

Dubai Investments PJSC
and its subsidiaries

Consolidated financial statements
31 December 2011

Dubai Investments PJSC and its subsidiaries

Consolidated financial statements

31 December 2011

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Directors' Report

The Board of Directors ("the Board") of Dubai Investments PJSC ("the Company") is pleased to present their report along with the audited financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2011.

Financial Performance

The Group has reported a net profit attributable to the shareholders of the Company of AED 203.4 million for the year ended 31 December 2011 as compared to AED 804.9 million in the previous year. The primary reason for the decline in profits is the lesser fair valuation gain on investments properties, loss on fair valuation of investments and the political unrest in the MENA region.

During the year ended 31st December 2011, the Group recognized fair valuation gain of AED 159.3 million as compared to a gain of AED 618.9 million in 2010. The reason for lesser fair valuation gain on investment properties in the current year is related to the real estate market conditions in the region.

Total assets of the Group stands at AED 13.5 billion as of 31 December 2011 (*2010: AED 14.1 billion*).

Proposed Dividend

The Directors propose a cash dividend of 5% to the shareholders of the Company.

Proposed Appropriations

The Directors propose the following appropriations from Group's retained earnings:

	AED'000
Retained earnings as at 1 January 2011	3,310,500
Profit for the year attributable to owners of the Company	203,388
Impairment on investments at fair value through OCI transferred to retained earnings	(20,207)
Changes in ownership interests in subsidiaries	16,800

Retained earnings available for appropriation	3,510,481
(a) Transfer to legal reserve	(20,339)
(b) Transfer to general reserve	(20,339)
(c) Proposed dividend	(178,520)
(d) Directors' fees	(2,500)

Retained earnings as at 31 st December 2011	3,288,783
	=====

Directors' Report (*continued*)

Outlook 2012:

As situation in the MENA region improves, the Group will focus on expanding its operations in the related countries. Further, economic indicators have shown a positive trend and are providing signs of growth. New projects are being announced to cater to the demand in the hospitality and tourism sector which will assist Group Companies operating in the related sectors.

Due to overall financial recovery across the world, stock exchanges in GCC have gained momentum in the initial months of 2012 which is expected to continue. The management is monitoring the situation closely and appropriate actions are being taken to maximize returns and unlock value. In 2012, the Group also plans to consider and evaluate decision for divestment in few companies which is expected to provide significant returns.

Whilst sourcing required funds for expansion will remain a challenge, the management is evaluating various options of raising funds to meet the requirements.

Directors:

The Board of Directors comprises:

- | | |
|-------------------------------------|---------------|
| • Mr. Sohail Faris Ghanim Al Mazrui | Chairman |
| • Mr. Hussain Sultan | Vice Chairman |
| • Mr. Ali Fardan Al Fardan | |
| • Mr. Mohammed Saif Al Ketbi | |
| • Mr. Khalid Jassim Kalban | |

Auditors:

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2011. Based on the recommendation of the Audit Committee, Directors propose to re-appoint KPMG as auditors for the year ending 31 December 2012. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

Acknowledgements:

The Board of 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 hard work that has been put by them for the benefit of the Company and its shareholders.

On behalf of the Board



Sohail Faris Ghanim Al Mazrui

Chairman

Dated: 20 March 2012



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Independent auditors' report

The Shareholders
Dubai Investments PJSC

Report on the consolidated 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 2011, the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2011, 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 2011, which may have had a material adverse effect on the business of the Company or its financial position.

Vijendra Nath Malhotra
Registration No: 48 B

20 MAR 2012

Dubai Investments PJSC and its subsidiaries

Consolidated income statement

for the year ended 31 December

	Note	2011 AED'000	2010 AED'000
Sale of goods and services		1,322,684	1,268,221
Contract revenue		551,444	837,131
Sale of properties (including development properties)		59,335	195,833
Rental income		457,364	477,353
Gain on fair valuation of investment properties	12	159,259	618,898
(Loss)/gain on fair valuation of investments		(44,476)	2,243
Gain on sale of investments - (net)		2,598	40,296
Dividend income		13,571	16,952
Total income		2,521,779	3,456,927
Direct operating costs	6	(1,743,520)	(2,026,382)
Administrative and general expenses	7	(520,662)	(509,932)
Finance expenses	8	(182,452)	(172,221)
Finance income	8	17,668	37,528
Share of profit from associates		-	1,007
Other income	9	64,842	58,890
Profit for the year		157,655	845,817
Profit attributable to:			
Owners of the Company		203,388	804,965
Non-controlling interests		(45,733)	40,852
Profit for the year		157,655	845,817
Earnings per share			
Basic earnings per share (AED)	31	0.06	0.23

The notes set out on pages 10 to 51 form part of these consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of comprehensive income for the year ended 31 December

	2011 AED'000	2010 AED'000
Profit for the year	157,655	845,817
Other comprehensive income:		
Net change in fair value of available for sale investments	-	(2,144)
Net change in fair value of available for sale investments transferred to income statement on disposal	-	(20,012)
Net change in fair value of investments at fair value through other comprehensive income (OCI) (refer note 14)	(31,992)	(45,000)
Total other comprehensive income for the year	(31,992)	(67,156)
Total comprehensive income for the year	125,663	778,661
Attributable to:		
Owners of the Company	171,396	737,809
Non-controlling interests	(45,733)	40,852
Total comprehensive income for the year	125,663	778,661

The notes set out on pages 10 to 51 form part of these consolidated financial statements.

