

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial
statements

31 March 2011

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

The Shareholders
Dubai Investments PJSC

Introduction

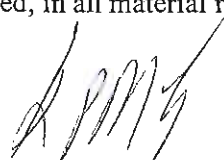
We have reviewed the accompanying condensed consolidated statement of financial position of Dubai Investments PJSC ("the Company") as at 31 March 2011, the condensed consolidated income statement and condensed consolidated statements of comprehensive income, cash flows and changes in equity for the three month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



Vijendranath Malkotra
Registration No. 48B
Dubai, United Arab Emirates
1 May 2011

Dubai Investments PJSC and its subsidiaries

Condensed consolidated income statement for the three month period ended 31 March (unaudited)

	<i>Note</i>	Three month period ended 31 March	
		2011 AED 000	2010 AED 000
Sale of goods and services		323,824	317,347
Contract revenue		144,661	199,849
Sale of properties (including development properties)		22,515	26,331
Rental income		113,225	118,661
Gain on fair valuation of investment properties	<i>11</i>	33,217	167,959
(Loss)/gain on fair valuation of investments		(5,399)	16,223
Gain on sale of investments – (net)		245	625
Dividend income		10,371	12,089
Total income		642,659	859,084
Direct operating costs	<i>7</i>	(433,791)	(460,434)
Administrative and general expenses	<i>8</i>	(100,768)	(95,912)
Finance expenses		(23,967)	(33,093)
Finance income		5,000	11,465
Other income	<i>9</i>	11,365	8,108
Profit for the period		100,498	289,218
Profit attributable to:			
Owners of the Company		101,094	277,662
Non-controlling interests		(596)	11,556
Profit for the period		100,498	289,218
Earnings per share			
Basic earnings per share (AED)	<i>17</i>	0.03	0.08

The notes set out on pages 8 to 14 form part of these condensed consolidated interim financial statements.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of comprehensive income
for the three month period ended 31 March (unaudited)

	Three month period ended 31 March	
	2011	2010
	AED 000	AED 000
Profit for the period	100,498	289,218
Other comprehensive income:		
Net change in fair value of available for sale investments	-	(2,804)
Net change in fair value of available for sale investments transferred to income statement on disposal	-	(875)
	-----	-----
Total other comprehensive income for the period	-	(3,679)
	-----	-----
Total comprehensive income for the period	100,498	285,539
	=====	=====
Attributable to:		
Owners of the Company	101,094	273,983
Non-controlling interests	(596)	11,556
	-----	-----
Total comprehensive income for the period	100,498	285,539
	=====	=====

The notes set out on pages 8 to 14 form part of these condensed consolidated interim financial statements.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of financial position (unaudited)

		31 March 2011 AED 000 (Unaudited)	31 December 2010 AED 000 (Audited)	31 March 2010 AED 000 (Unaudited)
	Note			
Assets				
Non-current assets				
Property, plant and equipment and biological assets	10	2,740,743	2,741,711	2,695,049
Intangible assets including goodwill		213,866	214,488	212,523
Investment properties	11	3,613,033	3,571,313	3,042,327
Development properties	12	188,122	175,112	263,985
Investments at fair value through other comprehensive income	13	546,880	546,880	-
Investments in associates		2,576	2,576	10,233
Long term rent receivable		124,544	136,554	135,541
Long term finance lease receivable		20,592	25,766	204,505
Inventories	14	1,598,674	1,597,273	1,704,049
Trade receivables		267,463	277,712	215,294
Other receivables		61,965	61,965	55,954
Total non-current assets		9,378,458	9,351,352	8,539,460
Current assets				
Inventories	14	1,083,949	1,087,665	998,900
Investments at fair value through profit or loss	13	1,243,390	1,211,653	936,057
Available for sale investments	13	-	-	994,372
Trade receivables		1,202,101	1,176,137	1,115,192
Other receivables		875,172	905,848	855,690
Cash at bank and in hand	16	334,247	399,217	576,817
Total current assets		4,738,859	4,780,520	5,477,028
Total assets		14,117,317	14,131,872	14,016,488
Equity				
Share capital		3,570,395	3,570,395	3,570,395
Share premium		46	46	46
Legal reserve		492,700	492,700	457,509
Capital reserve		25,502	25,502	25,502
General reserve		810,564	810,564	687,695
Revaluation reserve		67,000	67,000	67,000
Fair value reserve		(45,000)	(45,000)	18,477
Proposed dividend	19	214,224	214,224	214,224
Proposed directors' fees		5,000	5,000	5,000
Retained earnings		3,411,594	3,310,500	3,160,481
Equity attributable to owners of the Company		8,552,025	8,450,931	8,206,329
Non-controlling interests		735,896	736,492	719,687
Total equity		9,287,921	9,187,423	8,926,016
Liabilities				
Non-current liabilities				
Long-term borrowings and payables	18	1,349,077	1,395,352	1,480,379
Total non-current liabilities		1,349,077	1,395,352	1,480,379
Current liabilities				
Bank borrowings	18	1,753,555	1,733,235	1,728,649
Trade and other payables		1,726,764	1,815,862	1,881,444
Total current liabilities		3,480,319	3,549,097	3,610,093
Total liabilities		4,829,396	4,944,449	5,090,472
Total equity and liabilities		14,117,317	14,131,872	14,016,488

