliminated in order to avoid double counting of assets. Similarly, the unearned rent received in advance at the valuation date has been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the consolidated financial statements is as follows:

	2008 AED'000	2007 AED'000
Fair valuation of completed investment properties as per independent registered valuation reports	1,879,709	1,337,466
Less: adjustment for rent receivable	(229,057)	(197,048)
Add: adjustment for unearned rent *	910,688	407,088
	-----	-----
	2,561,340	1,547,506
	=====	=====

* Unearned rent has increased due to receipt of lease rentals in advance from few tenants.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investment properties (continued)

- (b) Included in investment properties are residential units leased out under short term operating leases, a shopping mall and executive apartments of the joint venture entity, Properties Investment LLC ("PI").

For the residential property units, the operating lease agreements give the tenants an option to buy the property at an "option price". The fair value of such property units have accordingly been restricted to the "option price" committed to the tenants.

The fair value of the shopping mall and the executive apartments is determined by an external, independent valuation company. In the current year, the Group has recognized its proportionate share of the fair valuation gain amounting to AED 11 million (2007: AED Nil).

- (c) Also, included in investment properties is a plot of land in Al Ghusais, which was gifted to the Company by the Government of Dubai. The Company constructed an office cum residential building in 2001 on the gifted land and this has been fully let out. The Company has fair valued this property in 2008 and a loss of AED 5 million (2007: gain of AED 12 million) was recognized on account of the change in fair valuation of this property. This investment property is mortgaged to a bank against facilities availed. Also, the fire insurance policy and rentals from the property are assigned in favor of the bank.

- (d) Included in investment properties is a plot of land received by a subsidiary as grant from the Government of Fujairah in the previous year (refer note 12).

16. Development properties

	2008 AED'000	2007 AED'000
At 1 January	342,778	175,326
Additions	378,661	206,959
Transferred to investment properties (refer note 15)	(135,170)	(38,594)
Transferred to inventories	-	(913)
Cost of properties sold	(238,407)	-
	-----	-----
At 31 December	347,862	342,778
	=====	=====

Development properties as of 31 December 2008 mainly comprise costs incurred by a joint venture entity towards construction of Green Community West in Dubai Investment Park. It also includes cost incurred by a subsidiary for the development of the Phase VI at Dubai Investment Park (refer note 15).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

17. Investments

	2008 AED'000	2007 AED'000
Investments at fair value through income statement:		
- held for trading quoted equity securities	309,829	415,137
- designated as fair value through income statement:		
quoted funds	352,508	482,124
quoted bonds	-	33,375
	-----	-----
	662,337	930,636
	=====	=====
Investments designated as available for sale:		
- equity securities and unquoted funds	953,806	709,209
	=====	=====
	2008 AED'000	2007 AED'000
Geographical distribution of investments:		
UAE	631,840	812,619
Other GCC countries	500,187	423,939
Other countries	484,116	403,287
	-----	-----
	1,616,143	1,639,845
	=====	=====

Sensitivity analysis – equity price risk

The Group's investment in quoted equity securities are listed on the Dubai Financial Market (DFM), Nasdaq Dubai, Abu Dhabi Securities Market (ADSM), Saudi Stock Exchange (Tadawul) and Khartoum Stock Exchange (Sudan). For such investments classified as investments at fair value through income statement, a 10 % increase in any of these stock exchanges at the reporting date would have increased profit by AED 24.1 million (2007: AED 40.4 million); an equal change in the opposite direction would have decreased profit by AED 24.1 million (2007: AED 40.4 million). For such investments classified as available for sale investments, the impact on equity would have been increase or decrease of AED 9.9 million (2007: AED 31.3 million). The analysis is performed on the same basis for 2007.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

17. Investments (continued)

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

The major investments under this category are:

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

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

First Energy Bank (unquoted equity security):

During the year, the Group acquired 5% shareholding in First Energy Bank, which is a newly formed Sharia'a compliant bank based in the Kingdom of Bahrain focused on investment, financing and service needs of the energy sector.