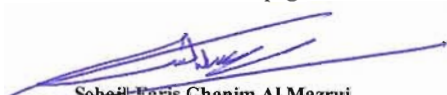
Dubai Investments PJSC and its subsidiaries

Consolidated statement of financial position

		31 December 2011 AED'000	31 December 2010 AED'000
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment and biological assets	10	2,769,017	2,741,711
Goodwill and intangible assets	11	217,436	214,488
Investment properties	12	3,977,154	3,571,315
Development properties	13	80,670	175,112
Investments at fair value through other comprehensive income	14	492,086	546,880
Investment in an associate	15	2,576	2,576
Long term rent receivable	16	94,926	136,554
Long term finance lease receivable	17	15,834	25,766
Inventories	18	1,287,894	1,597,273
Trade receivables	19	226,146	277,712
Other receivables	20	45,640	61,965
Total non-current assets		9,209,379	9,351,352
Current assets			
Inventories	18	1,088,161	1,087,665
Investments at fair value through profit or loss	14	796,686	1,211,653
Trade receivables	19	1,342,208	1,176,137
Other receivables	20	772,609	905,848
Cash at bank and in hand	21	287,280	399,217
Total current assets		4,286,944	4,780,520
Total assets		13,496,323	14,131,872
Equity			
Share capital	25	3,570,395	3,570,395
Share premium	25	46	46
Legal reserve	27	513,039	492,700
Capital reserve	26	25,502	25,502
General reserve	27	830,903	810,564
Revaluation reserve	28	67,000	67,000
Fair value reserve	29	(56,785)	(45,000)
Proposed dividend	25	178,520	214,224
Proposed directors' fees	30	2,500	5,000
Retained earnings		3,288,783	3,310,500
Equity attributable to owners of the Company		8,419,903	8,450,931
Non-controlling interests		637,766	736,492
Total equity		9,057,669	9,187,423
Liabilities			
Non-current liabilities			
Long-term borrowings and payables	22	858,037	1,395,352
Total non-current liabilities		858,037	1,395,352
Current liabilities			
Bank borrowings	23	2,074,104	1,733,235
Trade and other payables	24	1,506,513	1,815,862
Total current liabilities		3,580,617	3,549,097
Total liabilities		4,438,654	4,944,449
Total equity and liabilities		13,496,323	14,131,872

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 20 March 2012.

The notes set out on pages 10 to 51 form part of these consolidated financial statements.


Sohail Faris Ghanim Al Mazrui
Chairman


Ali Fardan Al Fardan
Director


Khalid Jassim Kalban
MD & CEO

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 December

	2011 AED'000	2010 AED'000
Cash flows from operating activities		
Profit for the year	157,655	845,817
<i>Adjustments for:</i>		
Depreciation	151,069	135,057
Amortization of intangible assets	3,888	3,178
(Gain)/loss on disposal/write-off of property, plant and equipment	(65)	3,255
Gain on fair valuation of investment properties	(159,259)	(618,898)
Share of profit from investment in an associate	-	(1,007)
Loss/(gain) on fair valuation of investments	44,476	(2,243)
Gain on sale of investments - net	(2,598)	(40,296)
(Reversal)/provision for write down of inventories to its net realizable value	(29,771)	105,600
Impairment loss on trade receivables	29,107	12,682
Gain on business combinations	-	(6,022)
Operating profit before changes in working capital	194,502	437,123
Changes in:		
- investments at fair value through profit or loss, available for sale investments, and at fair value through OCI	395,891	129,128
- trade and other receivables	57,512	45,586
- inventories	291,270	(98,945)
- trade and other payables	(309,349)	(133,955)
Net cash from operating activities	629,826	378,937
Cash flows from investing activities		
Purchase consideration paid for acquisition of additional interest in subsidiaries/associates (net of cash acquired)	(10,650)	(3,250)
Net movement in investment and development properties	(143,638)	11,393
Acquisition of property, plant and equipment	(145,055)	(193,674)
Proceeds from disposal of property, plant and equipment	5,629	11,417
Net additions to intangible assets	(6,836)	(1,489)
Net movement in investment in associates	-	(988)
Net cash used in investing activities	(300,550)	(176,591)
Cash flows from financing activities		
Net movement in bank borrowings and payables	(201,421)	(94,563)
Net movement in deposits under lien	(20,988)	4,982
Net movement in non-controlling interests	(25,543)	(32,683)
Dividend paid	(214,224)	(214,224)
Director fees paid	(5,000)	(5,000)
Net cash used in financing activities	(467,176)	(341,488)
Net decrease in cash and cash equivalents	(137,900)	(139,142)
Cash and cash equivalents at 1 January	(210,757)	(71,615)
Cash and cash equivalents at 31 December	(348,657)	(210,757)
<i>Cash and cash equivalents comprise following:</i>		
Cash in hand, current and call account with banks	96,513	175,458
Short term deposits with banks (excluding those under lien)	138,243	192,223
Bank overdraft, trust receipt loans and bills discounted	(583,413)	(578,438)
	(348,657)	(210,757)

The notes set out on pages 10 to 51 form part of these consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December 2010

	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 2010	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	8,640,477
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	804,965	804,965	40,852	845,817
Other comprehensive income													
Net change in fair value of available for sale investments	-	-	-	-	-	-	(2,144)	-	-	-	(2,144)	-	(2,144)
Net change in fair value of available for sale investments transferred to income statement on disposal	-	-	-	-	-	-	(20,012)	-	-	-	(20,012)	-	(20,012)
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(45,000)	-	-	-	(45,000)	-	(45,000)
Total other comprehensive income	-	-	-	-	-	-	(67,156)	-	-	-	(67,156)	-	(67,156)
Total comprehensive income for the year	-	-	-	-	-	-	(67,156)	-	-	804,965	737,809	40,852	778,661
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Dividend paid	-	-	-	-	-	-	-	(214,224)	-	-	(214,224)	-	(214,224)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(32,683)	(32,683)
Directors' fees paid	-	-	-	-	-	-	-	-	(5,000)	-	(5,000)	-	(5,000)
Proposed director's fee	-	-	-	-	-	-	-	-	5,000	(5,000)	-	-	-
Proposed dividend	-	-	-	-	-	-	-	214,224	-	(214,224)	-	-	-
Transfer to reserves	-	-	35,191	-	122,869	-	-	-	-	(158,060)	-	-	-
Total contributions by and distribution to owners	-	-	35,191	-	122,869	-	-	-	-	(377,284)	(219,224)	(32,683)	(251,907)
Changes in ownership interests in subsidiaries													
On business combinations	-	-	-	-	-	-	-	-	-	-	-	20,192	20,192
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	20,192	20,192
Total transactions with owners	-	-	35,191	-	122,869	-	-	-	-	(377,284)	(219,224)	(12,491)	(231,715)
Balance at 31 December 2010	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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity (continued)