The condensed consolidated interim financial statements were authorized for issue on behalf of the Board of Directors on 1 May 2011.


Khalid Jassim Kalban
MD & CEO


Mushtaq Masood
CFO

The notes set out on pages 8 to 14 form part of these condensed consolidated interim financial statements.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of cash flows

for the three month period ended 31 March (unaudited)

	Three month period ended 31 March	
	2011	2010
	AED 000	AED 000
Cash flow from operating activities		
Profit for the period	100,498	289,218
<i>Adjustments for:</i>		
Depreciation	37,262	33,024
Amortization/impairment losses of intangible assets (net)	1,122	1,276
Gain on disposal of property, plant & equipment	(202)	(109)
Gain on sale of investments	(245)	(625)
Gain on fair valuation of investment properties	(33,217)	(167,959)
Loss/(gain) on fair valuation of investments	5,399	(16,223)
	<u>110,617</u>	<u>138,602</u>
Operating profit before changes in working capital		
Changes in:		
– investments at fair value through profit or loss, available for sale investments and at fair value through OCI	(36,891)	(4,982)
– trade and other receivables	32,145	(10,922)
– inventories	2,315	(21,226)
– trade and other payables	(89,098)	(42,051)
	<u>19,088</u>	<u>59,421</u>
Net cash from operating activities		
Cash flows from investing activities		
Net movement in investment and development properties	(21,511)	(5,431)
Acquisition of property, plant and equipment	(37,116)	(53,508)
Proceeds from disposal of property, plant and equipment	1,024	1,742
Net additions to intangibles assets	(500)	(47)
Net movement in investment in associates	-	(186)
Net movement in deposits under lien	667	19,147
	<u>(57,436)</u>	<u>(38,283)</u>
Net cash used in investing activities		
Cash flows from financing activity		
Net movement in long term bank borrowings and other payables	(67,627)	(88,390)
	<u>(67,627)</u>	<u>(88,390)</u>
Net cash used in financing activity		
Net decrease in cash and cash equivalents	(105,975)	(67,252)
Cash and cash equivalents at 1 January	(210,757)	(71,314)
Cash and cash equivalents at 31 March	(316,732)	(138,566)
<i>Cash and cash equivalents comprise following:</i>		
Cash in hand, current and call account with banks	132,837	138,116
Short term deposits with banks (excluding those under lien)	170,541	421,630
Bank overdraft, trust receipt loans and bills discounted	(620,110)	(698,312)
	<u>(316,732)</u>	<u>(138,566)</u>

The notes set out on pages 8 to 14 form part of these condensed consolidated interim financial statements.

Dubai Investments PJSC and its subsidiaries
Condensed consolidated statement of changes in equity
for the three month period ended 31 March (unaudited)

	Equity attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Legal reserve	Capital reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend	Proposed directors' fees	Retained earnings	Sub total	
Balance at 1 January 2010 - as originally reported	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
Impact of adopting IFRS 9 – see note (4)	-	-	-	-	-	-	5,161	-	-	(5,161)	-	-
Balance at 1 January 2010 – restated	3,570,395	46	457,509	25,502	687,695	67,000	22,156	214,224	5,000	2,882,819	7,932,346	708,131
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	277,662	277,662	11,556
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	(2,804)	-	-	-	(2,804)	(2,804)
Net change in fair value of available for sale investments	-	-	-	-	-	-	(875)	-	-	-	(875)	(875)
Net change in fair value of available for sale investments transferred to income statement on disposal	-	-	-	-	-	-	(3,679)	-	-	-	(3,679)	(3,679)
Total other comprehensive income	-	-	-	-	-	-	(3,679)	-	-	-	(3,679)	(3,679)
Total comprehensive income for the period	-	-	-	-	-	-	(3,679)	-	-	277,662	273,983	11,556
Balance at 31 March 2010	3,570,395	46	457,509	25,502	687,695	67,000	18,477	214,224	5,000	3,160,481	8,206,329	719,687
												8,926,016

