

Konnnect

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Newsletter

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Positive signs especially movement in Dubai real estate market indicates initial signs of turnaround in the UAE economy. This appears to have gained momentum due to uncertainties and instability in the region resulting into shifting of several business hubs to UAE from across the region and also influx of funds for investment into UAE. UAE has all along been a stable jurisdiction and businesses have benefited from its stable business policies.



However signs in developed & emerging economies of the world viz. US, Eurozone, China & India does forewarn of eminent slowdown and several developed countries are expected to slide back into recession. This could have impact on emerging & developing economies including UAE slowing down their growth.

Liquidity in business still remains a key challenge faced by businesses in UAE and despite AED pegged to USD, the borrowing costs have not come down in UAE. Businesses are thus faced with low growth rates, liquidity crunch coupled with high borrowing costs esp in comparison to developed economies. Entrepreneurs will hence be required to look for new avenues in order to expand. This will require in-depth study, planning, execution and continuous monitoring of current as well as new projects. In order to achieve this, proper financial planning / budgetary exercise is a must followed by continuous monitoring of same.

We would be more than glad to assist you with undertaking financial planning and budgetary exercise followed by its implementation and monitoring. Apart from this, we shall be glad to assist you with cost rationalization measures that can aid your company in these difficult times.

In this edition of the newsletter we are covering one of the fastest growing free zones in UAE, Dubai Multi Commodities Centre (DMCC) and we also have a Guest Column by Mr Gautam Shashittal, Chief Operating Officer of DMCC. We are very thankful to Mr Shashittal and his team at DMCC for contributing to Guest Column for our newsletter.

Vipul R Kothari
Managing Partner



IN BRIEF



Dubai DED witnesses 17% increase in trade licenses

During the second quarter of 2012, the Dubai Department of Economic Development (DED) issued 4,499 trade licenses. It is a 17% increase from the 3,859 licenses issued over the same period in 2011. Most of the licenses were issued within in the Commercial, Professional, Tourism and Industrial segments indicative of an emerging interest in investing and doing business in Dubai.

As stated by Mr. Mohammed Shael Al Saadi, Chief Executive officer of Business Registration and Licensing (BRL) division at DED, the tourism industry witnessed the largest increase in business licenses by 51% during the April-June 2012 period. Professional licenses increased by 19% and Commercial licenses by 16% in the same period. Out of the total licenses issued, commercial licenses accounted for 73%, followed by Professional (25%). The remaining 2% was evenly split between the Industrial and Tourism

sectors. Also, amended licenses grew by 11% in the second quarter.

DED's total transactions relating to business registration and licensing went upto 158,174 during the second quarter of 2012, an increase of 22% year on year. Reserved trade names increased 35% to 17,385 while initial approvals touched 8,068, an increase of 28%.

The total number of commercial activities licensed in the second quarter was 12,236, wherein General trade led the list of top 10 licensed activities (535 licenses) followed by Dyes & paints (433), both showing a 4% increase. Tiling of floors and walls (414); Carpentry and flooring (408); Sanitary extensions & wares (395); Installation of air conditioning systems, ventilation and air purification (381); Installation of suspended ceilings and light partitions (368) and Readymade garments (314) came next in the list.

Also, the number of professional activities licensed reached 3,133 in the second quarter with Residences & building cleaning services leading the list of the top 10 licensed activities with 277 licenses – a 9% increase- followed by Restaurants (133), Sewing and Embroidery.

Food for Thought



Transfer from NRO Bank account to NRE Bank account (applicable for Indian bank accounts of non-resident Indians) permitted upto US\$ 1 million per year per person.



Khalifa Port to bring in new opportunities



Abu Dhabi Ports Company (ADPC), the developer and operator of Kizad, commenced pre-leasing of the industrial area in May this year. It has signed tenants on 2 sq km of land and is in negotiations on eight more sq. km.

More than 40 industry heavyweights have signed up to lease land at Khalifa Industrial Zone Abu Dhabi (Kizad), a manufacturing hub that aims to add US\$40 billion (Dh146.91bn) to Abu Dhabi's economy. Currently, there are 44 companies that are now well progressed or have paid significant deposits. Ambitious plans include leasing out 22 sq kilometers of land to manufacturing and industrial companies as part of the first phase.