for the year ended 31 December 2011

	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	Total
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 year													
Profit for the year	-	-	-	-	-	-	-	-	-	203,388	203,388	(45,733)	157,655
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(31,992)	-	-	-	(31,992)	-	(31,992)
Impairment on investments at fair value through OCI transferred to retained earnings	-	-	-	-	-	-	20,207	-	-	(20,207)	-	-	-
Total other comprehensive income	-	-	-	-	-	-	(11,785)	-	-	(20,207)	(31,992)	-	(31,992)
Total comprehensive income for the year	-	-	-	-	-	-	(11,785)	-	-	183,181	171,396	(45,733)	125,663
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Dividend paid	-	-	-	-	-	-	-	(214,224)	-	-	(214,224)	-	(214,224)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(21,550)	(21,550)
Directors' fees paid	-	-	-	-	-	-	-	-	(5,000)	-	(5,000)	-	(5,000)
Proposed director's fee	-	-	-	-	-	-	-	-	2,500	(2,500)	-	-	-
Proposed dividend	-	-	-	-	-	-	-	178,520	-	(178,520)	-	-	-
Transfer to reserves	-	-	20,339	-	20,339	-	-	-	-	(40,678)	-	-	-
Total contributions by and distribution to owners	-	-	20,339	-	20,339	-	-	(35,704)	(2,500)	(221,698)	(219,224)	(21,550)	(240,774)
Changes in ownership interests in subsidiaries													
On acquisition of non-controlling interests without a change in control (refer note 37)	-	-	-	-	-	-	-	-	-	16,800	16,800	(31,443)	(14,643)
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	16,800	16,800	(31,443)	(14,643)
Total transactions with owners	-	-	20,339	-	20,339	-	-	(35,704)	(2,500)	(204,898)	(202,424)	(52,993)	(255,417)
Balance at 31 December 2011	3,570,395	46	513,039	25,502	830,903	67,000	(56,785)	178,520	2,500	3,288,783	8,419,903	637,766	9,057,669

The notes set out on pages 10 to 51 form part of these consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Notes

(forming part of the consolidated financial statements)

1. Reporting entity

Dubai Investments PJSC ("the Company") was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. The consolidated financial statements for the year ended 31 December 2011 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 various sectors and investing in bonds, funds and equity securities.

At 31 December 2011 the Company had approximately 19,565 shareholders (2010: 20,299).

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
- non-derivative financial instruments at fair value through profit or loss
- financial assets at fair value through other comprehensive income; and
- investment properties

The methods used to measure fair values are discussed in notes 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 judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements or that have a significant risk of resulting in a material adjustment within the next financial year are discussed in note 38.

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

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in the income statement.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the income statement.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve loss of control are based on proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate or as a joint venture or as a financial asset depending on the level of influence retained.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investment in associates is accounted for using the equity method and is recognized initially at cost. The cost of investments includes the transaction costs. The consolidated financial statements include the Group's share of profit 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 entity's 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 against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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 customer, recovery of the 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. The timing of transfer of risks and rewards varies depending on the individual terms of sale.

Properties leased for several decades, wherein, the present value of the residual value at the inception of the lease is estimated to be negligible is accounted for as a finance lease at the lease inception date, even if at the end of the lease term title will not pass to the lessee.

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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Revenue (continued)

Services rendered

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

Rental income

Rental income from investment properties on operating lease 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 on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally ex-dividend date.

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.

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, net foreign exchange loss, unwinding of the discount factor on financial liabilities measured at amortized cost, losses on derivative financial instruments and impairment loss on trade receivables. 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.

Foreign currency gain or losses are represented on a net basis either as a finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

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 expenditure that is 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 and capitalized borrowing costs.

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 re-measurement 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 and presented in the revaluation reserve in equity. 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

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of day-to-day servicing of property, plant and equipment is expensed as incurred.

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 component, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items of property, plant and equipment are depreciated from the date that they are available for use in a manner intended by the management.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Life (years)
Buildings	15-33
Plant and equipment	2-22
Office equipment and furniture	3-10
Motor vehicles	3- 7

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Property, plant and equipment and biological assets (continued)

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 that arises on the acquisition of subsidiaries and joint ventures is presented with intangible assets. For the measurement of goodwill at initial recognition, see above policy on business combinations.

Subsequent measurement

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Goodwill attributable to investment in associates is shown as part of the carrying value of investment.

Other intangible assets

Other intangible assets including technical know-how, product distribution rights, patents and trademarks that have finite useful lives are stated at cost less accumulated amortization and accumulated 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 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 cost on initial recognition and subsequently at fair value with any changes therein are recognized in the income statement.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

External, independent valuation companies, having the appropriate recognized professional qualification and recent experience in the location and category of property being valued, value 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Investment properties (continued)

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.

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.

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.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognized in the income statement. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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).

Inventories

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

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

Inventories are measured at lower of cost and net realizable value. The cost of raw materials 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 under development for sale

Properties under development for sale are classified as inventories and 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 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

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. Construction 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.

Financial instruments

Non-derivative financial assets

The Group initially recognizes financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either amortized cost or fair value.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Finance assets measured at amortized cost comprise trade and other receivables, cash and cash equivalents, rent receivables and finance lease receivables.

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.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in income statement.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income on an instrument by instrument basis. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to income statement and no impairments are recognized in income statement. Dividends earned from such investments are recognized in income statement unless the dividends clearly represent a recovery of part of the cost of the investment.

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 (including liabilities designated as fair value through profit or loss) 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 realize the asset and settle the liability simultaneously.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial liabilities (continued)

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 amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

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. 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 currency differences arising on retranslation are recognized in income statement.

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 and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to income statement as part of gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary or joint venture that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to income statement.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

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.

Impairment

Non-derivative financial assets

A financial asset not carried at fair value 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, economic conditions that correlated with defaults or the disappearance of an active market for a security.

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 judgment 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 amortized 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 recognized in income statement and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized 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.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development 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. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Impairment (continued)

Non-financial assets (continued)

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 amortization, if no impairment loss had been recognized.

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.

Leases

As lessee – operating lease

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.

As lessee – finance lease

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Non-current assets held for sale and distribution

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 or distribution. Immediately before classification as held for sale or distribution, 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 is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, investment properties and development properties which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution 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.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

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 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.

Segment reporting

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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 consolidated 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 consolidated financial statements relating to identification and disclosure of related party relationship and transactions.

New standard and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective and therefore have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for the following:

IFRS 11 Joint Arrangements: IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and is effective for annual periods beginning on or after 1 January 2013. IFRS 11 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements) and describes joint arrangement as either a joint operation or joint venture. For joint ventures, IFRS 11 requires to account for that investment using the equity method. Currently, the Group accounts for its investments in joint ventures using proportionate consolidation method. The Group is currently in the process of identifying the impact of adoption of IFRS 11.

