المستثمر الوطني
The National Investor

Guiding you towards success™

TNI

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ANNUAL REPORT
fiscal year ended 31 March 2009

The National Investor

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HH Sheikh
Zayed bin Sultan Al Nahyan

Late President
of the United Arab Emirates

HH Sheikh
Khalifa bin Zayed Al Nahyan

President
of the United Arab Emirates

HH Sheikh
Mohamed bin Rashid Al Maktoum

UAE Vice President, Prime Minister
and Ruler of Dubai

HH General Sheikh
Mohamed binZayed Al Nahyan

Crown Prince of Abu Dhabi
& Deputy Supreme Commander
of the UAE Armed Forces

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Consolidated Financial Statements

The National Investor (PrJSC)
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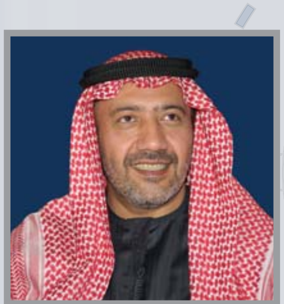
Telephone +971 2 6192300, Fax +971 2 6192400, website: www.tni.ae

Members of the Board

Abdullah M. Mazrui
Chairman

Mohamad Abdulla Alqubaisi
Vice Chairman



Abdulmajeed Al Fahim
Member of the Board

Abdullah Nasser Al Mansouri
Member of the Board

Fatima Al Jaber
Member of the Board

Hamad Abdulla Al Shamsi
Member of the Board

Muhamad Fadhel Al Hamli
Member of the Board

Omeir Saoud Al Dahiri
Member of the Board

Muhammed Rashid Al Naseri
Member of the Board

Chairman's Message

Abdullah M. Mazrui
Chairman

Dear Shareholders :

It is my great pleasure to welcome each and every one of you to the 15th Annual Assembly of The National Investor (TNI). And on behalf of the Board of Directors, I present to you our latest Annual Report. You will be in no doubt that the past year has been an exceptionally challenging one for every business across the globe, and TNI has not been exempted from that. However, I am confident that what you will find in this report is clear evidence that we have risen to these challenges with merit, that we have continued to make steady progress, and that we have reinforced our standing as a leading investment management and advisory company. In a difficult economic environment that has claimed many casualties, TNI has generated consolidated revenues and net profit of AED 203.9 million and AED 6 million respectively for the year.

We have seen a return to profitability for the Investment Banking division, which diversified its services and won three new cross-border mandates. In Asset Management, our funds have continued to outperform their respective benchmarks. Building on the excellent track record established by our first absolute return fund, The Special Situations Fund, we are now looking forward with confidence to the launch of a Middle East and North Africa dedicated fund later this year. Furthermore, our Private Equity division has achieved two significant closures – in India and Saudi Arabia.

This year has also been one in which TNI has established its commercial presence and thought leadership in healthcare development across the region. We recently signed a joint venture with a respected European healthcare advisory boutique, and have spearheaded the prestigious Health and Development Investment Forum 2009 in Abu Dhabi.

Furthermore, TNI KSA was incorporated in February 2009 and we now expect to receive the final approval to commence our operations in the kingdom.

I want to take this opportunity to express the appreciation of the Board of Directors to you, our shareholders, for your support and confidence throughout the year. I trust that our Annual Report will confirm that your continued investment in us is well-founded, and that your loyalty to TNI has been more than matched by our commitment to you.

No less crucial to TNI and the firm's performance throughout the year are our employees. Our people are the backbone of the organization and their commitment enables TNI to achieve optimum performance and maintain the firm's path throughout the financial turmoil.

The Board of Directors would also like express its gratitude to His Highness Sheikh Khalifa Bin Zayed Al Nahyan, UAE President and Ruler of Abu Dhabi, His Highness Sheikh Mohamad Bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, and His Highness General Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi. All of them have given invaluable support and encouragement to the local business community and have taken judicious steps to sustain the national economy.

A. Mazrui

Abdullah M. Mazrui
Chairman

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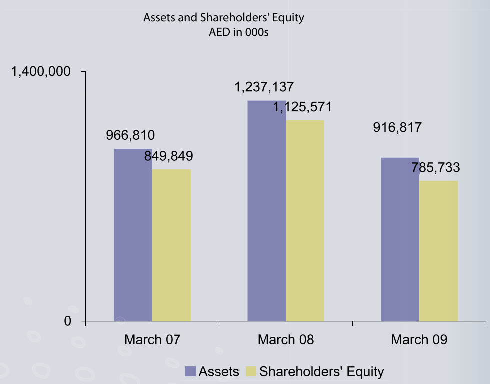
CEO's Statement

Orhan S. Osmansoy
Chief Executive Officer

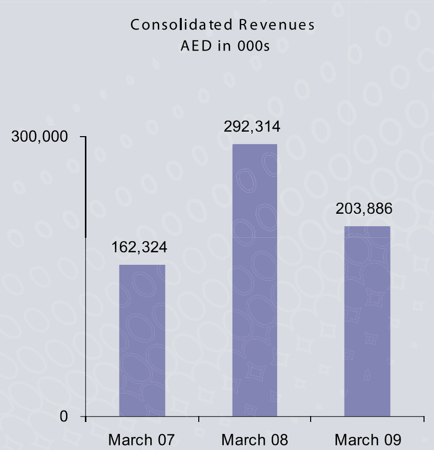
Dear Stakeholders:

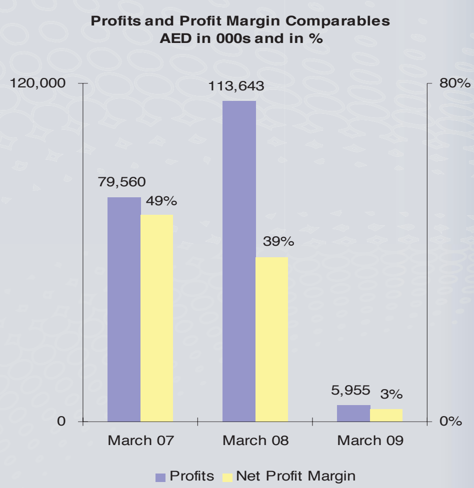
It is my pleasure to announce a profitable year for TNI at a time of turbulence in regional and global financial markets. In a year that witnessed the demise of some of the international financial heavyweights, TNI preserved its reputation and market position. This decline was a direct consequence of the global economic and financial crisis. However, even in these difficult times, we have achieved a number of milestones that will help us develop a platform sustainable over the long-term.



Consolidated Financial Overview

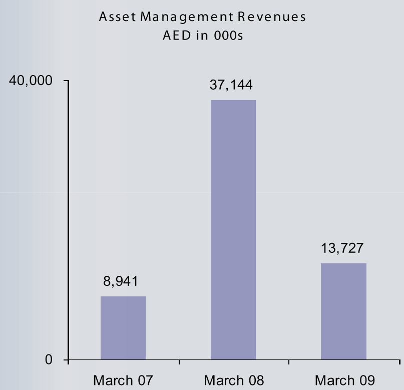
The firm achieved consolidated revenues of AED 203.9 million for the year, representing a decrease of 30% from the previous year. However, despite the drop in revenues, TNI remained profitable in a year, which has been by far the most challenging in the





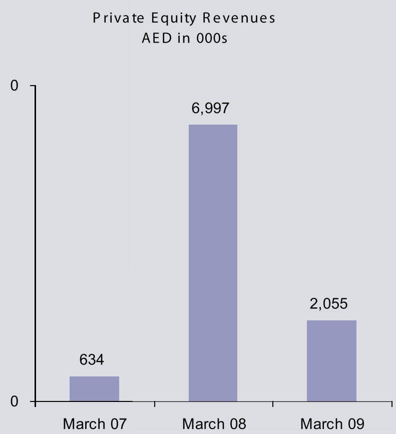
firm's entire operating history. Net profit for the year stood at AED 6 million compared with AED 113.6 for the previous year.

Divisional Overview

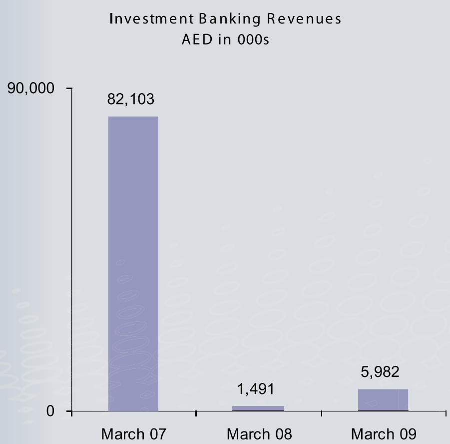


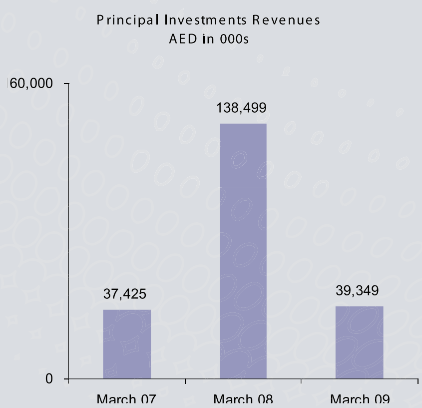
In Asset Management, our funds have outperformed their respective benchmarks and, for the third consecutive year, we won the award for the Best Asset Management House by Banker Middle East. This year also saw the launch of the Special Situations Fund, our first absolute return fund, which has had an impressive performance to date. Furthermore, our Blue Chip Fund and Middle East and North Africa Real Estate Active Fund were given 'A' rating by Standard & Poor's.

