

Dubai Investments PJSC
and its subsidiaries

Consolidated financial statements
31 December 2009

Dubai Investments PJSC and its subsidiaries

Consolidated financial statements

31 December 2009

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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 2009.

Financial Results:

The Group has reported a profit of AED 972 million for the year ended 31 December 2009 as compared to AED 1,583 million in the previous year representing a decline of 38%. The primary reason for decline in profits is due to the current economic environment and its impact on real estate sector in UAE.

Total assets of the Group stands at AED 14.70 billion as of 31 December 2009 (2008: AED 14.24 billion).

The Directors also propose the following appropriations:

	AED '000
a) Transfer to legal reserve	27,326
b) Transfer to general reserve	27,326
c) Directors' fee	5,000
d) Proposed dividend	214,224

Proposed Dividend:

The Directors propose a cash dividend of 6% to the shareholders of the Company.

Outlook 2010:

Outlook for 2010 remains challenging. Though the economy is showing some signs of recovery from the financial crisis, the benefits will take some time to materialize. The Group will need to monitor its liquidity carefully to manage future risks and take advantage of opportunities that would arise in future.

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' Report (continued)

Directors

The Board of Directors comprise:

- | | |
|-----------------------------------|---------------|
| • 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 2009. 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



Mr. Suhail Bin Fares Al Mazroui
Vice Chairman

Dated: 21 March 2010



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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 statement of financial position as at 31 December 2009, and the consolidated statements of comprehensive income (comprising a separate consolidated income statement and a consolidated statement of comprehensive income), cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the 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 judgement, including the assessment of the 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 2009, 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 2009, which may have had a material adverse effect on the business of the Company or its financial position.



KPMG

Date: 21 March 2010

Vijendra Nath Malhotra

Registration No: 48 B

Dubai Investments PJSC and its subsidiaries

Consolidated income statement

for the year ended 31 December 2009

	Note	2009 AED'000	2008 AED'000
Sale of goods and services		1,164,577	1,042,601
Sale of properties (including development properties)		348,460	1,108,876
Contract revenue		866,072	874,177
Rental income		560,549	551,897
Gain on fair valuation of investment properties	13	709,459	812,902
Gain/(loss) on fair valuation of investments		41,387	(369,978)
Gain on sale of investments - (net)	6	38,363	319,337
Dividend income		17,308	18,080
Total income		3,746,175	4,357,892
Direct operating costs	7	(2,158,731)	(2,204,967)
Administrative and general expenses	8	(537,845)	(598,595)
Finance expenses	9	(234,842)	(155,695)
Finance income	9	70,976	44,295
Share of profit /(loss) from associates	16	319	(116)
Other income	10	148,501	172,948
Profit for the year		1,034,553	1,615,762
Profit attributable to:			
Owners of the Company		972,471	1,583,180
Non-controlling interest		62,082	32,582
Profit for the year		1,034,553	1,615,762
Earnings per share			
Basic earnings per share (AED)	32	0.27	0.45

The notes set out on pages 10 to 53 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 comprehensive income

for the year ended 31 December 2009

	2009 AED'000	2008 AED'000
Profit for the year	1,034,553	1,615,762
Other comprehensive income:		
Net change in fair value of available for sale investments	42,301	(84,264)
Net change in fair value of available for sale investments transferred to income statement on disposal	(3,634)	(53,248)
	-----	-----
Total other comprehensive income for the year	38,667	(137,512)
	-----	-----
Total comprehensive income for the year	1,073,220	1,478,250
	=====	=====
Attributable to:		
Owners of the Company	1,011,138	1,445,668
Non-controlling interest	62,082	32,582
	-----	-----
Total comprehensive income for the year	1,073,220	1,478,250
	=====	=====

The notes set out on pages 10 to 53 form part of these consolidated financial statements.

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

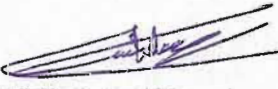
Dubai Investments PJSC and its subsidiaries

Consolidated statement of financial position at 31 December 2009

	Note	2009 AED'000	2008 AED'000
Assets			
Non-current assets			
Property, plant and equipment and biological assets	11	2,676,198	2,355,714
Intangible assets	12	213,752	196,456
Investment properties	13	4,019,030	2,879,458
Properties under development for sale	19	1,650,617	2,263,739
Development properties	14	225,766	347,862
Investments in associates	16	10,047	9,760
Long term rent receivable	17	159,520	174,570
Long term finance lease receivable	18	22,680	24,392
Trade receivables	20	213,925	-
Other receivables	21	56,854	80,455
Total non-current assets		9,248,389	8,332,406
Current assets			
Inventories	19	1,031,106	1,217,330
Investments at fair value through income statement	15	919,410	662,337
Available for sale investments	15	992,868	953,806
Trade receivables	20	1,040,234	995,275
Due from related parties and other receivables	21	899,483	681,146
Cash at bank and in hand	22	622,796	1,395,016
Total current assets		5,505,897	5,904,910
Total assets		14,754,286	14,237,316
Equity			
Share capital	26	3,570,395	3,245,814
Share premium	26	46	46
Legal reserve	28	457,509	415,344
Capital reserve	27	25,502	25,502
General reserve	28	687,695	557,138
Revaluation reserve	29	67,000	67,000
Fair value reserve	30	16,995	(21,672)
Proposed dividend	26	214,224	324,581
Proposed directors' fees	31	5,000	9,000
Retained earnings		2,887,980	2,632,036
Equity attributable to owners of the Company		7,932,346	7,254,789
Non-controlling interest		708,131	690,153
Total equity		8,640,477	7,944,942
Liabilities			
Non-current liabilities			
Long-term borrowings and payables	23	2,474,171	2,600,172
Total non-current liabilities		2,474,171	2,600,172
Current liabilities			
Bank borrowings	24	1,707,055	1,607,786
Due to related parties, trade and other payables	25	1,932,583	2,084,416
Total current liabilities		3,639,638	3,692,202
Total liabilities		6,113,809	6,292,374
Total equity and liabilities		14,754,286	14,237,316

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 21 March 2010.