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 38.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property, plant and equipment is the estimated amount for which a 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

4. Determination of fair values (continued)

Investment property

External, independent valuation companies, having appropriate recognized professional qualification and recent experience in the location and category of property being valued, value 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.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

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.

Equity and debt securities

The fair value of quoted equity and debt securities is determined by reference to their closing bid price at the reporting date, or if unquoted, the fair value is determined using various alternative valuation techniques.

Trade and other receivables

The fair value of trade and other receivables, excluding construction 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 quoted 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.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

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.

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Credit risk (continued)

Investments

The Group limits its exposure to credit risk by only investing 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.

Guarantees

The Company policy is to provide financial guarantees to its subsidiaries and joint ventures in proportion to its holding. In the event, financial guarantee is issued in excess of the Company's proportionate holding; undertaking/indemnities are obtained from the partners.

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 loan facilities totalling to AED 405 million on which interest is payable at normal commercial rates.
- * long term bank loan facilities totalling to AED 26 million on which interest is payable at normal commercial rates.

Market risk

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

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management *(continued)*

Market risk *(continued)*

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. At 31 December 2011 the Group held outstanding interest rate swap contacts with notional amounts of AED 84.37 million *(2010: AED 174.8 million)*. The swaps mature over the next 2 to 8 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 2011 was a liability of AED 12.9 million *(2010: liability of AED 14.1 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. 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 profit or loss because their performance is actively monitored and they are managed on a fair value basis.

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 the 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 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. Direct operating costs

	2011 AED'000	2010 AED'000
<i>These include:</i>		
Staff costs	217,284	206,843
(Reversal)/provision for write down of inventories to net realizable value	(29,771)	105,600
Depreciation	111,284	100,765
	<u> </u>	<u> </u>

7. Administrative and general expenses

	2011 AED'000	2010 AED'000
<i>These include:</i>		
Staff costs	205,392	217,277
Depreciation	39,785	34,292
	<u> </u>	<u> </u>

8. Finance income and expenses

	2011 AED'000	2010 AED'000
Interest income	15,977	30,873
Unwinding of discount on financial assets measured at amortized cost	1,691	6,655
	<u> </u>	<u> </u>
Finance income	17,668	37,528
	<u> </u>	<u> </u>
Interest expense	(156,352)	(144,398)
Unwinding of discount on financial liabilities measured at amortized cost	-	(620)
Net foreign exchange loss	(3,493)	(15,986)
Net change in fair value/settlement of derivative financial instruments	6,500	1,465
Impairment loss on trade receivables-net	(29,107)	(12,682)
	<u> </u>	<u> </u>
Finance expenses	(182,452)	(172,221)
	<u> </u>	<u> </u>
Net finance expenses recognized in the income statement	(164,784)	(134,693)
	<u> </u>	<u> </u>

9. Other income

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

10. 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 2010	877,154	23,078	1,444,277	66,014	49,579	810,519	3,270,621
Additions	55,722	3,120	20,220	7,258	6,039	101,315	193,674
Disposals and write-offs	-	(2,786)	(23,034)	(3,089)	(2,847)	-	(31,756)
Transfers	12,712	-	467,499	-	-	(480,211)	-
On acquisition through business combination	17,210	-	10,435	2,392	770	-	30,807
At 31 December 2010	962,798	23,412	1,919,397	72,575	53,541	431,623	3,463,346
At 1 January 2011	962,798	23,412	1,919,397	72,575	53,541	431,623	3,463,346
Additions	3,289	3,701	25,519	6,359	4,771	101,416	145,055
Disposals and write-offs	(320)	(2,749)	(5,693)	(4,646)	(4,044)	(359)	(17,811)
Transfers	185,139	-	(22,652)	29	-	(123,632)	38,884
At 31 December 2011	1,150,906	24,364	1,916,571	74,317	54,268	409,048	3,629,474
Accumulated depreciation and impairment losses							
At 1 January 2010	126,062	6,767	381,990	47,411	31,709	484	594,423
Charge for the year	29,599	778	84,692	12,959	7,029	-	135,057
On disposals and write-offs	(7)	-	(11,880)	(2,942)	(2,255)	-	(17,084)
On acquisition through business combination	2,289	-	4,795	1,658	497	-	9,239
At 31 December 2010	157,943	7,545	459,597	59,086	36,980	484	721,635
At 1 January 2011	157,943	7,545	459,597	59,086	36,980	484	721,635
Charge for the year	38,478	1,201	93,219	11,292	6,879	-	151,069
On disposals and write-offs	(103)	-	(4,735)	(4,646)	(2,763)	-	(12,247)
At 31 December 2011	196,318	8,746	548,081	65,732	41,096	484	860,457
Net book value							
At 31 December 2010	804,855	15,867	1,459,800	13,489	16,561	431,139	2,741,711
At 31 December 2011	954,588	15,618	1,368,490	8,585	13,172	408,564	2,769,017

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

10. 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 plots of land were earlier revalued during 1999, 2003 and 2005 and 2009 by a professional firm of independent property valuers. As the market value of these 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 28).
- (ii) Capital work in progress mainly represents cost incurred by a subsidiary for establishing its manufacturing facilities and cost incurred by a joint venture towards certain key district cooling projects that are outstanding at the year end. Also included is the borrowing cost amounting to AED 5.87 million (2010: AED 26 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. Considering various complexities involved, it is not possible to fair value biological assets and therefore, biological assets are measured at cost, less accumulated depreciation and impairment losses (if any).
- (iv) Buildings, plant and machinery with a net book value of AED 1,139 million (2010: AED 1,202 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)