In Private Equity, we successfully executed two investments, one of them being the first leveraged buy-out in the Kingdom of Saudi Arabia. This year we were finalists for the award of the "Best Private Equity House" by Banker Middle East and Private Equity Worlds MENA, which was an endorsement of our achievements.



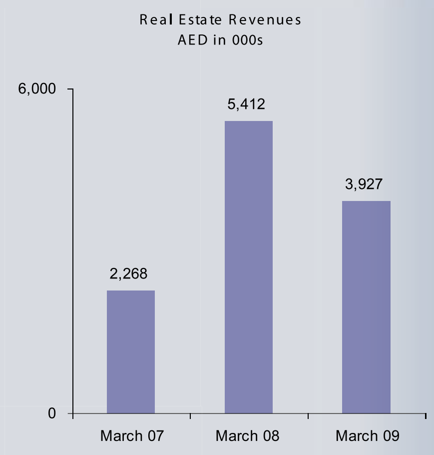
In Investment Banking, we have broadened our service offerings to reflect the changing needs of our clients, who increasingly seek financial advisory services to help them with strategic decisions on divestitures, spin-offs and equity carve-outs. We are focused on the opportunity to gain market share and establish new client relationships by concentrating our efforts on restructuring and consolidation initiatives that corporations have undertaken in light of the current market conditions.





In Principal Investments, we generated strong revenues from direct investments in businesses, which continued to perform well despite distressed market conditions, as well as from our real estate investments in Abu Dhabi. On the other hand, our Principal Investments' returns were affected by book losses on capital market investments, which were marked-to-market as stipulated by international accounting standards. Our conservative approach to managing our balance sheet has served to distinguish our business model from our competitors in the face of incredible economic turmoil.

In February 2009, we incorporated TNI KSA after being licensed by the Capital Market Authority ("CMA") and expect to receive final approval shortly to commence our operation in the kingdom.



However, we were not immune from the financial and economic crisis that engulfed our industry and the overall economy. During the year, we took bold steps to address the new reality and drive TNI towards profitability. We made meaningful changes to realign our cost structure, including substantial reductions in headcount and operating expenses. This was in the best interests of the firm and its stakeholders given the extraordinary circumstances. We are confident that the cost-cutting measures we have adopted will result in greater operational flexibility and we remain committed to staffing up functions that are critical to the growth of our business as the markets rebound.

Strategic Positioning

During this year we have undertaken an exhaustive review of our business model and strategy in light of the increasingly competitive and dynamic landscape that characterizes our industry. As a result, we have repositioned the firm with greater emphasis on building out our Asset Management and Private Equity businesses. The Investment Banking business will remain integral to our new business model but will continue to diversify its service offerings to offer a range of new services including corporate advisory, valuations, mergers and acquisitions, and divestitures. Furthermore, to address the fund-raising needs of the Asset Management and Private Equity businesses, we have created a centralized Sales and Client Relations division with a mandate to managing the various fund-raising initiatives and franchise clients of the firm. This shift in our strategy will ensure we continue to retain a leading position in the arena of investment management and advisory.

We remain committed to growing our franchise and the current turmoil in the financial services industry has created a compelling buying opportunity. Due to our conservative capital structure we have a healthy balance sheet with virtually no leverage, unlike many of our local and regional competitors that are struggling to sustain the excessive leverage they had relied on until recently. This has ideally positioned us to take advantage of acquisition opportunities of complimentary businesses that will drive our product diversification. At the time of writing this report, we are actively pursuing strategic initiatives for inorganic growth.

Our Talent

We continue to attract and retain top talent, and have graduates from some of the best business schools working with us. Today, our human capital is one of our greatest intangible assets. Although there has been attrition in our workforce, the core team in each one of the businesses has remained intact, which demonstrates confidence in the firm and its future. During the year, we have hired a team of professionals dedicated to Saudi Arabia, who are based in Riyadh. Furthermore, our Employee Share Option Program ("ESOP") has been approved, which will align the interests of our shareholders and employees, and ensure long-term retention. We will continue to hire selectively in businesses that need greater resources in order to benefit when the markets rebound.

Future Prospects

The global financial services industry is at an inflection point and we expect the coming year to be challenging. However, we remain optimistic given the opportunities that will be available in such an environment and plan to actively pursue new and innovative initiatives in order to deliver the greatest value to our shareholders and clients. We are in the process of launching a dedicated listed equities fund during the third quarter of 2009 and our second late stage growth and buy-out fund in the fourth quarter of 2009. These funds will be our flagship products aimed at attracting both local and international investors.

Given the value of our franchise and credibility associated with being an indigenous Abu Dhabi-based financial institution, we believe we are ideally positioned to take advantage of an upturn in markets. We will continue to press ahead with our goal of building-out an even stronger full-service capability platform with a strong foothold in both the United Arab Emirates and the Kingdom of Saudi Arabia.

Appreciation

Finally, I would like to express profound gratitude for the commitment and encouragement of our directors, the dedication of our employees, and the support of our clients and shareholders in these challenging times. We are proud to be your chosen partner.

Orhan Osmansoy
Chief Executive Officer

Note on comparative information:
Certain comparative information has been reclassified in order to conform to the current year presentation.

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TNI Profile

TNI is a privately owned regional investment and advisory company. The firm comprises four strategic business divisions covering investment banking, private equity, asset management, and principal investments including real estate. The firm also has an associate company, Gulf National Securities Center ("GNSC"), which provides brokerage services as a registered member of the Abu Dhabi Securities Market ("ADSM") and the Dubai Financial Market ("DFM").

As a regional organization, TNI operates from Abu Dhabi and Dubai in the UAE, and Riyadh in Saudi Arabia. The firm provides a wide range of investment advisory and investment fund management services to a substantial client base that includes listed and unlisted companies, financial and government institutions, and high net-worth individuals.

We derive our revenues from four main sources:
- Fees from advisory services
- Fees from asset management services
- Fees from private equity fund management services
- Returns on the firm's principal investments

Over the last 15 years, TNI has been successful in positioning itself amongst the region's most trusted and reputed financial institutions. The firm focuses on delivering consistently superior results in line with its growing reputation as a regional leader. As the financial environment evolves, both regionally and globally, TNI's goal remains unchanged: "guiding you towards success".

TNI Background

TNI was founded in 1994 as a private joint stock company registered in the Emirate of Abu Dhabi and wholly owned by UAE nationals who belong to the highest echelons of the business and political community. Since its incorporation, the firm has grown by implementing four capital increases for a total current paid-up capital of AED 550 million.

In the early years spanning 1995 through 1999, the firm built its proprietary portfolio. During that period, it launched a number of successful venture capital companies, including Gulf Energy Systems, National Investor Property Management Company (Colliers UAE) and National Inspection Company. The firm also lead-managed numerous public offerings, such as Abu Dhabi Ship Building, Abu Dhabi Islamic Bank, Oasis International Leasing Company, Tabreed, Manasek and Asmak.

In late 1999, the firm responded to changing market conditions by pursuing a new strategy devised to address the anticipated growing demand for capital market products and investment banking services throughout the UAE.

In 2005, TNI continued its evolution into a comprehensive investment banking firm with the launch of the asset management and real estate divisions. These developments, along with a continued commitment to excellence, have earned the firm considerable value and trust in the marketplace.

2006 witnessed further expansion in TNI's operations and business offerings with the launch of the investment research department and the marketing of the firm's first third party private equity fund. During the year, the firm also became the first UAE investment banking firm to be licensed in the newly created Dubai International Financial Centre (DIFC).

In 2008 a financial services license was granted to TNI KSA, the bank's first venture outside the UAE marking the start of the firm's regional expansion plan.

Today, the firm's team of professionals differentiate themselves through their focus on delivering high-level client service. As such, TNI tends to share a common entrepreneurial mindset with its clients. In addition to the firm's entrepreneurial outlook, it has built a professional culture that stresses a commitment to high ethical standards, a team approach to every client engagement, and meritocracy in the workplace.