The notes set out on pages 10 to 53 form part of these consolidated financial statements.


Suhail Bin Fares Al Mazroui
Vice Chairman


Ali Fardan Al Fardan
Director


Khalid Jassim Kalban
MD & CEO

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2009

	2009 AED'000	2008 AED'000
Operating activities		
Profit before minority interest	1,034,553	1,615,762
Adjustments for:		
Depreciation	115,964	85,872
Impairment loss on property, plant and equipment	50,484	31,836
Amortization / impairment losses of intangible assets (net)	5,871	2,420
Gain on disposal/write-off of property, plant and equipment	(638)	(733)
Gain on disposal of a subsidiary	(22,435)	-
Gain on dilution of stake in a subsidiary	-	(234,738)
Gain on fair valuation of investment properties	(709,459)	(812,902)
Write off of investment in an associate	-	2,800
(Gain)/loss on fair valuation of investments	(41,387)	369,978
Provision for write down of inventories to its net realizable value	203,017	-
<i>Operating profit before changes in working capital</i>	635,970	1,060,295
Net movement in investments at fair value through income statement and available for sale investments	(216,081)	(483,788)
Change in due from related parties, trade and other receivables	(425,452)	(48,976)
Change in inventories	596,329	976,132
Change in due to related parties, trade and other payables	(161,590)	255,985
<i>Net cash from operating activities</i>	429,176	1,759,648
Investing activities		
Purchase consideration paid for acquisition of interest/additional investment in subsidiaries (net of cash acquired)	-	(52,143)
Proceeds from dilution of stake in a subsidiary	-	404,471
Proceeds from disposal of a subsidiary	26,479	-
Net movement in investment in associates	(482)	116
Net movement in investment and development properties	(343,395)	(2,443,849)
Net acquisitions of property, plant and equipment	(496,179)	(978,615)
Proceeds from disposal of property, plant and equipment	39,763	8,833
Net additions to intangible assets	(23,167)	(4,902)
Net movement in deposits under lien	(1,478)	12,860
<i>Net cash used in investing activities</i>	(798,459)	(3,053,229)
Financing activities		
Proceeds from rights issue	-	858,000
Net movement in long term bank borrowings and other payables	70,765	1,227,459
Dividend paid	(324,581)	-
Director fees paid	(9,000)	(9,000)
Net movement in minority interest	(44,104)	102,510
<i>Net cash (used in)/ from financing activities</i>	(306,920)	2,178,969
Net (decrease)/increase in cash and cash equivalents	(676,203)	885,388
Cash and cash equivalents at the beginning of the year	604,588	(280,800)
Cash and cash equivalents at the end of the year	(71,615)	604,588
<i>Cash and cash equivalents comprise the following:</i>		
Current and call account with banks	142,276	172,317
Short term deposits with banks (excluding under lien)	444,000	1,187,659
Bank overdraft, trust receipt loans and bills discounted	(657,891)	(755,388)
	(71,615)	604,588
	=====	=====

The notes set out on pages 10 to 53 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 2009

	-----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														
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' fee	-	-	-	-	-	-	-	-	-	9,000	(9,000)	-	-	-
Transfer to reserve	-	-	104,165	-	-	161,753	-	-	-	-	(265,918)	-	-	-
Proposed issue of bonus shares (refer note 26)	-	-	-	-	-	-	-	-	324,581	-	(324,581)	-	-	-
On business combinations	-	-	-	-	-	-	-	-	-	-	-	-	21,983	21,983
On dilution of stake in a subsidiary (refer note 6)	-	-	-	-	-	-	-	-	-	-	-	-	169,733	169,733
Total comprehensive income for the year	-	-	-	-	-	-	-	(137,512)	-	-	1,583,180	1,445,668	32,582	1,478,250
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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December 2009

	-----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 2009	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
Changes in equity														
Capital introduced	-	-	-	-	-	-	-	-	-	-	-	-	4,368	4,368
Bonus shares issued	324,581	-	-	-	-	-	-	-	-	-	(324,581)	-	-	-
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(44,552)	(44,552)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(9,000)	-	(9,000)	-	(9,000)
Proposed Directors' fee	-	-	-	-	-	-	-	-	-	5,000	(5,000)	-	-	-
Transfer to reserve	-	-	42,165	-	-	130,557	-	-	-	-	(172,722)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(324,581)	-	-	(324,581)	-	(324,581)
Proposed dividend	-	-	-	-	-	-	-	-	214,224	-	(214,224)	-	-	-
On disposal of a subsidiary (refer note 6)	-	-	-	-	-	-	-	-	-	-	-	-	(3,920)	(3,920)
Total comprehensive income for the year	-	-	-	-	-	-	-	38,667	-	-	972,471	1,011,138	62,082	1,073,220
At 31 December 2009	3,570,395	46	457,509	25,502	-	687,695	67,000	16,995	214,224	5,000	2,887,980	7,932,346	708,131	8,640,477
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The notes set out on pages 9 to 53 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 2009 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 and investing in bonds, funds and equity securities.

At 31 December 2009 the Company had approximately 21,115 shareholders (2008: 21,092).

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 consolidated financial statements are discussed in note 39.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities. Adjustments have been made, wherever necessary, to align accounting policies of the subsidiaries with the Group.

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. Investment in associates is recognized initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements 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 and requires unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the enterprises' assets, liabilities, income 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 in the course of ordinary activities 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 persuasive evidence exists that 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.

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.

Services rendered

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

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 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 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 initially recognized as deferred income at fair value when there is a reasonable assurance that:

- (a) the Group will comply with the conditions associated to them; and
- (b) the grants will be received

Government grant that compensates the Group for expenses incurred are recognized in the income statement on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. 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 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, losses on derivative financial instruments and impairment loss on financial assets. 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 accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use.

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.