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

Sipchem is a Saudi Joint Stock Company established in 1999 and is listed on Tadawul. Sipchem manufactures methanol and related products.

Islamic Bank of Asia (unquoted equity security):

The Group holds 5% shareholding in Islamic Bank of Asia, Singapore. The bank started its commercial operations in May 2007.

Energy City Navi Mumbai Investment Company (unquoted equity security):

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

Sudanese French Bank (quoted equity security):

The Group holds investment in Sudanese French Bank which is listed on Khartoum Stock Exchange, in Sudan.

Takaful Re Limited (unquoted equity security):

The Group holds a 10% interest in Takaful Re Limited, an Islamic Re-insurance Company promoted by ARIG.

Tunisia Bay Investment Company (unquoted equity security):

During the year, the Group invested in Tunis Bay Investment Company, registered in Cayman Islands. The company is established for development of a financial harbour in Tunis Bay, comprising of commercial, residential, tourism, medical, educational and leisure components.

Managed funds and structured products:

The Company has invested in various funds and structured products. Some of the major ones are Investcorp Balanced Fund of Investcorp Bank, Global Property Fund of Sarasin Bank, Total Return Alternative Investment of Standard Chartered Bank, Societe General Balance Fund and Arcapita Asian Yielding - Singapore.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

17. Investments (continued)

(b) Investments in subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2008:

Subsidiaries:	Incorporated in	Ownership %
Dubai Investments Park Development Co. LLC	UAE	100
Dubai Investment Real Estate Company	UAE	100
Dubai Investment Capital Venture LLC (refer note (i) below)	UAE	100
Al Taif Investment Company LLC	UAE	60
Dubai Investments Industries LLC	UAE	100
Glass LLC	UAE	100
M'Sharie LLC (refer note (ii) below)	UAE	60
Gulf Venture Capital Limited	JERSEY	100

The following are the investments in subsidiaries held by Dubai Investments Industries LLC as of 31 December 2008:

Emirates Building Systems Company LLC	UAE	100
Globalpharma Company LLC (refer note 39 (i))	UAE	100
The Edible Oil Company (Dubai) LLC	UAE	54
Marmum Dairy Farm LLC	UAE	100
United Sales Partners LLC	UAE	100
Dubai Cranes and Technical Services LLC	UAE	80
Emirates Extruded Polystyrene LLC	UAE	51
Guassin Middle East LLC (refer note (iii) below)	UAE	51
Techsource LLC (refer note (iv) below)	UAE	100

The following are the investments in subsidiaries held by Glass LLC as of 31 December 2008:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC	UAE	54
Saudi American Glass LLC	UAE	100

The following are the investments in subsidiaries held by M'Sharie LLC as of 31 December 2008:

Emirates Extrusion Factory LLC	UAE	100
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Syscom Emirates LLC	UAE	100
Emirates Thermostone Factory LLC	UAE	100
Folcra Beach Constructions LLC	UAE	80
Gulf Dynamic Services LLC	UAE	70
Labtech Interiors LLC	UAE	70
Technological Laboratory Furniture - Manufacturers (Labtech) LLC	UAE	70
Metrofile Middle East LLC (refer note (v) below)	UAE	55
National Insulated Blocks Industry (Insulite) LLC	UAE	52
Stromek Emirates Foundation LLC	UAE	51
International Rubber Company LLC	UAE	51
White Aluminum Extrusion LLC	UAE	51
Anchor Allied Factory Ltd LLC (also refer note 39 (i))	UAE	51
Inter-Chemi International Limited (also refer note 39 (i))	BVI	51