As a result, the firm has been successful in consolidating its position as the leading arranger of UAE IPOs and it was a fitting honor to be named "Best Equities House in the UAE" by Euromoney magazine in 2005, 2006 and 2008 respectively . The firm has also scooped the awards for "Best Private Equity House" and "Best Asset Management House" from Banker Middle East in 2005, 2006 and 2008 respectively.

Divisional Review

Asset Management

The Asset Management division generated revenues of AED 13.7 million representing a 63% decrease from the previous year. The decrease was largely a result of lower AUM and limited performance fees.
Assets under management decreased by 60% during the period due to the severe correction in regional equity markets and partially from fund redemptions.

The past year has been one of the most challenging years for the Asset Management division which, despite a severe economic crisis, proved resilient: our funds outperformed their respective benchmarks while staying the course along strict investment guidelines. In parallel, the Asset Management division was actively engaged in improving processes and risk management systems in order to develop a platform that meets institutional investors' expectations. In recognition for its outstanding performance, the Asset Management division won the award for the "Best Asset Management House" by Banker Middle East for the third consecutive year.

In an effort to broaden its product offering, the Asset Management division is in the process of launching a Middle East and North Africa dedicated fund during the third quarter of 2009. This will be our flagship listed equities product targeting regional and international clients. The division's other significant achievements during this fiscal year include:

- Launch of the Special Situations Fund, the division's first absolute return fund, which to date has had a stellar performance
- 'A' rating for our Blue Chip Fund and Middle East and North Africa Real Estate Active Fund by Standard & Poor's
- Launch of the MSCI/TNI MENA Real Estate Index in cooperation with MSCI

Furthermore, we have substantially improved the level of communication with our investors by creating the Client Services and Business Support team, which provides seamless day-to-day support to clients.

Private Equity

The Private Equity division generated revenues of AED 2.1 million compared to AED 7 million for the previous fiscal year representing a decrease of 70%.

The Private Equity division has established itself as an independent credible business with a clear mission and objectives. It aims to deliver impressive returns to its investors: during this fiscal year the division realized a 5X cash-on-cash return on its investment in Depa United Group when the company listed its shares on the Dubai International Financial Exchange.

In July 2008, the Private Equity division executed its first investment into a publicly-listed Indian company. This connected TNI with a leading player in India's burgeoning power, gas and water sectors, that provides embedded and infrastructure solutions and software applications. In March 2009, we co-invested into a jewelry manufacturer in the Kingdom of Saudi Arabia, which by virtue of being the first leveraged buy-out in the kingdom was a landmark transaction.

On the back of the success of the Growth Capital Fund I, the Private Equity division is in the process of launching its second late stage growth and buy-out fund in the fourth quarter of 2009. The fund will focus on the Middle East, North Africa and South Asia region and provide growth capital to portfolio companies.

The achievements of the Private Equity division have received industry-wide recognition: the division was a finalist for the award of the "Best Private Equity House" by Banker Middle East and Private Equity Worlds MENA.

Investment Banking

Total fee and income generated by the Investment Banking division increased to AED 6 million from AED 1.5 million for the previous fiscal year.

In this fiscal year, the Investment Banking division returned to profitability with a substantial increase in turnover. The scope of our operations was materially enhanced, to develop additional revenue streams as equity capital markets slowed down considerably during 2008. We diversified our service offerings to offer a range of new services including corporate advisory, valuations, mergers and acquisitions, and divestitures. This shift reflects the changing needs of our clients, who increasingly seek financial advisory services to help them with strategic decisions on divestitures, spin-offs and equity carve-outs.

During this fiscal year, we won three cross border corporate advisory mandates, including our first mergers and acquisitions advisory mandate in South–East Asia. We will continue to broaden the geographic focus of our efforts and aim to deliver real value to our clients on their strategic initiatives.

Confidence in our new services was reinforced by repeat mandates from our core clients in Abu Dhabi. Furthermore, we are also focusing on sectors which we believe will continue to be active during a downturn such as healthcare, waste management, and aviation. In that context, we aim to create direct investment opportunities for our clients and shareholders, and work closely with other divisions to develop these.

Principal Investments and Real Estate

The Principal Investments division provided the largest contribution to TNI's net profit for this fiscal year despite a lower profit year-on-year for the division. Strong revenues were derived from direct investments in subsidiaries and affiliates, which continued to perform well despite distressed market conditions, as well as from our portfolio of real estate investments in Abu Dhabi.

Revenues from the Pirncipal Investments division amounted to AED 39.3 million from all investment activities, including share of profits from subsidiaries and associates, compared to AED 138.5 million for the previous year, representing a decrease of 72%.

Although we incurred losses on our listed securities portfolio, these were relatively small due to our continued effort to de-risk our investment portfolio and further enhance the long-term financial strength of TNI. In line with this strategy, one of the objectives over the past few years has been to reduce speculative trading. As a result, substantial capital market positions have been liquidated over the years to steadily scale down our listed securities portfolio. This goal is to improve the quality of returns by reducing dependency on volatile revenues from trading practices and ensuring stable and recurrent earning from profit-generating principal businesses.

Our real estate business made strong progress in its direct development projects and has streamlined its fund management activities bearing a more cost-efficient structure. The Mafraq Hotel investment continued to perform extremely well, with development works now approved and construction expected to start in the third quarter of 2009. The refurbishment will double the number of hotel rooms and is scheduled for completion by the end of 2010.

Our plans to develop two plots of land at the Capital Centre in Abu Dhabi have now completed their design stage and received approval from the relevant authorities. We are currently assessing funding options for construction to commence.

Looking ahead, the overall mission of the Principal Investments division will be to direct balance sheet resources in support of strategic growth initiatives and acquisitions, with a view to deriving the greatest possible value over the medium- to long-term. However, we will continue to seek direct investments in low-risk businesses on an opportunistic basis.

TNI KSA

TNI KSA obtained its license from the Capital Market Authority (CMA) in April 2008. Since then we have focused on building the platform needed to support the growth of our business in Saudi Arabia and have hired a strong team of professionals. We have also established the requisite support infrastructure including developing IT systems, obtaining suitable office space, and preparing agreements with all of our counterparties in the United Arab Emirates. We incorporated TNI KSA in February 2009, and we now expect to receive the final approval to commence our business from the CMA shortly.


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Pioneering record-breaking IPOs – regionally and internationally, TNI is creating value for corporate and private clients alike by identifying profitable and high-growth investment opportunities. TNI has over a decade of award-winning performance and proven expertise in the spheres of investment banking, private equity, real estate and asset management.

1994

Founding of The National Investor

1995

Lead Manager for Abu Dhabi Ship Building IPO

Established Gulf Energy Systems (GES)

1996

Capital Increase to AED 35M

Established NIPMC (Colliers UAE)

Appointed as Financial Advisor to UAE Offsets Group

1997

Joint Lead Manager for Abu Dhabi Islamic Bank IPO

Established National Inspection Company

Lead Manager for Oasis International Leasing Company IPO

1998

Capital Increase to AED 77M

Lead Manager for Tabreed IPO

Lead Manager for Manasek IPO

Lead Manager for Asmak IPO

1999

Launch of strategy to become an Investment Company

Advised on Acquisition of GES

2000/01

Established NAS

Licensed by UAE Central Bank as Investment Company

• 2001 New Corporate Identity

2002

Launch of "Emirates Real Estate Fund"

Appointed as Advisor for Tabreed on recapitalisation and future Financing options

2003

Sole Advisor, Arranger and Lead Manager for Tabreed Islamic Sukuk

Appointed as Financial Advisor on private acqusition for Tabreed

Joint Lead Manager for Finance House IPO

2004

Capital Increase to AED 200M

Joint Lead Manager for ALDAR IPO

Joint Lead Manager for Arab International Logistics IPO

2005

Launch of "TNI Blue Chip Fund"

Lead Manager and Book Runner for Aabar IPO

Voted "Best Institution for Private Equity" by Banker Middle East

Financial Advisor and Joint Lead Manager for Sorouh IPO

Capital Increase to AED500M

Voted "Best Equities House in the UAE" by Euromoney

Launch of "TNI Dana Women Fund"

Launch of "TNI MENA Real Estate Active Fund"

Milestones of Success

2006

First UAE-based firm licensed in the DIFC

Launch of "TNI Growth Capital Fund, L.P."