Reclassification to investment property

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 other comprehensive income. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the comprehensive income relating to the specific property, with any remaining loss recognized immediately in the income statement.

Subsequent costs

The cost of replacing a part of 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 the replaced part is derecognized. The costs of day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Property, plant and equipment and biological assets (continued)

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

Assets	Life (years)
Buildings	3-33
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 financial year-end and adjusted if appropriate.

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 asset's 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Intangible assets (continued)

Other intangible assets

Other intangible assets including technical know-how, product distribution rights, patents and trademarks 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.

An investment property is measured at fair value with any changes therein recognized in the income statement.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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 based on 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. In determining the carrying amount of investment properties, the Group does not double count assets or liabilities that have already been recognized as separate assets or liabilities.

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

Property that is being constructed for future use as investment property is accounted for as investment property and classified under development property until construction or development is complete.

Development properties

Property that is being constructed or developed for future use as an investment property is classified as development property and is measured at fair value. If fair value of an investment property under construction is not reliably determinable but expected to be determinable when construction is complete, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

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 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 arising from an increase in net realizable value is recognized in the income statement in the period in which the increase occurs.

Construction work-in-progress

Construction 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 progress billings and recognized losses. 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 statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as part of other payables in the statement of financial position.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Financial instruments

Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through income statement) are recognized initially at on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or its transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognized as a separate asset or liability.

Financial asset and liability are offset and net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets comprise investments at fair value through income statement, available for sale investments and loans and receivables.

Investments at fair value through income statement

An investment is classified as fair value through income statement if it is classified as held for trading or is designated as such upon initial recognition. Financial assets 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 as incurred. Financial assets at fair value through income statement are measured at fair value, and changes therein are recognized in the income statement.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, rent receivables, finance lease receivables and due from related parties.

Cash and cash equivalents

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.

Available for sale investments

Available for sale investments 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. The Group's investment in certain equity securities and funds are classified as available for sale investments. 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 in other comprehensive income and presented within equity as fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the income statement.

Others

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments

The Group holds derivative financial instruments to economically 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 as the Group does not apply hedge accounting.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the average exchange rates for current period. Foreign exchange differences arising on translation are recognized in other comprehensive income.

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. The unwinding of the discount is recognized as finance expenses.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in income statement and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to income statement. The cumulative loss that is removed from other comprehensive income and recognised in income statement is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

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 available for use, the recoverable amount is estimated each year at the same time.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Impairment (continued)

Non-financial assets (continued)

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 recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised 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.

An impairment loss in respect of goodwill is not reversed. 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 amortisation, if no impairment loss had been recognised.

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 reporting date. This provision has been calculated in accordance with the UAE Federal Labor Law, as applicable.

In accordance with the UAE Federal Labor 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 and investment properties 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Non-current assets held for sale and discontinued operations (continued)

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 of 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.

Earnings per share

The Group presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Weighted average number of shares outstanding is retrospectively adjusted to include the effect of any increase in the number of shares without a corresponding change in resources.

Standards and interpretations adopted in the current year

A number of new standards are effective for annual periods beginning 1 January 2009 and therefore, have been applied in preparing the consolidated financial statements:

Revised IAS 1 - Presentation of financial statements (2007) introduced the term other comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As per IAS 1, the Group has the option to present a single statement of comprehensive income, or a separate income statement and a statement of comprehensive income. The Group has chosen to present a consolidated income statement and a separate consolidated statement of comprehensive income.

Revised IAS 23 – Borrowing costs removed 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 cost of the asset. Since the Group already followed the policy of capitalizing borrowing costs on qualifying assets, the revised standard had no effect on financial performance of the Group.

Amendment to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments effective 1 January 2009 - requires enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects significance of the inputs in measuring fair values of the financial instruments. The definition of liquidity risk has been amended and it is now defined as risk that an entity will encounter difficulty in meeting obligation associated with financial liabilities that are settled by delivering cash or another financial asset. The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timings of cash flows. The required disclosures are presented in these consolidated financial statements.

IFRS 8 – Operating segments introduced the “management approach” for segment reporting and requires presentation and disclosure of segment information based on internal reports used by management to assess each segment's performance and to allocate resources to them. 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 does not have any material impact on the disclosures in the consolidated financial statements based on the 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

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these financial statements with particular relevance to the Group are the following:

- *Amended IAS 27 Consolidated and Separate Financial Statements (2008)* requires the following:
 - Accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized 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 recognized in the consolidated income statement.
 - Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are expected to have an impact on the consolidated financial statements for transactions involving change in ownership structure without losing control and allocation of losses to non controlling interest in excess of their equity. 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 consolidated 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 consolidated 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.

- *Amended IAS 17 Leases* – the amendment has deleted the guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease. Under the amendments, a land with a lease term of several decades or longer may be classified as a finance lease, even if at the end of the lease term title will not pass to the lessee, because in such arrangements substantially all risks and rewards are transferred to the lessee and present value of the leased asset is considered negligible. The standard is effective for annual periods beginning 1 January 2010 and if as a result of amendments, a lease of land is classified as a finance lease then that reclassification has to be done retrospectively. The Group is currently evaluating its lease arrangements to determine if the amendments would require any reclassification.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

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

- *IFRS 9 Financial Instruments* - IFRS 9 is the first standard issued as part of a wider project to replace IAS 39 and is mandatory for application for annual periods beginning 1 January 2013 with an option to adopt early. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. The Group is currently in the process of evaluating the potential effect of this standard and the appropriate timing of its adoption. Given the nature of Group's business, the standard is expected to have a significant impact on the Group's consolidated financial statements upon adoption.

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 39.

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, plant and equipment is the estimated amount for which it 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

4. Determination of fair values (continued)

Investments in bonds, fund and equity securities

The fair value of financial assets at fair value through income statement and available for sale quoted equity securities 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.

Derivatives

The fair value of derivatives is based on their bid price.

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.

5. Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk
- operational 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.