It is envisaged in the master-plan for the Abu Dhabi Vision 2030, that Abu Dhabi's reliance on oil would reduce from current 58.5% of GDP to 36% of GDP and Kizad is expected to be a key contributor - an enabler - factoring for about 15 per cent to the non-oil portion of the Abu Dhabi economy, equaling approximately \$40bn. Current estimates reveal that Kizad would generate direct and indirect employment in the form of 150,000 jobs. ADPC also anticipates a higher export focused approach with 60 to 80 per cent of the goods manufactured within Kizad being exported around the world.

The magnitude of Kizad can be judged by the eventual plans to build a 417 sq kilometer industrial and manufacturing hub. From a reader's perspective that equates to four and a half times the size of Abu Dhabi city and two-thirds the size of the island of Singapore. This would also mean that Abu Dhabi's GDP would need to quadruple during this timeframe, reaching a total of approximately US \$417 billion by 2030 from a current US \$110 billion GDP in 2010

The target sectors include aluminium,

petrochemicals, pharmaceuticals, food, engineered metal products and logistics. The close proximity to EMAL suggests that Kizad would be an attractive hub for car makers and/or car parts manufacturers in the near future, especially in the wake of the automotive industry's move towards using more aluminium than steel for environmental reasons.

Cheaper energy and labour would suggest that the industrial hub would offer lower operating costs for international companies in addition to the lucrative tax-free environment.

Geographically too, Abu Dhabi's location provides significant strategic benefits being sandwiched between western Europe and the United States on one hand and major exporting countries in Asia Pacific region on the other.



Kizad will include a mix of designated free zone and non-free zone areas, subject to the requirements of the companies establishing businesses in these areas.

A half-day seminar was recently held as a preparatory exercise for the 1st September operational opening of the Khalifa Port Container Terminal, Abu Dhabi Ports Company (ADPC) and Abu Dhabi Terminals (ADT). It provided an opportunity to the delegates to share latest updates and procedures directly affecting trucking companies and clearing agents that will use the Port.

Khalifa Port Container Terminal is envisaged to be the first semi-automated terminal in the MENA region and will play a key role in Abu Dhabi businesses gaining access to the world markets. The automated procedures and seamless interaction between all concerned stakeholders is expected to provide the trucking companies and clearing agents with ideal opportunities. The design of the Terminal enables it to handle the largest container vessels currently afloat, whilst delivering improved services to the trucking companies that handle the carriage to and from the port.

The enormity of the project can be gauged by the fact that the Khalifa Port Con-

tainer Terminal will have the capacity to handle 2.5 million TEU containers, with further potential to expand to 5 million TEUs. The port's master plan is targets an annual capacity of 15 million TEUs by 2030.

In addition, Khalifa Port will also be expanded to cater for general cargo and Roll On/Roll Off vehicles. With a planned initial capacity of 12 million tons of cargo, including 4 million tons at the already operational EMAL berth, the 2030 vision is to increase it to 35 million tons of general cargo annually.

Dubai trade crosses Dh600 bn



Dubai's foreign trade set new record in first half as it exceeded Dh600 billion mark for the first time in its history. The emirate's non-oil foreign trade soared to set a new record of Dh602 billion during the first half of 2012, indicating a 12% growth over the



same period last year. The sector suffered major losses in 2009 due to the global economic crisis, dropping from AED 458 bn in 2008 to AED 361 bn in 2009. However, it has managed to recover well during the first halves of 2010 to 2012, registering AED 436 Bn in 2010, AED 537 Bn in 2011 and AED 602 Bn in 2012.

According to Dubai Customs, the emirate's imports have increased by 11.5% in first half to Dh357 billion from Dh320 billion in the same period previous year. The value of exports and re-exports reached Dh245 billion showing a growth

rate of 13% as compared to Dh217 billion over the same period last year.

Establishing improved regulations and customs procedures provide more facilities for traders, cargo companies and all customers within a more attractive investment environment. Reaching Dh59 billion during the first half of 2012, unwrought, worked and semi-manufactured gold topped the list of Dubai's imports, followed by jewellery at Dh25 billion, diamonds at Dh24 billion, telecoms equipment at Dh23 billion and automobiles at Dh15 billion.