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

17. Investments *(continued)*

(b) Investments in subsidiaries *(continued)*

- (i) During the current year, the Company has formed Dubai Investment Capital Ventures LLC (“DICV”), a subsidiary to invest in the manufacturing industry.
- (ii) During the current year, the Company liquidated 40% stake in its wholly owned subsidiary, M’Sharie LLC. Consequent to liquidation, the Group’s interest in M’Sharie LLC has reduced to 60% (refer note 8).
- (iii) During the current year, the Group 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.
- (iv) During the current year, the Group has formed Techsource LLC, a wholly owned subsidiary, for the purpose of data centre co-location and hosted services, IT management including software, enterprise resource planning, security solution and related services.
- (v) Subsequent to the balance sheet date, the Group sold its entire interest in Metrofile Middle East LLC, a subsidiary to a third party.

17. (c) Investment in joint ventures

The following are the investment in joint ventures held by the Group as at 31 December 2008:

Properties Investment LLC

Properties Investment LLC is a joint venture between the Company and Union Properties PJSC. The principal activities of the entity are property investment, development, sale and related activities.

EMIROLL LLC

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

Al Mujamma Real Estate Company LLC

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

Emirates District Cooling LLC (Emicool)

The principal activity of this entity is to distribute and sell chilled water for use in district cooling systems. Emicool is a joint venture between the Group and Union Properties PJSC.

QDI Sport Management Company LLC (QDI)

QDI is a joint venture between the Group and Al Qudra Sports Management LLC of Abu Dhabi. The principal activities of the joint venture are to engage in sports clubs and facilities management and other sports related activities.

Al Arif Contracting Company LLC

This is a joint venture between the Group and Al Arif Investments LLC registered in the UAE. The principal activities of this entity are piling and foundation contracting, building contracting, general maintenance, plumbing and sanitary contracting, electrical fitting contracting and real estate agency. The Group effectively owns 30% equity of this entity.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

17. Investments (continued)

17. (c) Investment in joint ventures (continued)

Dubai International Driving Center LLC

This is a limited liability company registered in the UAE, the principal activities of the entity are to impart, train, teach driving skills and to provide services of auto general repairing, vehicle maintenance and related services. The Group effectively owns 30% equity of this entity.

Ajman Oasis LLC

During the year, the Group jointly with the Aqaar Properties LLC (fully owned Government of Ajman entity) has incorporated Ajman Oasis LLC for development, financing, construction and completion of an integrated real estate project in the Emirate of Ajman. This project will comprise 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 entity and a joint venture of the Group. The land for this project has been allocated by Aqaar Properties and valued at AED 1 billion by the Lands Department of the Government of Ajman. The Joint venture partner Aqaar Properties has provided the Group with an undertaking that to bear any diminution in the value of the aforementioned land below the agreed value of AED 1 billion.

18. Investments in associates

The following are the significant associates of the Group:

Lite-Tech Industries LLC

This is a limited liability company registered in the UAE, the principal activities of which are manufacturing and installation of light fixtures and fittings. The Group effectively owns 18% equity of this entity.

Al Taweeq Investment LLC

This is a limited liability company registered in the Kingdom of Saudi Arabia. The entity is expected to start its operations in 2009. The Company has 30% interest in this entity.

19. Long term rent receivable (net)

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

20. Finance lease receivable

The Group has the following interest in finance leases:

	2008 AED'000	2007 AED'000
Gross investment	44,074	63,766
Unearned finance income	(13,924)	(20,631)
Net investment	30,150	43,135
Less: current portion (refer note 23)	(5,758)	(4,412)
Non current portion	24,392	38,723

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2008 AED'000	Interest 2008 AED'000	Principal 2008 AED'000	Minimum lease payments 2007 AED'000	Interest 2007 AED'000	Principal 2007 AED'000
Less than one year	7,496	1,738	5,758	7,819	3,407	4,412
Between one and five years	16,856	6,374	10,482	25,507	10,290	15,217
More than five years	19,722	5,812	13,910	30,440	6,934	23,506
	44,074	13,924	30,150	63,766	20,631	43,135