Dubai Investments PJSC and its subsidiaries
Condensed consolidated statement of changes in equity (continued)
for the three month period ended 31 March (unaudited)

	Equity attributable to owners of the Company											AED '000	
	Share capital	Share premium	Legal reserve	Capital reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend	Proposed directors' fees	Retained earnings	Sub total		Non-controlling interests
Balance at 1 January 2011	3,570,395	46	492,700	25,502	810,564	67,000	(45,000)	214,224	5,000	3,310,500	8,450,931	736,492	9,187,423
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	101,094	101,094	(596)	100,498
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	101,094	101,094	(596)	100,498
Balance at 31 March 2011	3,570,395	46	492,700	25,502	810,564	67,000	(45,000)	214,224	5,000	3,411,594	8,552,025	735,896	9,287,921

No allocation of profit has been made to the statutory reserve for the three month period ended 31 March 2011 as it would be affected at the year end.

The notes set out on pages 8 to 14 form part of these condensed consolidated interim financial statements.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2011 (unaudited)

1. Reporting entity

Dubai Investments PJSC ("the Company") was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. The condensed consolidated interim financial statements as at and for the three month period ended 31 March 2011 ("the current period") comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

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

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

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

3. Standards and interpretations effective in the current period

Effective 1 January 2011, the Group has adopted revised IAS 24 *Related Party Disclosures* in preparing the condensed consolidated interim financial statements. The revisions in IAS 24 provide an exemption from disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state ('state controlled entities') and amends the definition of a related party transaction to clarify the intended meaning and remove some inconsistencies. The application of the amended standard has not caused any significant change in the condensed consolidated interim financial statements relating to identification and disclosure of related party relationship and transactions.

4. Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

Financial assets and liabilities

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at 31 December 2010 and for the year ended 31 December 2010. These are disclosed in detail under notes 2 and 3 in the Group's consolidated financial statements as at and for the year ended 31 December 2010.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)
for the three month period ended 31 March 2011 (unaudited)

5. Estimates

The preparation of condensed consolidated interim financial statements 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.

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.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

7. Direct operating costs

	Three month period ended 31 March	
	2011	2010
	AED 000	AED 000
<i>These include:</i>		
Staff costs	46,855	50,748
Depreciation	27,509	23,770
	<u> </u>	<u> </u>

8. Administrative and general expenses

	Three month period ended 31 March	
	2011	2010
	AED 000	AED 000
<i>These include:</i>		
Staff costs	54,263	47,499
Depreciation	9,753	9,254
	<u> </u>	<u> </u>

9. Other income

Other income includes rental income earned by a subsidiary from letting excess storage facilities and sale of scrap by various subsidiaries of the Group.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)
for the three month period ended 31 March 2011 (*unaudited*)

10. Property, plant and equipment and biological assets

During the three month period ended 31 March 2011, the Group acquired assets amounting to AED 37 million (*three month period ended 31 March 2010: AED 54 million*).

11. Investment properties

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 VIII is in progress as of the current period end (refer note 12). As at 31 December 2010, the Group obtained valuation of the development by an independent registered valuer who carried out the valuation in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors which also takes into consideration the cash outflows resulting from the estimated 20% share of the net realized profits due to the Government of Dubai starting February 2009.

During the period, the fair valuation of completed phases was reviewed by management and a gain of AED 33 million was recognized mainly due to increase in cash flows/lease rentals per terms of the contract with tenants.

12. Development properties

Development properties as at 31 March 2011 mainly comprise costs incurred by a subsidiary for the development of Phase VIII at Dubai Investment Park (refer note 11). It also includes cost incurred by a joint venture entity towards construction of Green Community West in Dubai Investment Park.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)
for the three month period ended 31 March 2011 (unaudited)