11. Goodwill and intangible assets

AED'000

	Goodwill	Technical know-how, product distribution rights, patent and, trade mark	Other intangible assets	Total
Cost				
As at 1 January 2010	187,903	44,820	9,338	242,061
Additions/acquisition through business combination	-	980	2,934	3,914
	-----	-----	-----	-----
As at 31 December 2010	187,903	45,800	12,272	245,975
	-----	-----	-----	-----
As at 1 January 2011	187,903	45,800	12,272	245,975
Additions	-	5,684	1,152	6,836
	-----	-----	-----	-----
As at 31 December 2011	187,903	51,484	13,424	252,811
	-----	-----	-----	-----
Accumulated amortization and impairment losses				
As at 1 January 2010	(13,281)	(11,773)	(3,255)	(28,309)
Amortization	-	(2,882)	(296)	(3,178)
	-----	-----	-----	-----
As at 31 December 2010	(13,281)	(14,655)	(3,551)	(31,487)
	-----	-----	-----	-----
As at 1 January 2011	(13,281)	(14,655)	(3,551)	(31,487)
Amortization	-	(3,798)	(90)	(3,888)
	-----	-----	-----	-----
As at 31 December 2011	(13,281)	(18,453)	(3,641)	(35,375)
	-----	-----	-----	-----
Carrying amount				
31 December 2010	174,622	31,145	8,721	214,488
	=====	=====	=====	=====
31 December 2011	174,622	33,031	9,783	217,436
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Investment properties

	2011 AED'000	2010 AED'000
At 1 January	3,571,315	2,860,359
Additions	57,724	320
Transferred from development properties (refer note 13)	180,356	102,903
Transferred from inventories	8,500	-
Acquisition through business combination	-	6,000
Investment property sold	-	(17,165)
Gain on fair valuation	159,259	618,898
	<u>3,977,154</u>	<u>3,571,315</u>
At 31 December		

Included in investment properties are mainly the following:

- (a) infrastructure facilities leased to third parties, 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. During the current year, the development of warehouse project 1 in Phase VIII was substantially completed and the Group obtained fair value of this phase. The development of warehouse project 2 in Phase VIII is in progress as of the year end. As at 31st December 2011, 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 cash flows from existing phases have increased mainly due to increase in leased area after certain modifications were made to the phases and increase in lease rentals per terms of contract with 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:

	2011 AED'000	2010 AED'000
Fair valuation of completed areas/phases in Dubai Investments Park as per independent registered valuation reports	3,245,605	2,955,265
Less: adjustment for rent receivable	(223,848)	(262,742)
Add: adjustment for unearned rent *	127,509	126,172
Add: adjustment for recognized liabilities	64,007	66,242
	<u>3,213,273</u>	<u>2,884,937</u>

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Investment properties (continued)

- (b) 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 amounting to AED 60 million (Group's share).
- (c) a plot of land in Dubai, 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 fair valuation of this property at the reporting date has been determined internally amounting to AED 68 million.
- (d) 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 amounting to AED 175 million.
- (e) labor camps leased to third parties under operating leases'. The fair valuation of these labor camps at the reporting date has been determined by an external, independent valuation company amounting to AED 337.8 million.

Investment property valuing AED 48 million (2010: AED 48 million) is hypothecated/ mortgaged against the long term loan taken from a bank.

13. Development properties

	2011 AED'000	2010 AED'000
At 1 January	175,112	272,562
Additions	142,633	192,652
Transferred to investment properties (refer note 12)	(180,356)	(102,903)
Cost of properties sold	(56,719)	(187,199)
At 31 December	<u>80,670</u>	<u>175,112</u>

Development properties as of 31 December 2011 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 warehouse project 2 in Phase VIII at Dubai Investment Park.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments

	2011 AED'000	2010 AED'000
Investments at fair value through profit or loss:		
- held for trading quoted equity securities	348,731	381,163
- unquoted equity securities, funds and bonds *	447,955	830,490
(i)	<u>796,686</u>	<u>1,211,653</u>
Investments at fair value through other comprehensive income:		
- unquoted equity securities **	492,086	546,880
(ii)	<u>492,086</u>	<u>546,880</u>
	2011 AED'000	2010 AED'000
Geographical distribution of investments:		
UAE	521,366	863,207
Other GCC countries	330,768	338,448
Other countries	436,638	556,878
(i)+(ii)	<u>1,288,772</u>	<u>1,758,533</u>

Held for trading quoted equity securities with a fair value of AED 166 million (2010: AED 136 million) is pledged in favor of banks against borrowings availed.

* In 2010, the Company invested in fund managed by Sarasin Alpen Partners Limited. The primary purpose of this investment was 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. This investment matured during the current year. Further, during the current year, the Company redeemed its investment in specialized portfolio managed by Societe Generale. The portfolio comprised investments in various securities and bonds globally.

** In the current year, one of the investee company upon restructuring its business operations, refunded 25% of share capital in cash and set off 22% of the capital against its accumulated losses.

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 at fair value through profit or loss, a 10 % increase in any of these stock exchanges at the reporting date would have increased profit by AED 21.5 million (2010: AED 20.6 million); an equal change in the opposite direction would have decreased profit by AED 21.5 million (2010: AED 20.6 million). For such investments classified as fair value through other comprehensive income, 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)

14. Investments (continued)

14. (a) Investments at fair value through profit or loss

The major investments in unquoted equity securities and funds under this category are:

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.

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.

SAPL 65 Fixed Deposit Fund

The Company has invested in a fund managed by Sarasin Alpen Partners Limited. The primary purpose of this investment is to generate returns by leveraging the transaction with reputed banks with maturity tenor of not more than one year.

Managed funds, structured products and bonds:

The Group holds investment in various funds, structured products and bonds.

14. (b) Investments at fair value through other comprehensive income

The major investments under this category are:

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

The Company was a founder shareholder in this project and holds 5.39% 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.

Abu Dhabi Investment House (ADIH) (unquoted equity security):

The Company holds 1.84% of shareholding in ADIH, which is a Sharia'a compliant investment bank based in UAE with a focus on investment sector.

Takaful Re Limited (unquoted equity security):

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

14. (c) Investments in subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2011:

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

The following are the investments in subsidiaries held by Dubai Investments Industries LLC as of 31 December 2011:

Emirates Building Systems Company LLC	UAE	100
Globalpharma Company LLC	UAE	100
The Edible Oil Company (Dubai) LLC (refer note (i) below)	UAE	81
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 2011:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC (refer note (ii) below)	UAE	62.28
Saudi American Glass Company Limited	KSA	100

The following are the investments in subsidiaries held by Masharie LLC as of 31 December 2011:

Emirates Extrusion Factory LLC	UAE	100
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Emirates Thermostone Factory LLC	UAE	100
Folera 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
Techno Rubber Company	UAE	51
Lite tech Industries LLC	UAE	54

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

14. (c) Investments in subsidiaries (continued)

- (i) In the current year, the Group reached a settlement with a non-controlling shareholder of a subsidiary viz; Edible Oil Company (Dubai) LLC ("EOCD"), whereby, the Group acquired additional 27% stake in EOCD at nil consideration. Upon acquisition of additional 27% interest, the Group shareholding in EOCD has increased to 81%.
- (ii) In the current year, the Group also acquired additional 8.97% stake in its existing subsidiary Emirates Float Glass LLC ("EFG"). Upon acquisition of additional interest, the Group shareholding in EFG has increased to 62.28%.