Risk management framework

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 analyze 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 Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit. Internal Audit undertakes both regular and ad-hoc 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 trade and other receivables, investments in funds and cash at bank.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Credit risk (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. 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. Subsidiaries operating in the property sector sell its properties subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

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.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and generally 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 to be fully recoverable.

Guarantees

The Group policy is to provide financial guarantees to its subsidiaries and joint ventures in proportion to its holding.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 are unutilized:

- short term bank facilities totalling to AED 537 million on which interest is payable at normal commercial rates.
- long term bank facilities totalling to AED 76 million on which interest is payable at normal commercial rates.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management *(continued)*

Market risk

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

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 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 other comprehensive income. The net fair value of the interest rate swap at 31 December 2009 was a liability of AED 8.8 million (*2008: liability of AED 29.2 million*). The changes in fair valuation are recognized in the income statement.

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 marketable securities measured at fair value through income statement and available for sale equity securities. 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)*

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, liquidity and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to Group's reputation with overall cost effectiveness.

Compliance with Group standards is monitored by periodic reviews undertaken by Internal Audit, the results of which are submitted to the Audit Committee and senior management of the Group.

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 is defined as profit for the year attributable to equity holders of the Company 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

6. Gain on sale of investments

Gain on sale of investments include an amount of AED 22.4 million representing profit on sale of entire 55% interest in a subsidiary, viz., Metrofile LLC (refer note 37). In the previous year, gain on sale of investments included an amount of AED 235 million, representing profit on dilution of 40% stake in its wholly owned subsidiary, viz., M'Sharie LLC.

7. Direct operating costs

	2009 AED'000	2008 AED'000
<i>These include:</i>		
Staff costs	126,779	137,953
Provision for write down of inventories to net realizable value	203,017	-
Depreciation	79,117	54,702
	=====	=====

8. Administrative and general expenses

	2009 AED'000	2008 AED'000
<i>These include:</i>		
Staff costs	216,989	197,379
Impairment loss (refer note 11)	50,484	31,836
Depreciation	36,847	31,170
	=====	=====

9. Finance income and expenses

	2009 AED'000	2008 AED'000
Interest income	58,232	37,995
Unwinding of discount on financial assets measured at amortized cost	12,744	6,300
	-----	-----
Finance income	70,976	44,295
	=====	=====
Interest expense	(160,995)	(113,894)
Unwinding of discount on financial liabilities measured at amortized cost	(2,862)	(13,795)
Net foreign exchange loss	(6,027)	(4,414)
Net change in fair value of derivative financial instruments	(6,025)	(15,928)
Impairment loss on financial assets	(58,933)	(7,664)
	-----	-----
Finance expenses	(234,842)	(155,695)
	-----	-----
Net finance expenses recognized in the income statement	(163,866)	(111,400)
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

10. Other income

For the year ended 31 December 2008, other income included an amount of AED 82 million received by a subsidiary on transfer of lease rights of certain properties to a third party.

11. Property, plant and equipment and biological assets

	Land and buildings AED'000	Biological assets AED'000	Plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
Cost/Valuation							
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
	-----	-----	-----	-----	-----	-----	-----
At 1 January 2009	568,669	20,089	830,968	61,342	46,250	1,268,920	2,796,238
Additions	1,601	5,534	44,890	9,755	6,246	428,153	496,179
Disposals, write-offs and transfers	243,707	(2,545)	574,981	(3,310)	(2,016)	(857,934)	(47,117)
Transfer from / (to) investment properties (refer note 13) (net)	63,998	-	-	-	-	(28,620)	35,378
Disposal of investment in a subsidiary	(821)	-	(6,562)	(1,773)	(901)	-	(10,057)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2009	877,154	23,078	1,444,277	66,014	49,579	810,519	3,270,621
	-----	-----	-----	-----	-----	-----	-----
Accumulated depreciation and impairment losses							
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
	-----	-----	-----	-----	-----	-----	-----
At 1 January 2009	96,350	5,977	272,832	38,712	26,653	-	440,524
Charge for the year	26,563	790	69,259	12,028	7,324	-	115,964
Impairment loss	5,919	-	44,081	-	-	484	50,484
On disposals & write-offs	(1,949)	-	(2,587)	(1,921)	(1,536)	-	(7,993)
On disposal of investment in a subsidiary	(821)	-	(1,595)	(1,408)	(732)	-	(4,556)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2009	126,062	6,767	381,990	47,411	31,709	484	594,423
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31 December 2009	751,092	16,311	1,062,287	18,603	17,870	810,035	2,676,198
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2008	472,319	14,112	558,136	22,630	19,597	1,268,920	2,355,714
	=====	=====	=====	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

11. Property, plant and equipment and biological assets *(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. These lands were earlier revalued during 1999, 2003 and 2005 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 non-distributable revaluation reserve (refer note 29). During the current year, an external valuation company re-assessed the fair value of the plots of land. The valuation provided by the external valuer was not significantly different from the carrying value and hence, no revaluation adjustment was considered necessary.
- (ii) Capital work in progress mainly represents cost incurred by a subsidiary for establishing its manufacturing facilities, cost incurred by a joint venture towards certain key district cooling projects that are outstanding at the year end and cost of Dubai Investments Corporate Office building under construction at Dubai Investments Park. Also included is the borrowing cost amounting to AED 23 million (*2008: AED 14.8 million*) capitalized during the year 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 based on its assessment of recoverable amount i.e. higher of its value in use and the estimated net selling price. Accordingly an impairment loss of AED 50 million over assets pertaining to a subsidiary have been recognized in the income statement.
- (v) Buildings, plant and machinery with a net book value of AED 1,163 million (*2008: AED 527 million*) are mortgaged as security against term loans obtained from banks. 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)