Gold was also ranked as the top exported product from Dubai during first half of 2012, at a value of Dh42 billion, followed by diamonds at Dh8 billion, jewellery and precious metals at Dh3 billion, aluminium at Dh2 billion and non-crude oil at Dh2 billion.

In terms of re-exported products from Dubai, telecoms equipment came in first at Dh29 billion, followed by diamonds at Dh15 billion, jewellery and precious metals at Dh11 billion, oil products at Dh10 billion, and IT machinery at Dh9 billion.

According to the figures released by Dubai Customs' Department of Strategy and Corporate Excellence, India has managed to maintain its position as Dubai's top foreign trading partner with a total trading value of Dh77 billion, while China came in second with Dh53 billion, followed by the US at Dh36 billion, Switzerland at Dh32 billion and Saudi Arabia at Dh23 billion. Accordingly, Dubai's trade exchange value with these top five countries hit Dh221 billion in total, accounting for 37 per cent of Dubai's overall foreign trade during the first half of 2012.

Dubai 2020 EXPO bid gains momentum



UAE's credential as Middle East's hub has been added by its participation in 2012 Yeosu Expo in southern harbour city of Yeosu in South Korea where UAE pavilion has been judged the 2nd best pavilion amongst more than 100 participating countries. This also paves the smooth way for Dubai's bid to host 2020 World Expo.

By showcasing UAE's phenomenal development that is achieved in less than half a century, it also earned international endorsement as the role model for emerging economies. The economic development was accomplished under the wise and visionary leadership of the country which differentiated from other regional countries.

The UAE Pavilion took the centre stage during a three month event, wherein it



has rebranded its national image as a country of environment conservation backed up by sustainable renewable energy development and environment protection drive illustrated by the carbon-free Masdar city in Abu Dhabi. UAE also received international endorsement as the role model for emerging economies and its environment conservation efforts.

So far, UAE has been recognized by many across the world as a small rich Arab country blessed with huge crude oil reserves. During the 2012 Expo which concluded on Aug. 12 after it was opened on May 12, UAE also boosted its national image by announcing its bid to host 2020 Dubai World Expo.

Korean visitors praised the devoted services of Emiratis volunteers with personal care particularly for elderly and handicapped people visiting the ongoing 2012 Yeosu Expo. Mr. Giuseppe Sala, CEO of Milan EXPO 2015 wished good luck to Dubai which is bidding to host 2020 Dubai World Expo. Milan Expo 2015 has been working closely with the UAE regarding its participation at EXPO 2015 in Milan with UAE's technical delegation scheduled to be in Milan in September this year so as to define areas of collaboration.

RAK Int'l Airport records 78% passenger growth in Q2



Ras Al Khaimah International Airport recorded a significant 78% growth in passengers in the second quarter of 2012 compared to the same quarter last year. The Q2 numbers suggest that more than 67% growth has been seen in 2012 with similar growth witnessed in terms of aircraft movements, cargo tonnage and retail.

According to Mr. Andrew Gower, CEO, RAK International Airport, the growth has resulted from a combination of factors such as collaborative teamwork, cohesive supply chain, product innovation, attractive prices and continuous energy alongwith focus on the customer's needs and requirements. The airport complements other well established airports in the other emirates by offering a unique mix of service and value.

With new flights expected to start operating from the Russian Federation in the winter 2012 onwards, and as the emerging markets of CIS and Eastern Europe continue to grow, Ras Al Khaimah International Airport is gearing up to welcome the passengers as the airport gateway is used to reach resorts in the wider Emirate. Capacity within the terminal buildings



have been increased with F&B offerings being upgraded. RAK Airways said it would begin flights to neighboring Abu Dhabi from October 3, 2012 onwards, taking the airline's total number of destinations to 10 since it's prelaunch in October 2010. Since last year, RAK Airways has gradually expanded its destination network to Africa, Middle East and Asia.

Jurisdiction - Seychelles



With its favourable low or nil tax structure, Seychelles offers one of the most attractive total packages in the offshore world. Its main features include minimal government fees, a growing network of tax treaties used for investment into other countries and an international trade zone created and supported by one of the most beneficial legal and regulatory regimes in the offshore world.