14. (d) Investments in joint ventures

The following are the investment in joint ventures held by the Group as at 31 December 2011:

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. The Group effectively owns 50% equity in this entity.

Emirates District Cooling LLC (Emicool)

Emicool is a joint venture between the Company and Union Properties PJSC. The principal activity of this entity is to distribute and sell chilled water for use in district cooling systems. The Group effectively owns 50% equity in this entity.

Al Mujamma Real Estate Company LLC

Al Mujamma Real Estate Company LLC is a joint venture between the Group 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 management and leasing of properties. The Group effectively owns 50% equity in this entity.

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. The Group effectively owns 50% equity in this entity.

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 in this entity.

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 and teach driving skills and to provide services of auto general repairing, vehicle maintenance and related services. The Group effectively owns 30% equity in this entity.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

14. (d) Investment in joint ventures (continued)

Power Factor Electromechanical Works LLC

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 in this entity.

Al Arif Contracting LLC – Abu Dhabi

On 2nd June 2010, Al Arif Contracting Company LLC incorporated a 100% owned subsidiary Al Arif Contracting LLC - Abu Dhabi in accordance with the Commercial Companies Law in the Emirate of Abu Dhabi, United Arab Emirates. The Group effectively owns 30% equity in this newly incorporated entity.

IntlSys LLC (formerly known as Syscom Emirates LLC)

The entity is registered as a limited liability company in the Emirate of Dubai. The Company is engaged in the business of providing services related to information technology and telecom networks. On 31 October 2011, Board of Directors of IntlSys LLC has resolved to liquidate the operations of the entity. Management is in the process of formally closing down the operations as at the year-end. The Group effectively owns 30% equity in this entity.

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. The Group effectively owns 50% equity in this entity.

15. Investment in an associate

Following is the associate of the Group:

Al Taweeq Investment LLC

This is a limited liability company registered in the Kingdom of Saudi Arabia. The Company has 30% interest in this entity.

16. 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)

17. Finance lease receivable

The Group has the following interest in finance leases:

	2011 AED'000	2010 AED'000
Gross investment	24,030	216,779
Unearned finance income	(5,850)	(7,917)
Net investment	18,180	208,862
Less: classified as trade receivables on due date	(2,346)	(183,096)
Non-current portion	15,834	25,766

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2011 AED'000	Interest 2011 AED'000	Principal 2011 AED'000	Minimum lease payments 2010 AED'000	Interest 2010 AED'000	Principal 2010 AED'000
Less than one year	4,183	1,837	2,346	185,000	1,904	183,096
Between one and five years	14,360	3,496	10,864	21,945	3,916	18,029
More than five years	5,487	517	4,970	9,834	2,097	7,737
	24,030	5,850	18,180	216,779	7,917	208,862

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

18. Inventories

	2011 AED'000	2010 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	229,054	263,418
Finished goods	57,363	44,439
Goods in transit	10,978	12,159
Properties under development for sale (net of provision for write down to net realizable value)	2,078,660	2,364,922
	2,376,055	2,684,938
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(1,287,894)	(1,597,273)
	1,088,161	1,087,665
Inventories carried at net realizable value	1,287,894	1,597,273

Dubai Investments PJSC and its subsidiaries

Notes (continued)

18. Inventories (continued)

In the current year, the Group agreed with a developer to exchange an existing plot of land with another plot of land having a fair value equal to the advance already paid. Consequent to the exchange of plots of land, provision of AED 29.67 million earlier recorded by the Group was reversed.

As at 31 December 2011, the Group is carrying a provision of AED 276 million (2010: AED 306 million) against properties under development for sale.

Properties under development for sale represent cost of land and expenditure incurred towards the development of properties for subsequent sale (including borrowing costs of AED 11.96 million). The Group intends to develop these properties for sale and has classified certain properties as long term based on completion/future development plans.

Inventories amounting to AED 249 million (2010: AED 253 million) are mortgaged against facilities obtained from a bank. In certain instances, the insurance over inventories is also assigned in favor of banks.

19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 100.9 million (2010: AED 87.7 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 189.5 million are assigned against the facilities availed from banks as at 31 December 2011 (2010: AED 242.4 million).

20. Other receivables

	2011 AED'000	2010 AED'000
<i>Non - current</i>		
Capital advance	38,180	53,058
Other long term assets	7,460	8,907
	<u>45,640</u>	<u>61,965</u>
<i>Current</i>		
Other receivables and prepayments (refer note (a) below)	772,609	905,848
	<u>772,609</u>	<u>905,848</u>

Other receivables include construction work-in-progress amounting to AED 103 million (2010: AED 174 million), advances paid to suppliers amounting to AED 103 million (2010: AED 137 million) and amount receivable from Dubai Electricity and Water Authority of AED 137 million (2010: AED 172 million) for sub-station constructed on its behalf in Dubai Investments Park.

Movement in construction work-in-progress is as follows:

	2011 AED'000	2010 AED'000
Contract costs incurred	879,831	829,756
Recognized profits less recognized losses	230,502	232,491
	<u>1,110,333</u>	<u>1,062,247</u>
Progress billings	(1,006,968)	(888,428)
	<u>103,365</u>	<u>173,819</u>
Due from customers for contract work		

Dubai Investments PJSC and its subsidiaries

Notes (continued)

21. Cash at bank and in hand

	2011 AED'000	2010 AED'000
Cash in hand	1,235	1,836
Cash at bank within UAE (current accounts)	91,436	168,114
Cash at bank outside UAE – GCC Countries (current accounts)	3,842	5,508
Short term deposits (including deposits of AED 52.52 million (2010: AED 31.54 million) under lien with banks)	190,767	223,759
	<u>287,280</u>	<u>399,217</u>

22. Long-term borrowings and payables

	2011 AED'000	2010 AED'000
Long term bank borrowings	807,590	1,228,357
Other payables	50,447	166,995
	<u>858,037</u>	<u>1,395,352</u>

The terms of the bank borrowings vary from three to ten years and are secured by a combination of the Company's corporate guarantee and mortgages over certain inventories, trade receivables, property, plant and equipment, investment properties, held for trading quoted equity securities and assignment of insurance policies over assets of the Group. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity, which amounts to AED 2,600 million as at 31 December 2011 (2010: AED 1,690 million).