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

21. Inventories

	2008 AED'000	2007 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	318,970	253,118
Finished goods	37,183	22,579
Goods in transit	10,879	19,682
Properties held for sale	391,060	1,497,752
Properties under development for sale	2,722,977	379,061
	3,481,069	2,172,192
Less: properties under development for sale classified as non-current	(2,263,739)	-
	1,217,330	2,172,192

Dubai Investments PJSC and its subsidiaries

Notes (continued)

21. Inventories (continued)

Properties under development for sale represent costs of land and expenditure incurred towards the development of properties for subsequent sale. These properties mainly include Ritaj, Mirdiff Hills, Maritime City, Maidan, Jumeira Village, Ajman Oasis and Al Raffa projects of the Group. The Group intends to develop these properties for sale and has classified certain properties as long term based on completion/future development plans.

Properties held for sale represents ready to sell properties which will be sold in the existing state, mainly comprise labor camps, warehouses and plots of land. A joint venture's property amounting to AED 59.9 million included in properties held for sale is hypothecated against the long term loan taken from a bank.

Inventories amounting to AED 236 million (2007: AED 165.3 million) are mortgaged against facilities obtained from a bank. In certain instances, the insurance over inventories is also assigned in favor of banks (refer notes 25 and 26).

22. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 23.4 million (2007: AED 17.6 million).

Trade receivables amounting to AED 45.5 million are assigned against the facilities availed from banks as at 31 December 2008 (2007: AED 50.9 million) (refer notes 25 and 26).

23. Due from related parties and other receivables

	2008 AED'000	2007 AED'000
<i>Long-term dues from related parties and other receivables</i>		
Capital advance	71,206	78,525
Other long term assets	9,249	19,136
	-----	-----
	80,455	97,661
	=====	=====
<i>Short-term dues from related parties and other receivables</i>		
Due from related parties	5,667	8,257
Current portion of net investment in finance leases (refer note 20)	5,758	4,412
Others (refer note (a) below)	669,721	431,959
	-----	-----
	681,146	444,628
	=====	=====

- (a) This mainly includes contract work in progress amounting to AED 153 million (2007: AED 66.8 million) and advances paid to suppliers amounting to AED 157 million (2007: AED 321 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

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

Related party transactions:

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

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

	2008 AED'000	2007 AED'000
Sales	22,241 =====	15,500 =====

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

	2008 AED'000	2007 AED'000
Short-term benefits (including proposed Directors' fees)	20,597	16,057
Post-employment benefits	84 =====	117 =====

24. Cash at bank and in hand

	2008 AED'000	2007 AED'000
Cash in hand	1,246	789
Cash at bank within UAE (current accounts)	155,457	229,839
Cash at bank outside UAE – GCC Countries (current accounts)	15,614	23,983
Short term deposits (including deposits of AED 35.04 million (2007: AED 47.9 million) under lien with a bank)	1,222,699	461,800
	----- 1,395,016 =====	----- 716,411 =====

There were no short term deposits outside UAE as at 31 December 2008 (2007: AED Nil).

25. Long-term borrowings/payables

	2008 AED'000	2007 AED'000
Long term bank borrowings	1,359,534	967,393
Unearned rent – investment properties on 90 year lease (note below)	767,679	377,658
Others	472,959	155,767
	----- 2,600,172 =====	----- 1,500,818 =====

The Group has leased investment properties to certain parties for a period of 90 years. Under the terms of the lease, the lessee is required to make the payment towards the lease over a period of one to five years. The balance as of the year-end represent the amounts received from the customers net of revenue recognized from the lease of these investment properties over the lease term in accordance with IAS 17 *Leases*.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

25. Long-term borrowings/payables (continued)

The terms of the bank borrowings vary from three to ten years and are secured by a combination of corporate guarantees and mortgages over certain inventories, trade receivables, property, plant and equipment and investment properties, assignment of insurance policies over assets of the Group. 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 3,142 million as at 31 December 2008 (2007: AED 2,176 million). Also refer notes 13, 15, 21, 22, 26 and 36.