12. Intangible assets

AED'000s

	Goodwill	Other intangible assets	Technical know-how, product distribution rights, patent and trade mark	Total
Cost				
Balance at 1 January 2008	152,855	2,451	23,524	178,830
Additions	35,162	253	4,649	40,064
	-----	-----	-----	-----
Balance at 31 December 2008	188,017	2,704	28,173	218,894
	-----	-----	-----	-----
Balance at 1 January 2009	188,017	2,704	28,173	218,894
Additions	-	6,634	16,647	23,281
Disposal of a subsidiary (refer note 37)	(114)	-	-	(114)
	-----	-----	-----	-----
Balance at 31 December 2009	187,903	9,338	44,820	242,061
	-----	-----	-----	-----
Accumulated amortization and impairment losses				
Balance at 1 January 2008	(11,121)	(2,404)	(6,493)	(20,018)
Amortization and impairment	-	(51)	(2,369)	(2,420)
	-----	-----	-----	-----
Balance at 31 December 2008	(11,121)	(2,455)	(8,862)	(22,438)
	-----	-----	-----	-----
Balance at 1 January 2009	(11,121)	(2,455)	(8,862)	(22,438)
Amortization and impairment	(2,160)	(800)	(2,911)	(5,871)
	-----	-----	-----	-----
Balance at 31 December 2009	(13,281)	(3,255)	(11,773)	(28,309)
	-----	-----	-----	-----
31 December 2009 (carrying amount)	174,622	6,083	33,047	213,752
	=====	=====	=====	=====
31 December 2008 (carrying amount)	176,896	249	19,311	196,456
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

13. Investment properties

	2009 AED'000	2008 AED'000
At 1 January	2,879,458	1,891,531
Additions	1,216	43,489
Transferred from development properties (refer note 14)	72,351	135,170
Transferred from inventories (refer 13 (e) below)	391,924	-
Transferred to property, plant and equipment (refer 13(f) below) (net)	(35,378)	-
Investment property sold	-	(3,634)
Gain on fair valuation	709,459	812,902
	-----	-----
At 31 December	4,019,030	2,879,458
	=====	=====

- (a) Investment properties, comprising 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 was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realized profits from the project are payable.

The leased land from the Government of Dubai is developed in phases. The development of entire Phase VI (comprising areas 1 to 7) was completed in the current year. The development of entire phase VII is in progress as of the year end. During the year, the Group has obtained fair values for all completed phases/areas. The valuation was carried out by an independent registered valuer 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 realized profits due to the Government of Dubai starting February 2009. The cashflows 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 net 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 and recognized liabilities for 20% share of the Government of Dubai at the valuation date have 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:

	2009 AED'000	2008 AED'000
Fair valuation of completed investment properties as per independent registered valuation reports	2,351,375	1,879,709
Less: adjustment for rent receivable	(226,208)	(229,057)
Add: adjustment for unearned rent *	1,064,010	910,688
Add: adjustment for recognized liabilities	80,805	-
	-----	-----
	3,269,982	2,561,340
	=====	=====

* Unearned rent represents receipt of lease rentals in advance from few tenants.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

13. 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.
- (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 obtained a fair valuation of this property by an external independent valuation company in the current year.
- (d) Included in investment properties is a plot of land received by a subsidiary as grant from the Government of Fujairah. The fair value of this plot of land as at the reporting date has been determined by an external, independent valuation company.
- (e) During the current year, based on change of use, the Group has reclassified certain labour camps having a carrying value of AED 391.9 million from inventories to investment properties at a fair valuation of AED 394 million. The fair value of these labour camps has been determined by an external independent valuation company. The difference between the carrying value of transferred labour camps and the fair value has been recognized in the consolidated income statement.
- (f) During the current year, on occupying certain properties for own use, the Group has reclassified such properties from investment properties to property, plant and equipment.
- (g) Investment property valuing AED 380 million (2008: AED 70 million) is hypothecated/ mortgaged against the long term loan taken from a bank. Also, the fire insurance policy and rentals from the property mentioned in para 13(c) above are assigned in favor of the bank.

14. Development properties

	2009 AED'000	2008 AED'000
At 1 January	347,862	342,778
Additions	211,645	378,661
Transferred to investment properties (refer note 13)	(72,351)	(135,170)
Cost of properties sold	(261,390)	(238,407)
	-----	-----
At 31 December	225,766	347,862
	=====	=====

Development properties as of 31 December 2009 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 VII at Dubai Investment Park.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investments

	2009 AED'000	2008 AED'000
Investments at fair value through income statement:		
- held for trading quoted equity securities	329,374	309,829
- designated as fair value through income statement	590,036	352,508
	-----	-----
(i)	919,410	662,337
	=====	=====
Investments designated as available for sale:		
- quoted equity securities	131,303	93,629
- unquoted equity securities and funds	861,565	860,177
	-----	-----
(ii)	992,868	953,806
	=====	=====
	2009 AED'000	2008 AED'000
<i>Geographical distribution of investments:</i>		
UAE	707,330	631,840
Other GCC countries	605,422	500,187
Other countries	599,526	484,116
	-----	-----
(i)+(ii)	1,912,278	1,616,143
	=====	=====

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 12.7 million (2008: AED 24.1 million); an equal change in the opposite direction would have decreased profit by AED 12.7 million (2008: AED 24.1 million). For such investments classified as available for sale, any change in fair value is recognized in other comprehensive income and presented within equity in the fair value reserve.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investments (continued)

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

The major investments under this category are:

International Opportunities Portfolio Management Limited ("IOPM") (closed end fund):

The Company has invested in sub-fund of IOPM which is domiciled in Mauritius and managed by Prudential Asset Management (Singapore) Limited. The primary purpose of this investment is to leverage the transaction with an international bank to generate returns by investing in the UAE and other GCC countries in deposits with maturity tenure of not more than one year.

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):

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

Islamic Bank of Asia (unquoted equity security):

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

Societe Generale (managed fund):

The Company holds investment in a specialized portfolio managed by Societe Generale. The portfolio comprise investments in various securities and bonds globally.

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.