23. Bank borrowings

	2011 AED'000	2010 AED'000
Bank overdraft, trust receipt loans and bills discounted	583,413	578,438
Short term loans	235,350	487,348
Current portion of long term bank borrowings (refer notes (ii) and (iii) below)	1,255,341	667,449
	<u>2,074,104</u>	<u>1,733,235</u>

- (i) 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.
- (ii) A joint venture entity of the Group has outstanding syndicate loan facilities amounting in aggregate to AED 354.1 million (Group's share) which is currently under negotiations for refinancing. Since the discussions for refinancing have not been concluded by the reporting date, the entire loan amount has been classified as current which otherwise could have been classified as non-current.
- (iii) A subsidiary of the Group has outstanding syndicate loan of AED 289 million. The subsidiary did not pay loan installments pending discussion with creditor banks for its refinancing. Due to non-payment of the installments, the entire outstanding loan of AED 289 million has been classified as current, a portion of which could otherwise have been classified as non-current had the refinancing negotiations concluded by 31 December 2011.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

24. Trade and other payables

	2011 AED'000	2010 AED'000
Trade payables	594,591	793,769
Other payables and accrued expenses	911,922	1,022,093
	<u>1,506,513</u>	<u>1,815,862</u>

25. Share capital and share premium

	2011 AED'000	2010 AED'000
Issued and paid up:		
3,570.4 million shares of AED 1 each (2010: 3,570.4 million shares of AED 1 each)	<u>3,570,395</u>	<u>3,570,395</u>

For the year 2011, the Board of Directors has proposed a cash dividend of 5%.

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

26. Capital reserve

Capital reserve comprises the net gain on sale of the Company's own shares (treasury shares) by a subsidiary of the Company in the earlier years.

27. 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.

Legal reserve allocation of AED 33.7 million (2010: AED Nil) by individual entities which is in addition to the 10% allocation made based on Group's consolidated profits is included in retained earnings and is non-distributable.

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)

28. 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 plots of land were earlier revalued in 1999, 2003 and 2005 and 2009 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 of AED 47 million was credited to a non-distributable revaluation reserve.

In prior years, a plot of land was gifted to the Company by the Government of Dubai (refer note 12(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.

29. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments classified as fair value through other comprehensive income.

30. Proposed directors' fees

Proposed directors' fees amounting to AED 2.5 million (2010: AED 5 million), represents remuneration for attendance at meetings and compensation for professional services rendered by the Directors.

31. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to Owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	2011	2010
Profit attributable to Owners of the Company (AED 000)	203,388	804,965
Weighted average number of shares outstanding (000s)	3,570,395	3,570,395

32. Commitments

	2011 AED'000	2010 AED'000
Capital commitments – contracted and committed	818,881	945,370

These mainly include commitments by subsidiaries for establishing/expansion of manufacturing facilities and commitments by a joint venture towards completion of certain key district cooling projects.

33. Contingent liabilities

The Company has issued corporate guarantees to commercial banks for loans and advances granted to subsidiaries and joint ventures. The borrowing against which these corporate guarantees have been issued is included in the consolidated statement of financial position.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

34. Lease rentals

Leases as lessor

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

	2011 AED'000	2010 AED'000
Less than one year	324,178	335,555
Between one to five years	1,571,419	1,403,218
More than five years	2,023,465	2,162,570

35. Interest in joint ventures

The Group has interest in several joint ventures (refer note 14 (d)).

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:

	2011 AED'000	2010 AED'000
Non-current assets	1,239,807	1,243,106
Current assets	406,713	336,947
Non-current liabilities	(74,654)	(419,408)
Current liabilities	(802,217)	(410,082)
	<u>769,649</u>	<u>750,563</u>
Income	589,053	500,034
Expenses	(580,121)	(452,746)
	<u>8,932</u>	<u>47,288</u>

36. 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:

	2011 AED'000	2010 AED'000
Construction of Head office building	25,498	79,347
Compensation to key management personnel, including directors is as follows:		
	2011 AED'000	2010 AED'000
Short-term benefits (including proposed Directors' fees)	13,715	15,995
Post-employment benefits	103	103

Dubai Investments PJSC and its subsidiaries

Notes (continued)

37. Acquisition of non-controlling interests

- a) In the current year, the Group reached a settlement with a minority shareholder of a subsidiary viz; Edible Oil Company (Dubai) LLC ("EOCD"), whereby, the Group acquired additional 27% stake in EOCD at nil consideration and received an amount of AED 25 million towards settlement of all outstanding dues from the minority shareholder in relation to EOCD. The acquisition of additional 27% stake has been accounted for as a transaction with owners in their capacity as owners and accordingly, AED 25 million received (after netting off the carrying amount of AED 5.4 million) has been credited directly to retained earnings.
- b) In the current year, the Group also acquired additional 8.97% stake in its existing subsidiary Emirates Float Glass LLC ("EFG"). Upon acquisition of additional interest, the Group shareholding in EFG has increased to 62.28%.

38. Accounting estimates and judgments

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 judgment used by management in the preparation of these consolidated financial statements:

Valuation of investment properties

The Group fair values its investment properties. External, independent valuation companies, having the appropriate recognized professional qualification value majority of the properties annually. Note 4 contains information about the valuation methodology considered by the third party valuation company.