Advantages

Seychelles is an established and reputable offshore jurisdiction. International businessmen and investors are offered a variety of superior offshore products that fulfil the increasingly demanding criteria of flexibility coupled with adaptability. The regulatory environment which takes into consideration the expectations and demands of the offshore market has been carefully developed to adhere to international obligations of global best practices. Some of the favourable factors of Seychelles as an International Financial Centre include:

- ✓ No Exchange Controls
- ✓ Fiscal Incentives
- ✓ Expanding Double Taxation Avoidance Treaty Network
- ✓ Skilled, professional and bilingual population
- ✓ Modern communication network
- ✓ Reputable jurisdiction
- ✓ Sophisticated, modern & flexible offshore structures

Further development of the offshore in-

dustry along with the business approach and strategy adopted by government complements the jurisdiction. Flexibility, security, adaptability, confidentiality as well as the professional services available through automation, training and regulations are some of the key elements involved. Seychelles has modern banking facilities which are offered through international banks including Barclays Bank PLC, Novobanq (affiliated to Standard Chartered Bank), Mauritius Commercial Bank, Bank of Baroda and Habib Bank. Port Victoria is the most efficient and deepest port in the region. It offers trans-shipment to regional and international markets along with handling of break-bulk and containerized international cargo.

The Seychelles International Business Authority

The Seychelles International Business Authority (SIBA), established in 1995 under the Seychelles International Business Authority Act of 1994, is governed by a Board of Directors that consists of well-known members from both public and private sectors.

The Authority is in essence a one-stop shop that includes both licensing and regulation of the primary offshore business activities. It is the Registrar for International Business Companies, International Trusts, Protected Cell Company, Companies Special License, and Limited Partnerships. In addition it regulates International (Free) Trade Zone activities in the Seychelles. SIBA also organizes and circulates educational information for other offshore entities/services offered by the local jurisdiction, such as the Mutual Funds, Offshore Banking, Offshore Insurance, and Ship/Yacht Registrations.

The most popular type of offshore company formation in Seychelles is International Business Company (IBC). This popularity is mainly attributed to the competitive legal system in Seychelles which ensures investor confidence.

Key Features of Seychelles International Business Company (IBC)

- Seychelles IBC's are not subject to any kind of tax or duty
- Company incorporation process can be completed in 24 hours
- Registered agent is mandatory & registered office of agent will be address of the company
- A Seychelles IBC requires only one shareholder or director.
- Corporate shareholders/directors are permitted
- Details of company's beneficiary owners and directors and shareholders will never be put in public records
- Government fee for registration of an IBC is same irrespective of share capital value
- The corporate structure of a Seychelles IBC is quite flexible.
- There are no minimum or maximum capital requirements.
- Seychelles IBC's do not need to hold directors or shareholders meeting in Seychelles.

SIBA is a highly efficient and effective organization as a result of its dedicated professionals and resourceful systems. Names are approved quickly and licenses are issued with minimal bureaucracy, whilst still maintaining appropriate due diligence processes.

Seychelles continues to be an expanding offshore financial center. The efficiency and knowledge of the offshore sector with an extensive variety of products and services and commitment towards continuous change and innovation makes Seychelles a leading choice in the offshore world.

**UAE Free Zone -
D.M.C.C.**



The Dubai Multi Commodities Centre (DMCC), a Government of Dubai entity, is the licensing authority of the Jumeirah Lakes Towers (JLT) Free Zone, the fastest growing free zone development in the UAE. Located on Sheikh Zayed Road in what is often referred to as 'New Dubai', JLT is a 200-hectare, waterfront development comprising both business and community living by offering commercial, residential and retail property for sale and lease.

Easily accessible by two metro stations on the Dubai Metro red line the JLT Free Zone is also in close proximity to the Jebel Ali Free Zone and ports, Al Maktoum International Airport and Dubai Logistics Corridor, making it the ideal location to conduct business from.



There are numerous benefits to setting up a company at the JLT Free Zone. The Free Zone is one of the few that license a wide range of activities – from commodities to IT, to logistics, retail, consultancies and more. It is also one of the few that offers both freehold and leasehold commercial and residential property in the development across its 61 towers. It also provides modern amenities, efficient processes, a highly reliable and trustworthy customer support base, relevant products and services, industry clustering, state-of-the-art infrastructure, and of course, the prestige of being established in the region's leading commodities marketplace regulated by DMCC, a Government of Dubai authority.