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

Takaful Re Limited (unquoted equity security):

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

Tunisia Bay Investment Company (unquoted equity security):

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

Managed funds and structured products:

The Group holds investment in various funds and structured products. Some of the major ones are Global Property Fund of Sarasin Bank and Arcapita Asian Yielding – Singapore.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investments (continued)

15. (b) Investments in subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2009:

Subsidiaries:	Incorporated in	Ownership %
Dubai Investments Park Development Co. LLC	UAE	100
Dubai Investment Real Estate Company	UAE	100
Dubai Investment Capital Venture LLC	UAE	100
Al Taif Investment Company LLC	UAE	60
Dubai Investments Industries LLC	UAE	100
Glass LLC	UAE	100
M'Sharie LLC	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 2009:

Emirates Building Systems Company LLC	UAE	100
Globalpharma Company LLC	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	UAE	51
Techsource LLC	UAE	100

The following are the investments in subsidiaries held by Glass LLC as of 31 December 2009:

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

The following are the investments in subsidiaries held by M'Sharie LLC as of 31 December 2009:

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
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	UAE	51
Inter-Chemi International Limited	BVI	51
Integrated Commercial Investments LLC	UAE	55

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

15. Investments *(continued)*

15. (b) Investments in subsidiaries *(continued)*

- (i) During the current year, the Group has formed Integrated Commercial Investments LLC, a subsidiary to carry out investment in land, buildings, warehouses and other properties, lease and sub-lease of properties and any activities related thereto.
- (ii) During the current year, the Group sold its entire 55% interest in Metrofile Middle East LLC, a subsidiary to a third party (refer note 37).

15. (c) Investments in joint ventures

The following are the investment in joint ventures held by the Group as at 31 December 2009:

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 is a joint venture between the Company and Compagnie Generale De Participation Industrielle Et Financiere of France and Al-Ghurair Private Company LLC. EMIROLL LLC is formed to set up an aluminum product manufacturing plant at Dubai Investments Park.

Al Mujamma Real Estate Company LLC

Al Mujamma Real Estate Company LLC is 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, and investors as well as leasing of properties.

Emirates District Cooling LLC (Emicool)

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

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)*

15. Investments *(continued)*

15. (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

The Group jointly with the Aqaar Properties LLC (fully owned Government of Ajman entity) incorporated Ajman Oasis LLC for development, financing, construction and completion of an integrated real estate project in the Emirate of Ajman. The Group has 50% interest in this entity.

During the current year, the Group and joint venture partner has resolved to liquidate the joint venture due to current economic situation in which the project is not considered to be feasible. The land and cash contributions by Aqaar Properties and Group, respectively has been returned/refunded. The joint venture is currently under liquidation pending legal formalities.

Power Factor Electromechanical Works LLC

During the current year, the Group together with Al Arif investments LLC has incorporated a joint venture entity to conduct activities of mechanical, electrical and plumbing contracting works. The Group effectively owns 30% equity of this entity.

16. 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 Group has 30% interest in this entity.

17. 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 reporting date.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

18. Finance lease receivable

The Group has the following interest in finance leases:

	2009 AED'000	2008 AED'000
Gross investment	36,221	44,074
Unearned finance income	(10,584)	(13,924)
Net investment	25,637	30,150
Less: current portion (classified under trade and other receivables)	(2,957)	(5,758)
Non-current portion	22,680	24,392

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2009 AED'000	Interest 2009 AED'000	Principal 2009 AED'000	Minimum lease payments 2008 AED'000	Interest 2008 AED'000	Principal 2008 AED'000
Less than one year	4,910	1,953	2,957	7,496	1,738	5,758
Between one and five years	19,680	5,751	13,929	16,856	6,374	10,482
More than five years	11,631	2,880	8,751	19,722	5,812	13,910
	36,221	10,584	25,637	44,074	13,924	30,150

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.

19. Inventories

	2009 AED'000	2008 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	292,451	318,970
Finished goods	59,291	37,183
Goods in transit	4,670	10,879
Properties held for sale	241,489	391,060
Properties under development for sale (net of provision for write down to net realizable value)	2,083,822	2,722,977
	2,681,723	3,481,069
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(1,650,617)	(2,263,739)
	1,031,106	1,217,330
Inventories carried at net realizable value	1,650,617	-

Dubai Investments PJSC and its subsidiaries

Notes (continued)

19. Inventories (continued)

In the current year, the provision for write down of inventories to net realizable value (NRV) amounted to AED 203 million (2008: AED Nil).

Properties under development for sale represent costs of land and expenditure incurred towards the development of properties for subsequent sale. The Group intends to develop these properties for sale and has classified certain properties as long term based on completion/future development plans.

During the current year, the Group jointly with Aqaar Properties LLC has resolved to liquidate Ajman Oasis LLC (a joint venture) due to current economic situation in which the project is not considered feasible. The land for this project valued at AED 1 billion (Group's share AED 500 million) contributed by Aqaar Properties has been returned back and the joint venture is in the process of being liquidated.

Properties held for sale represents ready to sell properties which will be sold in the existing state, mainly comprise warehouses and plots of land. During the current year, based on change of use, the Group has reclassified certain labour camps with a carrying value of AED 391.9 million from inventories to investment properties, at a fair valuation of AED 394 million.

Inventories amounting to AED 291 million (2008: AED 236 million) are mortgaged against facilities obtained from a bank. In certain instances, the insurance over inventories is also assigned in favor of banks.

20. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 80.2 million (2008: AED 23.4 million). Trade receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

Trade receivables amounting to AED 141.7 million are assigned against the facilities availed from banks as at 31 December 2009 (2008: AED 45.5 million).