Financial Advisor and Lead Manager for DEPA United Group Private Joint Stock Offering

Joint Lead Manager for Kingdom Hotel Investments IPO

Financial Advisor, Lead Manager and Book Runner for Tamweel IPO

Voted "Best Asset Management House" by Banker Middle East

2007

Joint Lead Manager for Thuraya Private Placement

Acquisition of Marfaq Hotel

Won Bid for Two Plots of Land at Capital Center

Launch of Investment Research

Launch of "TNI Real Estate development Fund"

Voted "Best Investment House in the UAE" in Real Estate by London-Based ICG

First Close on the "TNI Growth Capital Fund"

Voted "Best Equities House in the UAE" by Euromoney

2008

Development of Mafraq Hotel Expansion

CMA Licensing for TNI KSA

Voted "Best Asset Management House" by Banker Middle East

Development of Capital Center Projects

Financial Advisor and Lead Manager for DEPA United Group IPO

2009

BCF & MENA REAF were both awarded "A" ratings by S&P

The launch of the MSCI/TNI MENA Real Estate Index in cooperation with MSCI

The launch of our first absolute return fund, the Special Situations Fund

Investment in L'Azurde KSA

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Consolidated Financial Statements

Independent auditors' report

The Shareholders

The National Investor Private Joint Stock Company

We have audited the accompanying consolidated financial statements of The National Investor Private Joint Stock Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 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 principles used and 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 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 March 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of Association 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 maintained by the Group and the contents of the Chairman's report which relate to these consolidated financial statements are in agreement with the Group'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 March 2009, which may have had a material adverse effect on the business of the Group or its financial position.

KPMG

KPMG
Munther Dajani
Registration No. 268

24 May 2009

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The National Investor Private Joint Stock Company

Consolidated income statement

For the year ended 31 March

	Note	2009 AED'000	2008 AED'000
Income			
Fee and service income	7	146,571	142,319
Net (loss) / income from investments at fair value through profit or loss	8	(25,155)	6,531
Income from investment in equity accounted investees	14	37,030	25,829
Income from available-for-sale financial assets	9	22,551	63,256
Change in fair value of investment properties	15	14,322	30,138
Interest income		8,162	9,798
Negative goodwill on acquisition of subsidiaries		-	12,174
Other income		405	2,269
Total income		**203,886**	**292,314**
Expenses			
Operating expenses	10	(151,604)	(127,925)
Impairment losses on financial assets	5(b), 13, 18	(27,403)	(14,109)
Amortisation of intangible asset	16	(1,700)	(1,700)
Depreciation	17	(7,195)	(6,997)
Interest expense		(5,409)	(20,786)
Total expenses		**(193,311)**	**(171,517)**
Profit for the year		**10,575**	**120,797**
Attributable to:			
Equity holders		5,955	113,643
Minority interest		4,620	7,154
Profit for the year		**10,575**	**120,797**

The notes set out on pages 6 to 36 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on page 1.

The National Investor Private Joint Stock Company

Consolidated balance sheet

As at 31 March

	Note	2009 AED'000	2008 AED'000
Assets			
Cash and balances with banks	11	221,741	¬231,785
Financial assets at fair value through profit or loss	12	83,797	105,309
Amounts due from related parties	24	9,415	17,848
Available-for-sale financial assets	13	188,880	470,600
Investment held to maturity		3,000	3,000
Investment in equity accounted investees	14	72,340	58,125
Investment properties	15	172,040	155,600
Intangible asset	16	2,832	4,532
Premises and equipment	17	94,097	88,909
Other assets	18	68,675	101,429
		-----------------	------------------
Total assets		916,817	1,237,137
		========	========
Equity			
Share capital	19	550,000	550,000
Legal reserve	20	39,934	38,688
Statutory reserve	21	36,769	36,769
Revaluation reserve		51,861	337,114
Share based benefits	22	1,514	1,514
Retained earnings		105,655	161,486
		-----------------	------------------
Total equity attributable to equity holders		785,733	1,125,571
Minority interest		67,506	12,758
		-----------------	------------------
Total equity		853,239	1,138,329
		------------------	------------------
Liabilities			
Term loan	23	10,000	-
Amounts due to related parties	24	97	38,716
Other liabilities	25	53,481	60,092
		-----------------	------------------
Total liabilities		63,578	98,808
	-	-----------------	------------------
Total equity and liabilities		916,817	1,237,137
		=========	========

These consolidated financial statements were approved and authorised for issue on behalf of the Board of Directors on 24 May 2009 by:

Abdullah Mazrui
Chairman

Orhan Osmansoy
Chief Executive Officer

The notes set out on pages 6 to 36 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 1.

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The National Investor
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The National Investor Private Joint Stock Company

Consolidated statement of changes in equity

For the year ended 31 March

	Share capital AED'000	Legal reserve AED'000	Statutory reserve AED'000
As at 1 April 2007	550,000	30,371	28,687
Dividend paid during the year (note 19)	-	-	-
Directors' remuneration paid	-	-	-
Profit for the year	-	-	-
Transferred to legal reserve (note 20)	-	8,317	-
Transferred to statutory reserve (note 21)	-	-	8,082
Share based benefits (note 22)	-	-	-
Unrealised gains on investments available for sale	-	-	-
Realised gains transferred to the income statement	-	-	-
As at 31 March 2008	550,000	38,688	36,769
As at 1 April 2008	550,000	38,688	36,769
Dividend paid during the year (note 19)	-	-	-
Directors' remuneration paid	-	-	-
Profit for the year	-	-	-
Transferred to legal reserve (note 20)	-	1,246	-
Unrealised losses on investments available for sale	-	-	-
Realised gains transferred to the income statement	-	-	-
As at 31 March 2009	550,000	39,934	36,769

The notes set out on pages 6 to 36 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 1.

Revaluation reserve AED'000	Share based benefits AED'000	Retained earnings AED'000	Total AED'000
146,271	-	94,520	849,849
-	-	(27,500)	(27,500)
-	-	(2,778)	(2,778)
-	-	113,643	113,643
-	-	(8,317)	-
-	-	(8,082)	-
-	1,514	-	1,514
212,392	-	-	212,392
(21,549)	-	-	(21,549)
337,114	1,514	161,486	1,125,571
337,114	1,514	161,486	1,125,571
-	-	(55,000)	(55,000)
-	-	(5,540)	(5,540)
-	-	5,955	5,955
-	-	(1,246)	-
(259,357)	-	-	(259,357)
(25,896)	-	-	(25,896)
51,861	1,514	105,655	785,733

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Consolidated statement of cash flows

For the year ended 31 March

	Note	2009 AED'000	2008 AED'000
Operating activities			
Profit for the year		10,575	120,797
Adjustments for:			
Gain on disposal of available for sale investments		(6,527)	(60,784)
Impairment losses on financial assets		27,403	14,109
Change in fair value of investment properties		(14,322)	(30,138)
Amortisation of intangible assets		1,700	1,700
Depreciation		7,195	6,997
Loss / (gain) on disposal of premises and equipment		13	(32)
		26,037	52,649
Change in investments at fair value through profit or loss		21,512	13,638
Acquisition of investment held to maturity		-	(3,000)
Change in amounts due from related parties		8,433	19,135
Change in other assets		29,673	(51,968)
Change in amounts due to related parties		(38,619)	37,268
Change in other liabilities		(6,611)	(28,826)
Acquisition of available for sale financial assets		(28,350)	(1,550)
Disposal of available for sale financial assets		7,022	68,419
Change in investment in equity accounted investees		(14,215)	1,755
Net cash from operating activities		4,882	107,520
Investing activities			
Payment for acquisition of premises and equipment		(13,102)	(89,223)
Proceeds from disposal of premises and equipment		706	85
Addition to investment properties		(2,118)	-
Net cash used in investing activities		(14,514)	(89,138)
Financing activities			
Repayment of loans		-	(25,000)
Proceeds from term loan		10,000	-
Proceeds from release of bank deposit		-	25,000
Dividends and remuneration paid		(60,540)	(30,278)
Additional contribution of minority interest		50,128	4,009
Change in share based benefits		-	1,514
Net cash used in financing activities		(412)	(24,755)
Decrease in cash and cash equivalents		(10,044)	(6,373)
Cash and cash equivalents at 1 April		231,785	238,158
Cash and cash equivalents at 31 March	11	221,741	231,785

The notes set out on pages 6 to 36 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on page 1.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

1 Legal status and principal activities

The National Investor Private Joint Stock Company (the "Company") is registered in the United Arab Emirates ("UAE") as a Private Joint Stock Company pursuant to the UAE Federal Law No.8 of 1984 (as amended). These consolidated financial statements comprise the Company and its subsidiaries (the "Group") and the Group's interest in associates and jointly controlled entity. The principal activities of the Group are investment banking, asset management and provision of consultancy and administrative services.

During the year ended 31 March 2001, the Company received approval from the Central Bank of the UAE to conduct financial investment business as an investment company in accordance with the Central Bank's Board of Directors' Resolution No. 164/8/94 dated

18 April 1995 regarding the regulations for investment companies and banking and investment consultation companies.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

- financial assets at fair value through profit or loss
- available for sale financial assets
- investment properties

The methods used to measure the fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is the Company's functional currency. Items included in the financial statements of each of the Group's overseas subsidiaries are measured using the currency of the primary economic environment in which they operate. These consolidated financial statements are presented in AED, which is the Group's presentation currency. Except as indicated, all financial information presented in AED has been rounded off to the nearest thousand.