26. Bank borrowings

	2008 AED'000	2007 AED'000
Bank overdraft, trust receipt loans and bills discounted	755,388	949,311
Short term loans	573,056	351,599
Current portion of long term bank borrowings	279,342	341,789
	-----	-----
	1,607,786	1,642,699
	=====	=====

The bank borrowings are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee, the Company's liability is mostly restricted to its percentage of equity interest in the borrowing entity. Also refer notes 13, 15, 21, 22, 25 and 36.

27. Trade and other payables

	2008 AED'000	2007 AED'000
Trade payables	979,227	910,836
Other payables and accrued expenses	1,105,189	870,370
	-----	-----
	2,084,416	1,781,206
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

28. Share capital and share premium

	2008 AED'000	2007 AED'000
Issued and paid up:		
3,245.8 million shares of AED 1 each (2007: 2,170.7 million shares of AED 1 each)	3,245,814 =====	2,170,740 =====

For the year 2008, the Board of Directors have proposed to issue bonus shares in the ratio of 1:10 (1 share for every 10 shares held).

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.

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 year.

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

29. Capital reserve and treasury shares

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

30. Legal and general reserve

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

In addition, in accordance with the Articles of Association 10% of the net income of the Company is required to be transferred to a general reserve. However, as per the Articles of Association of the Company, the transfer may be discontinued upon a resolution passed at the Ordinary General Meeting if proposed by the Board of Directors.

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

31. Revaluation reserve

The Government of Dubai had gifted two plots of land in prior years, one to the Company and the other to a wholly owned subsidiary. These lands were valued on an open market basis by a professional firm of independent property valuers in the year 1999, 2003 and 2005. The aggregate surplus on revaluation amounting to AED 66 million was credited to a non-distributable revaluation reserve (refer note 13). No revaluation was carried out in the current year.

Furthermore, land owned by a wholly owned subsidiary was revalued in the year 2005 by a professional firm of independent property valuers and the valuation gain of AED 0.9 million was credited to the revaluation reserve. The total revaluation reserve attributable to this plot of land as of 31 December 2008 amounted to AED 1 million (2007: AED 1 million). No revaluation was carried out in the current year.

32. Fair value reserve

The fair value reserve as of 31 December 2008 comprises fair value loss arising from investments classified as available for sale.

33. Proposed directors' fees

Proposed directors' fees amounting to AED 9 million (2007: AED 9 million), represents remuneration for attendance at meetings and compensation for professional services rendered by the Directors.

34. Basic earnings per share

The calculation of basic earnings per share at 31 December 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2008	2007
Profit attributable to shareholders (AED 000)	1,583,180	1,507,195
Weighted average number of shares outstanding (000s)	3,151,991	2,978,272
	=====	=====

Weighted average number of shares outstanding has been retrospectively adjusted to include the affect of bonus shares issued during the current year (refer note 28). For earnings per share from continuing operations, net profit from discontinued operations is reduced from the net profit attributable to the shareholders.

35. Commitments

	2008	2007
	AED'000	AED'000
Capital commitments	1,825,679	2,195,622
	=====	=====

36. Contingent liabilities

The Company has issued corporate guarantees for loans and advances to related and third parties by commercial banks. These guarantees are limited to AED 3,142 million (2007: AED 2,176 million) (also refer notes 25 and 26).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

37. Lease rentals

Leases as lessor

The Group leases out its investment property under operating lease (refer note 15). The minimum lease payments receivable under non-cancelable leases are as follows:

	2008	2007
	AED'000	AED'000
Less than one year	689,163	345,189
Between one to five years	1,477,291	1,643,693
More than five years	2,360,373	1,045,149
	=====	=====

38. Interest in joint ventures

The Group has interest in several joint ventures (refer note 17 (c)).