21. Due from related parties and other receivables

	2009 AED'000	2008 AED'000
<i>Long-term</i>		
Capital advance	54,587	71,206
Other long term assets	2,267	9,249
	-----	-----
	56,854	80,455
	=====	=====
<i>Short-term</i>		
Due from related parties	-	5,667
Current portion of net investment in finance leases	2,957	5,758
Others (refer note (a) below)	896,526	669,721
	-----	-----
	899,483	681,146
	=====	=====

- (a) This mainly includes contract work in progress amounting to AED 168 million (2008: AED 153 million) and advances paid to suppliers amounting to AED 285 million (2008: AED 157 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

21. 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:

	2009 AED'000	2008 AED'000
Rental income	4,991	4,741
Construction of Head office building	27,000	13,500
	=====	=====

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

	2009 AED'000	2008 AED'000
Short-term benefits (including proposed Directors' fees)	16,335	20,597
Post-employment benefits	118	84
	=====	=====

22. Cash at bank and in hand

	2009 AED'000	2008 AED'000
Cash in hand	3,252	1,246
Cash at bank within UAE (current accounts)	131,499	155,457
Cash at bank outside UAE – GCC Countries (current accounts)	7,525	15,614
Short term deposits (including deposits of AED 36.52 million (2008: AED 35.04 million) under lien with a bank)	480,520	1,222,699
	-----	-----
	622,796	1,395,016
	=====	=====

There were no short term deposits outside UAE as at 31 December 2009 (2008: AED Nil).

23. Long-term borrowings and payables

	2009 AED'000	2008 AED'000
Long term bank borrowings	1,329,556	1,359,534
Unearned rent – investment properties on 90 year lease (note below)	924,228	767,679
Others	220,387	472,959
	-----	-----
	2,474,171	2,600,172
	=====	=====

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)

23. 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 and 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 2,715 million as at 31 December 2009 (2008: AED 3,142 million).

24. Bank borrowings

	2009 AED'000	2008 AED'000
Bank overdraft, trust receipt loans and bills discounted	657,891	755,388
Short term loans	676,621	573,056
Current portion of long term bank borrowings	372,543	279,342
	-----	-----
	1,707,055	1,607,786
	=====	=====

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.

25. Due to related parties, trade and other payables

	2009 AED'000	2008 AED'000
Due to related parties	50,000	-
Trade payables	753,935	979,227
Other payables and accrued expenses	1,128,648	1,105,189
	-----	-----
	1,932,583	2,084,416
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

26. Share capital and share premium

	2009 AED'000	2008 AED'000
<i>Issued and paid up:</i>		
3,570.4 million shares of AED 1 each (2008:3,245.8 million shares of AED 1 each)	3,570,395 =====	3,245,814 =====

At the Annual General Meeting (AGM) held on 28 April 2009, the shareholders approved issue of 10% bonus shares as proposed by the Directors.

For the year 2009, the Board of Directors has proposed a cash dividend of 6%.

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 previous 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.

27. 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.

28. 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 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 of certain entities within the Group, 10% of the profit for the year is required to be transferred to a general reserve. However, as per the Articles of Association of these entities, 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)

29. Revaluation reserve

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. These lands were earlier revalued during 1999, 2003 and 2005. During the current year, an external valuation company re-assessed the fair value of the plots of land. The valuation provided by the external valuer was not significantly different from the carrying value and hence, no revaluation adjustment was considered necessary.

During prior years, a plot of land was gifted to the Company by the Government of Dubai (refer note 13(c)) which was recorded as property, plant and equipment at a nominal value. Upon construction of an office cum residential building in 2001 on the gifted land for the purposes of leasing, the land was transferred from property, plant and equipment to investment properties at fair value in prior years. The resulting gain on fair valuation of AED 20 million was credited to a non-distributable revaluation reserve at the time of transfer.

30. Fair value reserve

The fair value reserve comprises the cumulative net change in the investments classified as available for sale until the investments are derecognized or impaired.

31. Proposed directors' fees

Proposed directors' fees amounting to AED 5 million (2008: AED 9 million), represents remuneration for attendance at meetings and compensation for professional services rendered by the Directors.

32. Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2009	2008
Profit attributable to shareholders (AED 000)	972,471	1,583,180
Weighted average number of shares outstanding (000s)	3,570,395	3,478,635
	=====	=====

Weighted average number of shares outstanding has been retrospectively adjusted to include the affect of bonus shares issued during the current year.

33. Commitments

	2009	2008
	AED'000	AED'000
Capital commitments	1,291,770	1,825,679
	=====	=====

34. Contingent liabilities

The Company has issued corporate guarantees for loans and advances to related and third parties by commercial banks. These guarantees are limited to AED 2,715 million (2008: AED 3,142 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

35. Lease rentals

Leases as lessor

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

	2009 AED'000	2008 AED'000
Less than one year	532,557	689,163
Between one to five years	1,377,554	1,477,291
More than five years	2,352,207	2,360,373
	=====	=====

36. Interest in joint ventures

The Group has interest in several joint ventures (refer note 15 (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:

	2009 AED'000	2008 AED'000
Non-current assets	1,327,771	1,521,541
Current assets	434,889	424,837
Non-current liabilities	(432,284)	(762,558)
Current liabilities	(536,302)	(635,006)
	-----	-----
	794,074	548,814
	=====	=====
Income	624,400	556,897
Expenses	(482,201)	(462,755)
	-----	-----
	142,199	94,142
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

37. Disposal of a subsidiary

During the current year, the Group sold its entire 55% interest in Metrofile LLC to a third party for a net consideration of AED 26.5 million.

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

	2009 AED'000
Non-current assets	5,501
Current assets	11,419

Total assets	16,920
Less: current liabilities	(9,775)

Net assets at the date of disposal	7,145

Consideration agreed – net of disposal cost	26,479
Less: Group's share of the entity's net assets – 55%	(3,930)
Less: Carrying amount of goodwill at the date of disposal	(114)

Net gain on disposal of a subsidiary	22,435
	=====

38. Non-controlling interest

In 2008, the Company diluted 40% stake in its wholly owned subsidiary, M'Sharie LLC. Subsequent to dilution, the Group's interest in M'Sharie LLC has reduced to 60%.

39. 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 majority of the properties annually. Note 4 contain information about the valuation methodology considered by the valuation company.

Valuation of real estate inventories

The Group reviews its inventories to assess any loss on account of write down for net realizable value adjustment 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Accounting estimates and judgements (continued)

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.