(d) Use of estimates and judgements

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

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

(e) Investment property

Investment property is property 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 administrative purposes. Investment property is measured at fair value with any changes therein recognised in the consolidated income statement.

(f) Premises and equipment

Items of premises and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

The cost of replacing part of an item of premises and equipment is recognised in the carrying amount of the related asset if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of premises and equipment are recognised in the consolidated income statement as incurred.

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of items of premises and equipment. The depreciation is not recognised on land. The estimated useful lives for the current and comparative periods are as follows:-

	Years
Buildings	20
Leasehold improvements	3 to 4
Furniture and fixtures	3 to 4
Office equipment	2 to 4
Motor vehicles	3 to 5

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(g) Capital work in progress

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of the assets. The costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and amortised over their useful economic lives from the date of such completion and commissioning.

(h) Intangible assets

Recognition and measurement

Intangible assets comprise computer software which is not considered as an integral part of the related hardware.

Intangible assets acquired by the Group and which have finite useful lives are measured at cost less a ccumulated amortisation and impairment losses, if any.

Amortisation

Amortisation is recognised in the consolidated income statement on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use.

(i) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the d ifferencebetweenitscarryingamountandthepresentvalueoftheestimatedfuturecashflowsdiscounted t the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in the consolidated income statement. Any cumulative loss in respectofanavailableforsalefinancialassetrecognisedpreviouslyinequityistransferredtoconsolidated income statement.

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

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

2 Basis of preparation (continued)

(d) Use of estimates and judgements *(continued)*

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 28.

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.

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Special purpose entities

The Group has established a number of special purpose entities (SPE's) for trading and investment purposes. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPE's controlled by the Group were established under terms that impose strict limitations on the decision making powers of the SPEs' management and that result in the Group receiving all of the benefits related to the SPEs' operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. These consolidated financial statements include the Group's share of the income and expenses of the associates from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(iv) Jointly controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. These consolidated financial statements include the Group's share of net assets of the entities' based on equity method of accounting from the date that joint control commences until the date the joint control ceases.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on translation are recognised in the consolidated income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the consolidated income statement, except for differences arising on the retranslation of available-for-sale equity instruments.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

2 Basis of preparation *(continued)*

(c) Income

(i) Fee and service income

Fee and service income represents revenue from services provided by the Group during the year and are recognised on an accrual basis when the services are rendered and no significant uncertainties remain regarding the recovery of consideration due. Fees that are earned on the execution of a significant act are recognised as revenue when the significant act has been completed.

Fee and service income relating to hotel activity represents amounts billed in respect of rooms and other services provided by the Group's hotel business and food and beverage sold during the year, including service charges, net of discount. Revenue is recognised as services are provided. Rental income from the tenants is accounted for on a straight line basis over the lease terms on an ongoing basis.

(ii) Dividend income

Dividend income relating to exchange-traded equity investments and income distributed from private equity investment and other investment funds is recognised in the consolidated income statement when the right to receive payment is established.

(iii) Government grants

Unconditional government grants related to non-monetary assets are measured at fair value and recognised in the consolidated income statement when the grant becomes receivable.

(iv) Interest income and expenses

Interest income comprises income on call and deposit accounts and is recognised in the consolidated income statement as it accrues using the effective interest method.

Interest expenses comprise borrowings costs on loans and are recognised in the consolidated income statement using the effective interest method.

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments at fair value through profit or loss, available-for-sale financial assets, investment held-to-maturity, receivables, cash and cash equivalents, loans and borrowings, payables and amounts due from / to related parties.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

(i) Non-derivative financial instruments (continued)

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term deposits.

Investments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in the consolidated income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in the consolidated income statement.

Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date the Group commits itself to purchase or sell the asset.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held to maturity. Held to maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available for sale financial assets

The Group's investment in certain instruments are classified as available for sale investments. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement. Investment in equity securities where fair value cannot be reliably measured are carried at cost.

Other

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

Accounting for interest income and expenses is discussed in note 3 (c) (iv).

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(e) Investment property

Investment property is property 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 administrative purposes. Investment property is measured at fair value with any changes therein recognised in the consolidated income statement.

(f) Premises and equipment

Items of premises and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

The cost of replacing part of an item of premises and equipment is recognised in the carrying amount of the related asset if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of premises and equipment are recognised in the consolidated income statement as incurred.

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of items of premises and equipment. The depreciation is not recognised on land. The estimated useful lives for the current and comparative periods are as follows:-

	Years
Buildings	20
Leasehold improvements	3 to 4
Furniture and fixtures	3 to 4
Office equipment	2 to 4
Motor vehicles	3 to 5

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(g) Capital work in progress

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of the assets.

The costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and amortised over their useful economic lives from the date of such completion and commissioning.

(h) Intangible assets

Recognition and measurement

Intangible assets comprise computer software which is not considered as an integral part of the related hardware.

Intangible assets acquired by the Group and which have finite useful lives are measured at cost less accumulated amortisation and impairment losses, if any.

Amortisation

Amortisation is recognised in the consolidated income statement on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use.

(i) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(e) Investment property

Investment property is property 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 administrative purposes. Investment property is measured at fair value with any changes therein recognised in the consolidated income statement.

(f) Premises and equipment

Items of premises and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

The cost of replacing part of an item of premises and equipment is recognised in the carrying amount of the related asset if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of premises and equipment are recognised in the consolidated income statement as incurred.

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of items of premises and equipment. The depreciation is not recognised on land. The estimated useful lives for the current and comparative periods are as follows:-

	Years
Buildings	20
Leasehold improvements	3 to 4
Furniture and fixtures	3 to 4
Office equipment	2 to 4
Motor vehicles	3 to 5

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(g) Capital work in progress

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of the assets.

The costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and amortised over their useful economic lives from the date of such completion and commissioning.

(h) Intangible assets

Recognition and measurement

Intangible assets comprise computer software which is not considered as an integral part of the related hardware.

Intangible assets acquired by the Group and which have finite useful lives are measured at cost less accumulated amortisation and impairment losses, if any.

Amortisation

Amortisation is recognised in the consolidated income statement on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use.

(i) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(i) Impairment *(continued)*

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use or 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Staff terminal benefits

The provision for staff terminal benefits included in other payables is made in accordance with the UAE Federal Labour Law and is determined as the liability that would arise if the employment of all staff were terminated at the reporting date.

An actuarial valuation is not performed on staff terminal benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

(k) Share based benefits

The grant date fair value of options and performance shares granted to employees is recognised as a staff cost, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options and performance shares. The amount recognised as an expense is adjusted to reflect the actual number of shares/options that vest.

(l) Lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

3 Significant accounting policies *(continued)*

(m) Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange, together with costs directly attributable to that acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Any excess of the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities acquired over cost of acquisition is recorded as negative goodwill and is recognised immediately in the consolidated income statement.

(n) New amendment to accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2009, and have not been applied in preparing these consolidated financial statements:
Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application. The Group is currently in the process of evaluating the potential effect of this amendment.

Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which may result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes in fair value r ecognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2011 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

(n) New amendment to accounting standards not yet adopted *(continued)*

Revised IAS 1 Presentation of Financial Statements (2007) introduces the term "total comprehensive income," which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2010 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements as the Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Revised IAS 23 will become mandatory for the Group's 2010 consolidated financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional requirements, the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2011 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

4 Determination of fair values

A number of 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 assumptions made in determining fair values are disclosed in the notes specific to those assets or liabilities.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

4 Determination of fair values *(continued)*

(i) Premises and equipment

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

(ii) Investment properties

The National Investor Property Management Company LLC, a group entity, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, is utilised to determine the values of the Group's investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(iii) Investment in equity securities and investment funds

The fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are determined by reference to their quoted bid price at the reporting date. Investments in u nlisted investment funds are recorded at the net asset value per unit as reported by the managers of each fund. The fair value of held-to-maturity investments is determined for disclosure purpose only.

(iv) Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Loans and other 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.