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

	2008	2007
	AED'000	AED'000
Non-current assets	1,521,541	698,693
Current assets	424,837	357,342
Non-current liabilities	(762,558)	(216,156)
Current liabilities	(635,006)	(499,425)
	-----	-----
	548,814	340,454
	=====	=====
Income	556,897	265,526
Expenses	(462,755)	(121,294)
	-----	-----
	94,142	144,232
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Acquisition and disposal of subsidiaries

(i) Acquisitions during the year 2008

In 2008, the Group acquired investment in Anchor Allied Factory Limited and Inter – Chemi International Limited. The acquisition of subsidiaries have been accounted for using the purchase method (refer note 17 (b) for list of the subsidiaries).

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

% acquired	Anchor Allied Factory Limited 51%	Inter - chemi International Limited 51%	Total
	-----Recognised values on acquisition-----		
	AED'000	AED'000	AED'000
Non-current assets	1,902	9,671	11,573
Current assets	96,193	19,001	115,194
Non-current liabilities	(45,528)	(1,016)	(46,544)
Current liabilities	(33,803)	(1,556)	(35,359)
	-----	-----	-----
Net assets acquired	18,764	26,100	44,864
	=====	=====	=====
Purchase consideration (A)			58,043
Less: Group's share of net assets acquired			(22,881)

Goodwill on initial accounting			35,162
			=====
Cash acquired (B)			5,900

Net cash outflow (A) – (B)			52,143
			=====
Contribution to profit from the date of acquisition up to 31 December 2008			7,565
			=====

- Since the initial accounting of the above business combinations affected during the current year, has been determined only provisionally, the Group shall recognize any adjustments to the provisional values of identifiable assets and liabilities within 12 months from the acquisition date in accordance with IFRS 3 *Business Combinations*.
- If the acquisition had occurred on 1 January 2008, management estimates that the consolidated revenue would have been AED 4,554 million and consolidated profit for the year would have been AED 1,638 million.

The goodwill recognized on the acquisition of Anchor Allied Factory Limited and Inter Chemi International Limited is attributable mainly to the synergies expected to be achieved from integrating these businesses into the Group's existing business operations.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

39. Acquisition and disposal of subsidiaries *(continued)*

(ii) Acquisition of additional interest in subsidiaries

During the current year, the Group acquired an additional 22% stake in its existing subsidiary, Global Pharma Co. LLC ("Global Pharma"). Upon the acquisition of additional interest, Global Pharma is now a 100% subsidiary of the Group.

40. Minority interest

The shareholders of a subsidiary had provided an interest free long term loan which was measured at fair value. The fair valuation reserve (being the difference between the amount initially recognized and its fair value) amounting to AED 42.9 million was credited directly in equity. During the current year, this loan has been converted into equity and therefore fair valuation reserve has been adjusted against the capital contribution by the minority shareholders.

41. Accounting estimates and judgements

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

Valuation of investment properties

The Group fair values its investment properties. An external, independent valuation company having the appropriate recognized professional qualification values the properties regularly. Note 4 contains information about the valuation methodology considered by the valuation company.

Valuation of real estate inventories

The Group reviews its inventories to assess loss the net realizable value on a regular basis. A significant portion of the Group's inventories comprise property held for sale or for subsequent development for sale. The net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Where discounted cash flows have been used to estimate net realizable values, the cash flows have been estimated by the management based on the latest information available.

Impairment on available for sale investments

The Group determines available for sale investments to be impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is significant or prolonged requires judgment and is assessed for each investment separately.

Where fair values are not readily available and the investments are carried at cost, the recoverable amount of such investment is estimated based on available information like financial statements, industry/sector performance etc.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

41. Accounting estimates and judgements (continued)

Impairment of cash generating units

Cash generating unit includes the Group's investment in certain subsidiaries that generates cash flows that are largely independent from other assets and activities of the Group. For the purpose of assessment of recoverable amount of a cash generating unit, the Group makes best estimates of the fair values less costs to sell.