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 reporting 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 statement of financial position in the following years could be significantly impacted.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

40. 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:

	2009 AED'000	2008 AED'000
Investments	1,451,601	1,212,685
Long term finance lease receivable	22,680	24,392
Trade receivables	1,254,159	995,275
Due from related parties and other receivables	616,379	326,438
Cash at bank	619,544	1,393,770
	-----	-----
Carrying amount	3,964,363	3,956,560
	=====	=====

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

	2009 AED'000	2008 AED'000
Domestic	1,110,546	912,445
Other GCC countries	107,700	82,057
Other regions	58,593	25,165
	-----	-----
	1,276,839	1,019,667
	=====	=====

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

	2009 AED'000	2008 AED'000
Contracting	421,943	321,156
Real estate	390,887	368,867
Others	464,009	329,644
	-----	-----
	1,276,839	1,019,667
	=====	=====

The age of trade receivables at the reporting date was:

	2009 Gross AED'000	2009 Impairment AED'000	2008 Gross AED'000	2008 Impairment AED'000
Current 0-30 days	372,135	(1,519)	762,030	-
31-90 days	286,890	(2,264)	92,771	-
91 – 180 days	117,371	(3,723)	54,645	-
180 - 365 days	447,618	(27,631)	85,153	(7,720)
More than one year	110,342	(45,060)	24,096	(15,700)
	-----	-----	-----	-----
	1,334,356	(80,197)	1,018,695	(23,420)
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

40. Financial instruments (continued)

Credit risk (continued)

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

	2009 AED'000	2008 AED'000
Balance at 1 January	23,420	17,697
Impairment loss recognized	58,933	7,664
Impairment loss reversed/write-offs	(2,156)	(1,941)
	-----	-----
Balance at 31 December	80,197	23,420
	-----	-----

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 investing 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 2009

<i>In AED '000</i>	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	3,036,611	3,267,868	673,054	1,099,716	718,026	684,807	92,265
Trade and other payables	1,932,583	1,932,583	903,062	1,029,521	-	-	-
Other long term liabilities	220,387	227,043	-	-	224,053	1,794	1,196
<i>Derivative financial liabilities</i>							
Interest rate swaps	8,893	8,893	2,042	1,838	3,065	1,948	-
	5,198,474	5,436,387	1,578,158	2,131,075	945,144	688,549	93,461

31 December 2008

<i>In AED '000</i>	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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

40. 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:

	2009 Euro'000	2008 Euro'000
Trade and other receivables	5,402	332
Cash at bank	2,480	3,662
Trade and other payables	(5,691)	(15,065)
	-----	-----
Gross exposure	2,191	(11,071)
Forward exchange contracts	(6,858)	11,664
	-----	-----
Net exposure	(4,667)	593
	=====	=====

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2009 AED	2008 AED	2009 AED	2008 AED
Euro	5.26	5.65	5.27	5.14
	=====	=====	=====	=====

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	
	2009 AED'000	2008 AED'000
Fixed rate instruments		
Financial assets - Fixed rate instruments	480,520	1,222,699
Financial liabilities	1,515	-
	=====	=====
Variable rate instruments		
Financial liabilities	3,035,096	2,967,320
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

40. 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 the 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 2008.

Effect in AED'000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2009	(30,351)	30,351
31 December 2008	(29,673)	29,673
	=====	=====

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

Dubai Investments PJSC and its subsidiaries

Notes (continued)

40. Financial instruments (continued)

Market risk (continued)

31 December 2009	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets held for trading	329,374	-	-	329,374
Financial assets designated as fair value through income statement	-	590,036	-	590,036
Available for sale financial assets	131,303	-	861,565	992,868
	----- 460,677 =====	----- 590,036 =====	----- 861,565 =====	----- 1,912,278 =====

There were no transfers between Level 1, 2 and 3 during the year.

Reconciliation of Level 3 fair values measurements of financial assets

	2009 AED'000
Opening balance	860,177
Purchase during the year	1,388

Closing balance	861,565 -----

The investments classified under Level 3 category have been carried at cost. The cost is considered to be the best estimate of fair value as there are no indicators that the cost might not be representative of fair value for these investments.

Fair value

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

41. Segment reporting

The Group has broadly four reportable segments as discussed below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they required different strategies. The following summary describes the operation in each of the Group's reportable segments:

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

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are few transactions between the segments and any such transaction is priced on arm's length basis.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

43. Segment reporting (continued)

Operating segments

Information about reportable segments

	AED'000											
	Manufacturing and contracting		FMCG		Investments		Property	Eliminatio n of inter segment transactions	Total			
	2009	2008	2009	2008	2009	2008	2009		2008	2009	2008	2009
Business Segments												
Revenue (including sale of properties)	1,921,647	1,804,452	106,639	99,421	451,769	561,410	964,807	1,705,937	(408,146)	(626,346)	3,036,716	3,544,874
Finance income and other income	27,565	32,281	2,264	1	145,533	40,069	87,732	159,874	(43,298)	(14,982)	219,796	217,243
Finance expenses	151,978	68,767	3,796	1,989	15,968	31,117	107,779	61,140	(44,679)	(14,982)	234,842	148,031
Gain on fair valuation of investment properties		-		-		-	684,810	812,902	24,649	-	709,459	812,902
Reportable segment (loss)/ profit	(17,015)	64,648	4,039	3,614	473,940	378,103	888,729	1,756,316	(315,140)	(586,919)	1,034,553	1,615,762
Reportable segment assets	4,221,135	3,975,278	121,723	127,149	5,728,715	5,324,819	8,004,799	7,519,608	(3,322,086)	(2,709,538)	14,754,286	14,237,316
Reportable segment liabilities	3,558,281	2,563,142	85,441	92,954	663,108	632,524	3,526,708	3,760,219	(1,719,722)	(756,466)	6,113,816	6,292,373

The Group's revenue is mainly earned from transaction carried out in UAE and other GCC countries