(vi) Share based benefits

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, historic volatility in share price, weighted average expected life of the instruments, expected dividends, and risk-free rate of interest. Service and non-market performance conditions attached to the transaction are not taken into account in determining fair value.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

5 Financial risk management

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risk
- operational risks

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

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

	2009	**2008**
	AED'000	AED'000
Balances with banks	221,596	230,312
Available-for-sale investments	7,750	-
Investment held to maturity	3,000	3,000
Amounts due from related parties	9,415	17,848
Other assets	24,836	80,756
	--------------	---------------
	266,597	331,916
	=======	=======

Balances with banks

The Group places its cash with commercial banks of good standing.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

5 Financial risk management *(continued)*

(b) Credit risk *(continued)*

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Credit risk by geographical location for receivables at the reporting date was mainly concentrated in the UAE. The ageing of receivables at the reporting date was:

	Gross 2009 AED'000	**Allowance for impairment 2009** AED'000	**Gross 2008** AED'000	**Allowance for impairment 2008** AED'000
Not past due	9,542	-	13,227	-
Up to 90 days	9,027	-	5,856	-
More than 90 days	15,329	13,558	19,437	10,916
	---------------	---------------	---------------	--------------
	33,898	13,558	38,520	10,916
	=======	=======	=======	=======

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 c omponent that relates to individual exposures. The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2009 AED'000	2008 AED'000
At 1 April	10,916	1,319
Charge during the year	3,081	9,676
Write offs during the year	(439)	(79)
	---------------	--------------
At 31 March	13,558	10,916
	=======	=======

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

5 Financial risk management *(continued)*

(b) Credit risk *(continued)*

As at the balance sheet date, amount due from related parties is due for a period less than 1 year. Historically, the Group has not had bad debts from related parties.

Other assets further include advances amounting to AED 31 thousand which are considered fully recoverable (2008: AED 51 million).

(c) Liquidity risk

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

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

Following are the contractual maturities of financial liabilities including estimated interest payments, if any:

	Total AED'000	Up to 3 months AED'000	3 month to 1 year AED'000	1 to 5 years AED'000	over 5 years AED'000
31 March 2009					
Liabilities					
Amounts due to related parties	97	97	-	-	-
Payables	23,491	-	23,491	-	-
Total liabilities	23,588	97	23,491	-	-
31 March 2008					
Liabilities					
Amounts due to related parties	38,716	294	-	-	38,422
Payables	28,040	-	28,040	-	-
Total liabilities	66,756	294	28,040	-	38,422

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

5 Financial risk management *(continued)*

(d) 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 exposure within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk primarily on financial assets at fair value through profit or loss and available-for-sale financial assets that are denominated in a currency other than the respective functional currencies of Group entities, primarily the AED, but also US Dollars.

The Group's investment in subsidiaries is not hedged as those currency positions are considered to be long-term in nature.

The Group's exposure to foreign currency risk is limited as a significant proportion of the transactions, monetary assets and liabilities are denominated in AED or in USD and the exchange rate for conversion to the AED to USD is pegged since 1980.

Interest rate risk

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates might adversely affect the value of the financial instruments and the related income or expense.

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

	Carrying amounts	
	2009	2008
	AED'000	AED'000
Assets		
Cash and balances with banks	193,456	116,519
Financial assets at fair value through profit or loss	17,841	19,018
Available-for-sale financial assets	7,750	-
	--------------	--------------
	219,047	135,537
	=======	=======
Liabilities		
Term loan	10,000	-
	--------------	--------------
	10,000	-
	=======	=======

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

5 Financial risk management *(continued)*

(d) Market risk *(continued)*

Other market price risk

Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Group's financial instruments are carried at fair value with fair value changes recognised in the income statement and / or equity, all changes in market conditions will directly affect investment income recognised in the income statement and revaluation reserve in equity.

Price risk is managed by constructing a diversified portfolio of instruments, in different industry sectors and traded on different markets. Under normal circumstances the Group invests in the trading instruments in accordance with the investment guidelines.

(e) Operational risk

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

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address o perational risk is assigned to the head of each department with overall oversight from the Board.

(f) 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 and level of dividends to shareholders.

In accordance with Federal Law No. 8 of 1984, the Company is required to have a minimum capital of AED 2 million. The Company was in compliance with the law throughout the year. There were no changes in the Group's approach to capital management during the year.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

6 Group entities

These consolidated financial statements include the financial position and results of operations as at and for the year ended 31 March 2009 of the entities set out below:

Entity	Country of incorporation	Ownership interest 2009	2008
United Capital LLC(1)	UAE	100%	100%
Falcon Capital LLC(1)	UAE	100%	100%
Fidelity Invest LLC(1)	UAE	100%	100%
Fidelity Trust LLC(1)	UAE	100%	100%
Falcon Investments LLC(1)	UAE	100%	100%
Blue Chip Capital LLC(1)	UAE	100%	100%
Al Dhafra Capital LLC(1)	UAE	100%	100%
NAS United Healthcare Services LLC(1), (6)	UAE	46%	46%
TNI Real Estate Investments Company LLC(1)	UAE	100%	100%
Uptown Management LLC(1)	UAE	100%	100%
Uptown Investment LLC(1)	UAE	100%	100%
Mainland Investment LLC(1)	UAE	100%	100%
Mainland Management LLC(1)	UAE	66.67%	33.33%
TNI Real Estate Development Fund(1)	Bahrain	-	83.33%
TNIH (Luxembourg) General Partner S.a.r.l(2)	Luxembourg	100%	100%
TNI Real Estate Development Fund Company B.S.C(2)	Bahrain	100%	100%
TNI Capital Partners Limited(2)	Cayman Islands	100%	100%
TNI General Partners Limited(2)	Cayman Islands	100%	100%
TNI (Dubai) Limited (3)	UAE	100%	100%
The National Investor Property Management Company LLC(4)	UAE	100%	100%
National Science and Technology LLC(5)	UAE	60%	60%
NAS Administration Services LLC(6)	UAE	-	51%
Nextcare Global FZ LLC(7)	UAE	51%	51%
The Regional Investor (TNI KSA) (8)	Kingdom of Saudi Arabia	60%	-
Colliers International FZ LLC(9)	UAE	100%	-
Panamax I Limited(2) , (10)	Cayman Islands	100%	-

(1) The principal activities of these companies are to invest, develop, establish and manage the commercial, ndustrial and real estate projects and to invest in public joint stock companies.

(2) These special purpose entities ("SPEs") are set up to manage assets under trust for Funds launched by the Company.

(3) TNI (Dubai) Limited was established on 3 January 2006 as a limited liability company registered in Dubai International Financial Centre. The company's principal activities are to arrange credit or investment d eals and advising on financial product or credit.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

6 Group entities *(continued)*

(4) The National Investor Property Management Company LLC ("NIPMC") is engaged in marketing, promoting and delivering property management, advisory and brokerage services.

(5) National Science and Technology Company LLC was registered on 18 July 1996 and commenced its commercial activities in October 1997 and is presently dormant.

(6) NAS Administration Services LLC ("NAS") was formed in 2001. The company's principal business is to provide healthcare administration services to insurance companies and self-insured employers. During the year, holding in NAS Administration Services LLC was transferred to NAS United Healthcare Services LLC.

(7) Nextcare Global FZ LLC is a dormant company and will be liquidated upon the resolution of certain outstanding legal issues with the initial promoters.

(8) The Regional Investor ("TNI KSA") was established on 9 February 2009 in Kingdom of Saudi Arabia. The company's principal activities are investment banking and advisory services.

(9) Colliers International FZ LLC was established on 6 April 2008 in United Arab Emirates. The company is engaged in marketing, promoting and delivering property management, advisory and brokerage services.

(10)Panamax I Limited was established on 24 June 2006 and is presently dormant.

7 Fee and service income

	2009	2008
	AED'000	AED'000
Consultancy and other service income(1)	95,515	67,410
Asset management fees(2)	17,087	44,067
Leasing and brokerage income(3)	25,297	25,816
Investment banking fees(4)	8,410	4,801
Development fees	262	225
	--------------	--------------
	146,571	142,319
	=======	=======

(1) Consultancy and other service income include real estate consultancy and healthcare administration services. Further, it also includes revenue from the Group's hotel business.

(2) Asset management fees include management and performance fees charged for the funds managed by the asset management, private equity and real estate divisions. The Company also provides administrative, accounting, secretarial and registrar services to the funds and earns custodian and administration fees. The Directors believe that such arrangement does not expose the Company to the fund's liabilities.

(3) Leasing and brokerage income relates to real estate agency commission earned by one of the subsidiary.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

7 Fee and service income *(continued)*

(4) Investment banking fees include those earned by the investment banking division, the real estate – investment banking division, and TNI (Dubai) Ltd.

8 Net (loss) / income from investments at fair value through profit or loss

	2009 AED'000	2008 AED'000
Realised (loss) / gain	(128)	2,230
Unrealised (loss) / gain	(26,966)	1,480
Dividend and interest income	1,939	2,821
	(25,155)	6,531

9 Income from available-for-sale financial assets

	2009 AED'000	2008 AED'000
Realised gain	6,527	60,784
Dividend income	16,024	2,472
	22,551	63,256

10 Operating expenses

Operating expenses include staff costs of AED 66,646 thousand (2008: AED 76,373 thousand).