Impairment of intangibles and other assets

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

Furthermore, other intangibles such as patents, trademarks etc which have limited useful life and other assets such as property, plant and equipment are tested for impairment whenever there is an indication of impairment. Testing for impairment of these assets requires management to estimate the recoverable amount of the cash generating unit.

Contract revenue

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

Contingency provisions in project accruals

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

Other estimates and judgements

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

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments

Credit risk

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

	2008 AED'000	2007 AED'000
Investments	1,216,779	1,040,862
Long term finance lease receivable	24,392	38,723
Trade receivables	995,275	1,052,978
Due from related parties and other receivables	326,438	118,939
Cash at bank	1,393,770	715,622
	-----	-----
Carrying amount	3,956,654	2,967,124
	-----	-----

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

	2008 AED'000	2007 AED'000
Domestic	912,445	1,065,433
Other GCC countries	82,057	22,744
Other regions	25,165	3,524
	-----	-----
	1,019,667	1,091,701
	=====	=====

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

	2008 AED'000	2007 AED'000
Contracting	321,156	352,478
Real estate	368,867	498,516
Others	329,644	240,707
	-----	-----
	1,019,667	1,091,701
	=====	=====

The age of trade receivables at the reporting date was:

	2008 Gross AED'000	2008 Impairment AED'000	2007 Gross AED'000	2007 Impairment AED'000
Current 0-30 days	762,030	-	847,460	-
31-90 days	92,771	-	121,707	-
91 – 180 days	54,645	-	33,487	-
180 - 365 days	85,153	7,720	22,372	248
More than one year	24,096	15,700	45,649	17,449
	-----	-----	-----	-----
	1,018,695	23,420	1,070,675	17,697
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments (continued)

Credit risk (continued)

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

	2008 AED'000	2007 AED'000
Balance at 1 January	17,697	17,112
Impairment loss recognized	7,664	5,090
Impairment loss reversed/write-offs	(1,941)	(4,505)
Balance at 31 December	23,420	17,697

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

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

Cash is placed with local and international banks of good repute. Amount due from related parties is considered to be fully recoverable by the management.

Liquidity risk

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

31 December 2008

In AED '000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>							
Loans and borrowings	2,967,320	3,357,891	1,088,568	632,500	467,675	877,168	291,980
Trade and other payables	1,408,070	1,408,070	1,035,107	372,963	-	-	-
Other long term liabilities	472,959	519,959	-	-	169,959	350,000	-
<i>Derivative financial liabilities</i>							
Interest rate swaps	29,237	29,237	-	-	-	29,237	-
	4,877,586	5,315,157	2,123,675	1,005,463	637,634	1,256,405	291,980

31 December 2007

In AED '000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>							
Loans and borrowings	2,610,092	2,824,884	1,198,996	580,529	344,558	507,447	193,354
Trade and other payables	1,201,953	1,201,953	1,060,076	141,877	-	-	-
Other long term liabilities	155,767	198,629	903	903	56,313	18,690	121,820
<i>Derivative financial liabilities</i>							
Interest rate swaps	13,309	13,309	-	-	-	471	12,838
	3,981,121	4,238,775	2,259,975	723,309	400,871	526,608	328,012

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments (continued)

Market risk

Currency risk

Exposure to currency risk

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

	2008 Euro'000	2007 Euro'000
Trade and other receivables	332	122
Cash at bank	3,662	6,372
Trade and other payables	(15,065)	(15,752)
	-----	-----
Gross balance sheet exposure	(11,071)	(9,258)
Forward exchange contracts	11,664	14,640
	-----	-----
Net exposure	593	5,382
	====	=====

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2008 AED	2007 AED	2008 AED	2007 AED
Euro	5.65	5.10	5.14	5.36
	=====	=====	=====	=====

Sensitivity analysis

A limited fluctuation of AED against Euro at 31 December would not have any material impact on the Group's consolidated income statement.