13. Investments

	31 March 2011 AED 000 (Unaudited)	31 December 2010 AED 000 (Audited)	31 March 2010 AED 000 (Unaudited)
Investments at fair value through profit or loss:			
- held for trading quoted equity securities	377,613	381,163	342,701
- unquoted equity securities and funds	865,577	830,490	-
- designated as fair value through profit or loss	-	-	593,356
(i)	1,243,190	1,211,653	936,057
Investments at fair value through other comprehensive income:			
- unquoted equity securities	546,880	546,880	-
(ii)	546,880	546,880	-
Investments designated as available for sale:			
- quoted equity securities	-	-	123,381
- unquoted equity securities and funds	-	-	870,991
(iii)	-	-	994,372
	31 March 2011 AED 000 (Unaudited)	31 December 2010 AED 000 (Audited)	31 March 2010 AED 000 (Unaudited)
Geographical distribution of investments			
UAE	870,224	863,207	724,850
Other GCC countries	328,877	338,448	600,889
Other countries	590,969	556,878	604,690
(i)+(ii)+(iii)	1,790,070	1,758,533	1,930,429

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)
for the three month period ended 31 March 2011 (*unaudited*)

14. Inventories

Inventories at 31 March 2011 include properties under development for sale in the ordinary course of business amounting to AED 2,360 million (*31 December 2010: AED 2,365 million*) and 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.

The management has reviewed the value of inventories and properties under development for sale to assess the write down required, if any, to bring them to the net realizable value. The net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgement 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 (also refer note 5).

15. Related party transactions

Significant related party transactions were as follows:

	Three month period ended 31 March	
	2011	2010
	AED 000	AED 000
Construction of Head Office building	16,143	10,512
Compensation to key management personnel including directors is as follows:		
Short term benefits	3,989	3,978
Post-employment benefits	26	26

16. Cash at bank and in hand

	31 March 2011 AED 000 (Unaudited)	31 December 2010 AED 000 (Audited)	31 March 2010 AED 000 (Unaudited)
Cash in hand	1,627	1,836	1,745
Cash at bank within UAE (current accounts)	126,315	168,114	125,667
Cash at bank outside UAE – GCC Countries (current accounts)	4,895	5,508	10,704
Short term deposits (including deposits of AED 30.87 million (<i>2010: 31.54 million</i>) under lien with a bank)	201,410	223,759	438,701
	334,247	399,217	576,817

There were no short term deposits outside UAE as at 31 March 2011 (*31 December 2010: AED Nil*).

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)
for the three month period ended 31 March 2011 (unaudited)

17. Basic earnings per share

	Three month period ended 31 March	
	2011	2010
Net profit attributable to owners of the Company (AED'000)	101,094	277,662
Weighted average number of shares outstanding ('000s)	3,570,395	3,570,395

18. Bank borrowings

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, investment at fair value through profit or loss, investment properties and assignment of insurance policies over certain assets of the Group. Where there is a corporate guarantee provided by the Company, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity (refer note 20).

19. Proposed dividend

At the Annual General Meeting (AGM) held on 19 April 2011, the shareholders approved 6% cash dividend which was proposed by the Board of Directors.

20. Contingent liabilities

The Company has issued corporate guarantee for loans and advances to related and third parties by commercial banks. Guarantees outstanding at 31 March 2011 amount to AED 1,690 million (31 December 2010: AED 1,690 million).

21. Capital commitments

As at 31 March 2011, the Group has contractual capital commitments amounting to AED 859 million (31 December 2010: AED 945 million) mainly relating to new projects/investments.

22. 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 startup 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 to the condensed consolidated interim financial statements *(continued)*
for the three month period ended 31 March 2011 *(unaudited)*

22. Segment reporting *(continued)*

Operating segments

Information about reportable segments

	Manufacturing and contracting		FMCG		Investments		Property		Elimination of inter segment transactions		Total	AED'000
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Business Segments												
Revenue	435,965	489,956	22,160	22,038	12,127	330,866	147,928	160,124	(8,738)	(311,859)	609,442	691,125
Finance income and other income	7,550	2,857	821	390	22,343	20,799	3,596	7,795	(17,945)	(12,268)	16,365	19,573
Finance expenses	(31,724)	(25,697)	(249)	(874)	17,078	(3,888)	(27,017)	(19,616)	17,945	16,982	(23,967)	(33,093)
Gain on fair valuation of investment properties	-	-	-	-	-	-	33,217	167,959	-	-	33,217	167,959
Reportable segment profit	(24,207)	10,281	(514)	1,546	55,800	337,627	77,690	235,885	(8,271)	(296,121)	100,498	289,218
Reportable segment assets	4,136,916	4,145,185	72,997	75,902	5,886,428	6,182,545	7,556,517	7,260,617	(3,535,541)	(3,647,761)	14,117,317	14,016,488
Reportable segment liabilities	3,072,703	3,463,572	32,942	38,074	779,711	782,992	2,472,880	2,846,640	(1,528,840)	(2,040,806)	4,829,396	5,090,472

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