11 Cash and balances with banks

	2009 AED'000	2008 AED'000
Cash in hand	145	1,473
Call and current accounts	28,140	113,793
Term deposits	193,456	116,519
	221,741	231,785

Term deposits represent the short term deposits placed with the commercial banks having an average maturity of less than three months (2008: average maturity of less than three months) bearing an interest rates ranging from 0.8% per annum to 7.0% per annum (2008: from 1.3% *per annum* to 2.5% *per annum*).

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

12 Financial assets at fair value through profit or loss

	2009 AED'000	2008 AED'000
Equity and Hedge Funds	59,356	81,954
Capital protected coupon paying notes	17,841	19,018
Listed equity securities	6,600	4,337
	83,797	105,309

13 Available-for-sale financial assets

	2009 AED'000	2008 AED'000
Founders shares	97,269	325,989
Equity funds	97,569	134,631
Private equity investments	15,047	14,413
Investments in Islamic Sukuk	7,750	-
	217,635	475,033
Less: impairment losses	(28,755)	(4,433)
	188,880	470,600

The movement in the allowance for impairment losses in respect of available-for-sale investments during the year was as follows:

	2009 AED'000	2008 AED'000
At 1 April	4,433	-
Charge during the year	24,322	4,433
At 31 March	28,755	4,433

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

14Investment in equity accounted investees

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

	Current Ownership (%)	Non - current assets AED'000	Total assets AED'000	Current assets AED'000
2009				
Gulf National Securities Centre LLC(1)	35	93,976	1,609	95,585
UAE Mall LLC(2)	35	175	175	350
National Entertainment LLC - Tarfeeh(3)	40	4,223	22,623	26,846
Depa United Group PrJSC(4)	2.69	2,350,200	944,500	3,294,700
Al Dana Trust LLC(5)	40	150	-	150
========	========	========	========	========
2008				
Gulf National Securities Centre LLC(1)	35	133,610	4,828	138,438
UAE Mall LLC(2)	35	471	175	646
National Entertainment LLC - Tarfeeh(3)	40	4,100	22,631	26,731
Depa United Group PrJSC(4)	4.63	1,126,637	745,803	1,872,440
Al Dana Trust LLC(5)	40	150	-	150
Mainland Management LLC (6)	33.33	19,813	53,400	73,213
========	========	========	========	========

All of the above associates and the joint venture are incorporated in the United Arab Emirates.

(1) Gulf National Securities Centre was established on 24 August 2004 as a Limited Liability Company. The company's prin

Non - current liabilities AED'000	Total liabilities AED'000	liabilities AED'000	Revenues AED'000	Expenses AED'000	Profit / (loss) AED'000
43,848	335	44,183	15,083	(14,618)	465
140	150	290	76	108	(32)
8,894	16,122	25,016	821	54	767
1,265,137	211,672	1,476,809	1,731,242	1,513,009	218,233
-	-	-	-	-	-
	========	========	========	========	========
84,037	223	84,260	32,778	(15,187)	17,591
341	150	491	1,366	(1,319)	47
6,364	22,000	28,364	1,636	(1,650)	(14)
997,341	154,913	1,152,254	1,421,596	(1,240,559)	181,037
-	-	-	-	-	-
220	-	220	19,663	(70)	19,593
	========	========	========	========	========

y's principal activities are to provide share brokerage services in finance and commodity markets.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

14 Investment in equity accounted investees (*continued*)

(2) UAE Mall LLC was established on 6 June 2004 and incorporated as a Limited Liability Company and registered in the Emirate of Abu Dhabi on 14 September 2005. The company's principal activities are to carry out internet services and provide services through the internet and commercial brokerage activities.

(3) National Entertainment LLC was established on 25 September 2005 as a Limited Liability Company registered in the Emirate of Abu Dhabi. The company's principal activities are to operate entertainment centres, hotels and resorts and to provide different tourist and entertainment services. The financial reporting period of the associate is from 1 January to 31 December. Since the reporting date of the Company and the associate is different, management accounts of the associate for the period 1 April 2008 to 31 March 2009 have been considered for applying the equity method of accounting.

(4) Depa United Group PrJSC was established on 15 January 2006 as a Private Joint Stock Company registered in the Emirate of Dubai. The company specialises in investments, establishment and management of commercial and industrial enterprises. Although the Group owns less than 20 per cent of the voting power of Depa United Group PrJSC, it is able to exercise significant influence, but not control, by virtue of indirect ownership. Consequently, Depa United Group PrJSC has been classified as an associate. The financial reporting period of the associate is from 1 January to 31 December. Since the reporting date of the Company and the associate is different, management accounts of the associate for the period 1 April 2008 to 31 March 2009 have been considered for applying the equity method of accounting.

(5) Al Dana Trust LLC was established on 24 May 2005 as a Limited Liability Company registered in the Emirate of Abu Dhabi. The principal activities of the company are to invest, establish, and manage commercial and industrial real estate projects.

(6) Mainland Management LLC was established on 8 February 2007 as a Limited Liability Company registered in the Emirate of Abu Dhabi. The principal activities of the company are to invest, establish, and manage commercial and industrial real estate projects. During the year, the Group has acquired a controlling interest in the company as the ownership in the company increased to 66.66% at 31 March 2009 (2008: 33.33%).

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

14 Investment in equity accounted investees *(continued)*

The income from investment in equity accounted investees is comprised of the following:

- share of net equity (calculated after deducting minority interest of AED 73,490 thousand) amounting to AED 15,744 thousand;
- realised gain on partial disposal of Depa United Group PrJSC amounting to AED 16,829 thousand;
- unrealised gain on adjustment of shareholding upon the restructuring of Depa United Group PrJSC amounting to AED 4,876 thousand; and
- loss from an investment in an associate by a subsidiary amounting to AED 419 thousand.

15 Investment properties

	2009 AED'000	2008 AED'000
Balance at 1 April	155,600	125,462
Additions	2,118	-
Change in fair value	14,322	30,138
	--------------	------------
Balance at 31 March	172,040	155,600
	========	========

Investment properties comprise three plots of lands with the intention of constructing an investment property on it and have been accordingly classified as investment property. All of the three plots of lands were valued at 31 March 2009 by The National Investor Property Management Company LLC, a group entity and a registered appraiser. The fair value was determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.
Investment properties include a plot of land located in Abu Dhabi, received in previous years as an unconditional grant from the Government of Abu Dhabi, without consideration. The Company had initially recorded the land at fair value, determined at AED 9,600 thousand, based on a valuation carried out on 9 January 2007 by The National Investor Property Management Company LLC, a group entity a nd a registered appraiser. The fair value was determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

16 Intangible asset

	2009 A ED'000	2008 AED'000
Balance at 1 April	4,532	6,232
Amortisation for the year	(1,700)	(1,700)
	-------------	-------------
Balance at 31 March	2,8324	,532
	========	========

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

17Premises and equipment

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipments AED'000	Motor vehicles AED'000
Cost				
At 1 April 2007	4,423	1,354	7,358	329
Additions	176	1,095	2,974	511
Disposals	(28)	(20)	(271)	-
At 31 March 2008	4,571	2,429	10,061	840
At 1 April 2008	4,571	2,429	10,061	840
Additions / transfer in	1,953	2,747	3,324	275
Disposals / transfer out	(528)	(307)	(721)	(200)
At 31 March 2009	5,996	4,869	12,664	915
Depreciation				
At 1 April 2007	1,978	827	3,733	190
Charge for the year	1,359	716	2,628	206
Disposals	(28)	(20)	(218)	-
At 31 March 2008	3,309	1,523	6,143	396
At 1 April 2008	3,309	1,523	6,143	396
Charge for the year	1,071	964	2,832	238
Disposals	(60)	(190)	(579)	(208)
At 31 March 2009	4,320	2,297	8,396	426
Net carrying amount				
At 31 March 2008	1,262	906	3,918	444
At 31 March 2009	1,676	2,572	4,268	489

Capital work in progress mainly includes the cost incurred on the refurbishment of the

Land AED'000	Buildings AED'000	Capital work in progress AED'000	Total AED'000
-	-	-	13,464
61,506	19,550	3,411	89,223
-	-	-	(319)
61,506	19,550	3,411	102,368
61,506	19,550	3,411	102,368
-	-	4,907	13,206
-	-	(104)	(1,860)
61,506	19,550	8,214	113,714
-	-	-	6,728
-	2,088	-	6,997
-	-	-	(266)
-	2,088	-	13,459
-	2,088	-	13,459
-	2,090	-	7,195
-	-	-	(1,037)
-	4,178	-	19,617
61,506	17,462	3,411	88,909
61,506	15,372	8,214	94,097

The Mafraq Hotel owned by Mainland Investment LLC.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

18 Other assets

	2009	2008
	AED'000	AED'000
Advances	31	50,581
Receivables	33,898	38,520
Prepaid expenses	8,216	4,449
Due from employees	4,463	2,571
Others	35,625	16,224
	-------------	-------------
	82,233	112,345
Less: impairment losses	(13,558)	(10,916)
	-------------	-------------
	68,675	101,429
	==========	=========

19 Share capital

	2009	2008
	AED'000	AED'000
Authorised, issued and paid up:		
55,000,000 shares of AED 10 each		
(2008: 55,000,000 shares of AED 10 each)	550,000	550,000
	==========	==========

The following cash dividend was paid by the Group during the year ended 31 March:

	2009	2008
	AED'000	AED'000
AED 1.0 per share (2008: AED 0.5 per share)	55,000	27,500
	==========	==========

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

20 Legal reserve

As required by the UAE Commercial Companies Law of 1984 (as amended) and the Articles of A ssociation of the Company and its subsidiaries, 10% of the profit for the year must be transferred to legal reserve. The Company and its subsidiaries may resolve to discontinue such transfers when he reserve equals 50% of the share capital. The legal reserve is not available for distribution.