Interest rate risk

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

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

	Carrying amount	
	2008 AED'000	2007 AED'000
Fixed rate instruments		
Financial assets	1,222,699	417,067
Financial liabilities	-	52,827
	=====	=====
Variable rate instruments		
Financial assets	-	87,868
Financial liabilities	2,967,320	2,603,712
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

Effect in AED	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2008	(31,832)	31,832
31 December 2007	(26,036)	26,036
	-----	-----

Fair value

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

43. 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, laboratory furniture and supply of chilled water for cooling

FMCG

: production and distribution of dairy products

Transportation

: provision of a tanker for the transportation of crude oil

Investments

: strategic minority investments in start up ventures and IPO's, bonds, funds and equity securities

Property

: the development of real estate projects for rentals and sale/lease of developed property units.

Geographical segments:

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

For analysis of segments – see next page.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

43. Segment reporting (continued)

	Manufacturing and contracting		FMCG		Transportation (discontinued operation) *		Investments		Property		Adjustments		Total		AED'000 Continuing operations	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Business Segments																
Sales (including sale of properties and sale of development properties)	1,785,396	1,448,651	99,421	138,434	-	-	-	-	1,140,837	651,631	-	(17,441)	3,025,654	2,221,275	3,025,654	2,221,275
Charter revenue	-	-	-	-	-	18,092	-	-	-	-	-	-	-	18,092	-	-
Gain on sale of investment property	-	-	-	-	-	-	-	-	-	118,112	-	-	-	118,112	-	118,112
Interest, dividend and other income	38,649	64,912	1	3,367	-	80,594	596,218	491,667	159,874	210,596	(610,176)	(245,888)	184,566	605,248	184,566	524,654
Property income	9,866	-	-	-	-	-	8,083	7,444	565,100	456,092	(31,152)	(37,289)	551,897	426,247	551,897	426,247
Gain/(loss) on fair valuation of investment properties	7,000	1,128	-	-	-	-	(5,000)	12,000	810,902	419,145	-	-	812,902	432,273	812,902	432,273
Total revenue	1,840,911	1,514,691	99,422	141,801	-	98,686	599,301	511,111	2,676,713	1,855,576	(641,328)	(300,618)	4,575,019	3,821,247	4,575,019	3,722,561
Segment Result	126,458	140,730	5,603	8,320	-	91,534	400,462	470,826	1,817,457	1,282,927	(586,187)	(252,080)	1,763,793	1,742,257	1,763,793	1,650,723
Finance expenses													(148,031)	(149,759)	(148,031)	(145,709)
Minority interests													(32,582)	(85,303)	(32,582)	(85,303)
Profit/(loss) for the year	64,648	57,896	3,614	5,874	-	87,484	378,103	452,082	1,756,317	1,166,561	(619,502)	(262,702)	1,583,180	1,507,195	1,583,180	1,419,711
Assets	3,975,278	2,868,980	127,149	141,402	-	5,161	5,324,819	3,993,999	5,255,868	5,611,648	(2,709,538)	(2,376,775)	11,973,576	10,244,415	11,973,576	10,239,254
Liabilities	2,563,142	2,040,861	92,954	113,945	-	503	632,524	572,415	3,760,219	2,745,334	(756,466)	(548,335)	6,292,373	4,924,723	6,292,373	4,924,220

	UAE and other GCC countries		Others		Adjustments		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Geographical Segments								
Revenue from external customers	5,216,347	4,023,179	-	98,686	(641,328)	(300,618)	4,575,019	3,821,247
Segment assets	14,683,114	12,616,029	-	5,161	(2,709,538)	(2,376,775)	11,973,576	10,244,415
	=====	=====	=====	=====	=====	=====	=====	=====

* See discontinued operation – note 7.