Valuation of real estate inventories

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

Impairment of goodwill, intangible assets 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, intangibles such as technical know-how, product distribution rights, patent, and trademark 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

38. Accounting estimates and judgments (continued)

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 judgments

Management of the Group exercises significant judgment 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)

39. 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:

	2011 AED'000	2010 AED'000
Investments	232,429	616,271
Long term rent receivable	94,926	136,554
Long term finance lease receivable	15,834	25,766
Trade receivables	1,568,354	1,453,849
Other receivables	657,975	777,755
Cash at bank	286,045	397,381
Carrying amount	<u>2,855,563</u>	<u>3,407,576</u>

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

	2011 AED'000	2010 AED'000
Domestic	1,437,995	1,279,327
Other GCC countries	83,997	115,402
Other regions	62,196	84,886
	<u>1,584,188</u>	<u>1,479,615</u>

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

	2011 AED'000	2010 AED'000
Contracting	575,870	546,038
Real estate	366,409	451,274
Others	641,909	482,303
	<u>1,584,188</u>	<u>1,479,615</u>

The age of trade receivables at the reporting date was:

	2011 Gross AED'000	2011 Impairment AED'000	2010 Gross AED'000	2010 Impairment AED'000
Current 0-30 days	169,222	(254)	178,438	-
31-90 days	201,667	-	228,509	-
91 - 180 days	194,820	-	195,290	(610)
180 - 365 days	255,950	(19,124)	206,480	(10,116)
More than one year	847,564	(81,491)	732,821	(76,963)
	<u>1,669,223</u>	<u>(100,869)</u>	<u>1,541,538</u>	<u>(87,689)</u>

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Financial instruments (continued)

Credit risk (continued)

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

	2011 AED'000	2010 AED'000
Balance at 1 January	87,689	80,197
Impairment loss recognized	29,107	12,682
Impairment loss reversed/write-offs	(15,927)	(5,190)
Balance at 31 December	<u>100,869</u>	<u>87,689</u>

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.

Liquidity risk

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

31 December 2011

<i>In AED '000</i>	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings *	2,881,694	(3,150,123)	(2,170,473)	(295,253)	(577,603)	(106,794)
Trade and other payables	1,506,513	(1,506,513)	(1,506,513)	-	-	-
Other long term liabilities	50,447	(50,447)	(3,403)	(26,917)	(20,582)	-
<i>Derivative financial liabilities</i>						
Interest rate swaps	12,972	(12,972)	(12,972)	-	-	-
	<u>4,451,626</u>	<u>(4,720,055)</u>	<u>(3,693,361)</u>	<u>(322,170)</u>	<u>(598,185)</u>	<u>(106,794)</u>

31 December 2010

<i>In AED '000</i>	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	2,961,592	(3,287,682)	(1,842,422)	(535,664)	(574,181)	(335,415)
Trade and other payables	1,815,862	(1,815,862)	(1,815,862)	-	-	-
Other long term liabilities	166,995	(173,776)	-	(128,746)	(15,298)	(29,732)
<i>Derivative financial liabilities</i>						
Interest rate swaps	14,098	(14,098)	(14,098)	-	-	-
	<u>4,958,547</u>	<u>(5,291,418)</u>	<u>(3,672,382)</u>	<u>(664,410)</u>	<u>(589,479)</u>	<u>(365,147)</u>

* Also refer note 23 for details on classification of current portion of long term bank borrowings.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. 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:

	2011 Euro'000	2010 Euro'000
Trade and other receivables	2,314	2,325
Cash at bank	86	24
Trade and other payables	(4,939)	(4,185)
	-----	-----
Gross exposure	(2,539)	(1,836)
Forward exchange contracts	(1,686)	414
	-----	-----
Net exposure	(4,225)	(1,422)
	=====	=====

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2011 AED	2010 AED	2011 AED	2010 AED
Euro	4.88	4.86	4.76	4.87
	=====	=====	=====	=====

Sensitivity analysis

A limited fluctuation of AED against Euro at 31 December would not have any material impact on the 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	
	2011 AED'000	2010 AED'000
Fixed rate instruments		
Financial assets - fixed rate instruments	281,275	223,759
Financial liabilities	(22,022)	-
	=====	=====
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(2,859,672)	(2,961,592)
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

Though, the Group accounts for certain fixed rate financial assets and liabilities at fair value through profit or loss, a limited change in interest rates at the reporting date would not significantly affect the income statement. Further, the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model.

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 2010.

Effect in AED'000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2011	(28,597)	28,597
31 December 2010	(29,616)	29,616

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)

39. Financial instruments (continued)

Market risk (continued)

31 December 2011	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	348,731	214,941	233,014	796,686
Financial assets at fair value through other comprehensive income	-	-	492,086	492,086
	<u>348,731</u>	<u>214,941</u>	<u>725,100</u>	<u>1,288,772</u>

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

31 December 2010	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	381,163	598,875	231,615	1,211,653
Financial assets at fair value through other comprehensive income	-	-	546,880	546,880
	<u>381,163</u>	<u>598,875</u>	<u>778,495</u>	<u>1,758,533</u>

Reconciliation of Level 3 fair values measurements of financial assets

	2011 AED'000	2010 AED'000
Opening balance	778,495	861,565
Purchase during the year	1,561	6,160
Sold during the year	(22,964)	(44,230)
Net change in fair value of investments at fair value through OCI	(31,992)	(45,000)
Closing balance	<u>725,100</u>	<u>778,495</u>

Fair value

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

40. 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)

40. Segment reporting (continued)

Operating segments

Information about reportable segments

	Manufacturing and contracting		FMCG		Investments		Property		Elimination of inter segment transactions		AED'000 Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Business Segments												
Revenue	1,736,756	1,966,231	89,123	103,729	270,665	382,283	556,741	719,657	(290,765)	(333,871)	2,362,520	2,838,029
Finance income and other income	39,577	36,110	4,291	2,282	79,238	84,288	24,615	31,428	(65,211)	(56,683)	82,510	97,425
Finance expenses	(131,969)	(114,167)	(889)	(1,202)	3,478	(24,659)	(107,448)	(88,876)	54,376	56,683	(182,452)	(172,221)
Gain on fair valuation of investment properties	-	-	-	-	-	-	159,259	618,898	-	-	159,259	618,898
Reportable segment profit	(190,612)	43,475	(1,626)	1,822	318,568	392,115	331,535	732,856	(300,210)	(324,451)	157,655	845,817
Reportable segment assets	4,021,998	4,175,802	75,130	77,670	5,607,662	5,861,986	7,515,331	7,492,094	(3,723,798)	(3,475,680)	13,496,323	14,131,872
Reportable segment liabilities	2,983,147	3,087,382	36,199	37,101	464,390	811,068	2,442,850	2,481,146	(1,487,932)	(1,472,248)	4,438,654	4,944,449

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