21 Statutory reserve

In accordance with the Company's Articles of Association, 10% of the profit for the year shall be transferred to a statutory reserve.

The Company may resolve to discontinue such transfers when the statutory reserve equals 50% of the share capital or in accordance with a resolution taken to this effect by the shareholders at the Annual General Meeting upon the recommendation of the Board of Directors. This reserve may only be used for the purposes recommended by the Board of Directors and approved by the s hareholders.

22 Share based benefits

The Company introduced in 2008 a share based employee benefit scheme which is designed to reward eligible employees by aligning their interests with the interests of the shareholders by providing a long-term incentive for those eligible employees.

Grant date	Type	Number of instruments
24 May 2007	Options	741,610
22 May 2008	Options	426,660
24 May 2007	Performance shares	35,980
22 May 2008	Performance shares	767,970

At the reporting date, the accrued benefit against performance shares amounted to AED nil (2008: AED 164 thousand) as performance criteria was not met. Option vesting criteria is limited to service period.

23 Term loan

A subsidiary entered into a bridge loan agreement with Finance House PJSC on 26 March 2007, for loan facility amounting to AED 10,000,000. Interest is charged at 10% per annum on this loan. The loan is fully payable on 31 March 2010.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

24 Related parties

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24. The Company has a related party relationship with its subsidiaries, associates, joint ventures, directors and executive officers including business entities over which they can exercise control or significant influence or which can exercise significant influence over the Company.

Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to key management personnel and executive officers.

	2009	2008
	AED'000	AED'000
Short term employment benefits	15,921	13,729
Post employment benefits	1,788	1,816
Board of directors' remuneration paid	5,231	2,778
	-------------	-------------
	22,940	18,323
	========	========

During the year, the Group had the following balances and transactions with related parties:

Balances

	2009	2008
	AED'000	AED'000
Amounts due from related parties		
Associates	6,578	11,159
Jointly controlled entity	-	183
Funds under management	1,908	6,506
Others (entities under common control)	929	-
	-------------	-------------
	9,415	17,848
	========	========
Amounts due to related parties		
Jointly controlled entity	97	28,422
Others (entities under common control)	-	10,294
	-------------	-------------
	97	38,716
	========	========

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

24 Related parties *(continued)*

Balances with related parties are non-interest bearing and do not carry any specific maturities.

Other related party transactions

Significant transactions with related parties were as follows:

	2009 AED'000	2008 AED'000
Fees earned from related parties	20,290	38,806
Loans and advances to related parties	-	59,382
Guarantees issued on behalf of the Company	25,000	25,000
	==========	==========

25 Other liabilities

	2009 AED'000	2008 AED'000
Payables	23,491	28,040
Accrued expenses	21,453	25,506
Provision for end of service benefits	8,537	6,546
	-------------	-------------
	53,481	60,092
	========	========

The movement in the provision for end of service benefits is as follows:

	2009 AED'000	2008 AED'000
At 1 April	6,546	3,417
Add: charge for the year	3,201	4,117
Less: payments made during the year	(1,210)	(988)
-	-------------	-------------
At 31 March	8,537	6,546
	========	========

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

26 Fiduciary activities

The Company acts as a trustee for managing assets amounting to AED 799,765 thousand (2008: AED 1,348,866 thousand).

As at date of the consolidated balance sheet, the Company held under trust the following assets:

	2009	2008
	AED'000	AED'000
Shares (at market value)	151,614	413,669
Cash in Islamic deposits	8,967	-
	==========	==========

The above assets have not been reflected in these consolidated financial statements.

27 Investment in assets under management

As at date of the consolidated balance sheet, the Company had the following investments in funds under its management:

	Number of units ('000)		Net asset value AED'000	
	2009	2008	2009	2008
Emirates Real Estate Fund	50	50	1,153	1,481
Dana Women Fund	500	500	3,991	4,898
Mena Real Estate Fund	8	8	25,437	53,956
Blue Chip Fund	6,702	6,702	31,618	75,776
TNI Mena Special Situation Fund	5	-	17,893	-
TNI Real Estate Investment Fund of Funds L.P	100	100	25,037	40,352
TNI Capital Growth Fund L.P	100	100	16,099	16,053
	=======	=======	======	======

28 Commitments and contingencies

	2009	2008
	AED'000	AED'000
Bank guarantees	5,000	5,000
Corporate guarantee	47,587	54,750
	==========	==========

The Group is committed to contribute AED 5 million into funds under its management. *(2008: AED 18 million).*

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

28 Commitments and contingencie *(continued)*

During the last year, a non-monetary claim was made by a property developer against one of the subsidiaries with regards to an alleged breach of the sales agency contract. This contract relates to the sale of units in a project under development as at the reporting date.

In accordance with external legal advice obtained by the subsidiary, the management has not provided for the claim as it is unlikely that an outflow of resources embodying economic benefits will be required to settle the claim nor can the amount of any potential claim be accurately measured as at the reporting date.

29 Accounting estimates and judgement

In the process of applying the Group's accounting policies, which are described in note 3, management has used estimates and made the following judgements which have a significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, i ncluding expectations of future events that are believed to be reasonable under the circumstances.

(a) Fair values of financial instruments

Many of the Group's financial instruments are measured at fair value and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the Group's financial instruments, quoted market prices are readily available. However, certain financial instruments such as over-the-counter securities or unquoted securities are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same (subject to the appropriate adjustments).

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment (e.g., interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision.

(b) Useful lives of premises and equipment

Management assigns useful lives and residual values to the items of premises and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of premises and equipment and have determined that no adjustment is necessary.

(c) Fair value of investment property

Critical estimates and judgements in arriving at the fair value of investment property are discussed in note 4.

The National Investor Private Joint Stock Company

Notes to the consolidated financial statements

29 Accounting estimates and judgement *(continued)*

(d) Impairment losses on receivables

The Group reviews its receivables to assess impairment at least once on an annual basis. In determining whether an impairment loss should be recorded in the consolidated income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

30 Comparative figures

Comparative figures have been reclassified to conform with the presentation for the current year.

Dear Stakeholders,

It is my pleasure to present The National Investor's ("TNI") financial results for the past 12 months. TNI has achieved a Net Profit of AED 6 million for the year ended 31st March 2009, despite a substantial drop in revenues as a result of the global economic crisis.

The year ending 31st March 2009 was one of the most challenging ever faced by TNI in its 15-year history. This, however, was mitigated by TNI's diversified business model. The firm generated revenues from Investment Banking, Asset Management, Private Equity, and Principal Investment, including Real Estate, activities. During the year, the firm made steady progress, reinforcing its position as a leading investment and advisory company. Furthermore, TNI has optimized its capital structure while maintaining a high level of liquidity through the year.

During the year, we have seen a return to profitability for the Investment Banking division, which diversified its services and won three new cross-border mandates. In Asset Management, our funds have continued to outperform the market. Building on the excellent track record established by our first absolute return fund in just six months, we are now looking forward with confidence to the launch of a MENA-wide fund later this year. Our Private Equity team achieved two significant closures in India and in Saudi Arabia. The latter coupled with the recent incorporation of TNI-KSA and the imminent final approval from the Capital Market Authority, has provided us with a robust platform from which to pursue our expansion strategy in the kingdom.

In the face of the challenges of the past year, I have every reason to feel proud of the achievements of our people. TNI has always set out to attract the best talent across every sector of our business, and continues to place high value on the contribution of its employees both as individuals and as a team.

I would like to take this opportunity to extend my sincere gratitude to our Board of Directors and shareholders for their support throughout the year.

A. Mazrui

Abdullah M. Mazrui
Chairman