The Benefits of JLT / DMCC Free Zone are:

- 100% foreign business ownership
- Strategic location on Sheikh Zayed Road, connecting Abu Dhabi and Dubai, and in close vicinity of Dubai Logistics Corridor
- 0% personal and corporate income tax rate
- Secure, regulated environment, licensing a full range of business activities
- Single or multiple shareholders
- 100% capital repatriation without any currency restrictions
- High quality freehold, commercial and residential property for sale or lease at competitive rates
- Flexi desks and serviced offices options available
- End-to-end all-inclusive client relationship management offering effective and timely service for collection, processing of all documentation and issuance of licenses

Recent Trends

DMCC recently announced a record-breaking 60 percent growth in new companies joining JLT Free Zone during the first half of 2012, compared to the same period in 2011.

This growth was led by the registration of 975 new companies in the first six months of 2012, which brought the total number of businesses operating in the JLT Free Zone to the 4,600 mark in June. Today however, there are over 4,800 companies based in the free zone, and DMCC is set to break last year's record registration numbers of 1,357. With top industry players such as Dunkin' Brands Group and Vertu setting up shop in the Free zone, DMCC's unprecedented growth naturally also contributes to the overall growth and progress of the wider business community in the UAE.

In other news, DMCC witnessed strong growth in commodity trading, in particular within the precious metals and pre-

cious stones sector. The Dubai Diamond Exchange ('DDE') – a DMCC initiative - saw 255 million carats of diamonds worth USD39 billion traded in 2011; a value increase of 11.5% over 2010, which further reinforces Dubai's position as one of the world's leading and largest diamond trading hubs.



The record-breaking trends continue in the gold sector, with an increase in both volume and in prices. In 2011, Dubai's gold trade increased by 35% to a record \$56 billion.

1,200 tonnes at an average realized gold price of \$1,571 were traded in 2011 reflecting an increase of 6.3% in total volumes traded compared to the previous year. The growth in numbers is largely due to DMCC's initiatives in the precious metals sector, which include the creation of the Dubai Gold and Commodities Exchange (DGCX), products such as Gold ETFs and the DMCC Tradeflow platform, industry standards such as the Dubai Good Delivery, as well as leading events such as the Inaugural Dubai Precious Metals conference, attended by 230 delegates from the international precious metals sector.

In the tea sector, the Dubai Tea Trading Centre, another DMCC initiative, provided facilities for storage and warehousing for 3.2 million kg of tea during the first six months of 2012 and the amount of teas value added in the Centre totalled 2.1 million kg.

The first six months of 2012 also witnessed huge increase in the volumes traded at the DGCX. An increase of 172% meant a total of 3,848,002 contracts traded, primarily driven by significant increases in futures trading in Gold and In-

dian Rupees. The Exchange was also awarded 'Best Global Commodities Exchange 2012' by the Global Banking & Finance Review.

Other commodity industries also benefited from DMCC's support in the first half of 2012. This included DMCC's support of the CICILS 2012 Annual Pulses Convention, the largest gathering of the global pulses industry ever; hosting the Fourth Biennial Global Dubai Tea Forum; as well as new ventures such as the Ferro-Alloys Global Markets Conference.

Infrastructure within the JLT Free Zone has continued to expand at a rapid pace both within the Free Zone and community. At present, there are 61 completed towers with four more expected to be handed over by the end of the year. There are also over 150 retail outlets servicing approximately 50,000 individuals working and living in the JLT Free Zone.

The International Financial Reporting Standards

The IFRS Foundation is an independent, not-for-profit private sector organization working in the public interest. Its principal objectives are:

- to develop a single set of high quality, understandable, enforceable and globally accepted international financial reporting standards (IFRSs) through its standard-setting body, the IASB;
- to promote the use and rigorous application of those standards;
- to take account of the financial reporting needs of emerging economies and small and medium-sized entities (SMEs); and
- To promote and facilitate adoption of International Financial Reporting Standards (IFRSs), being the standards and interpretations issued by the IASB, through the convergence of national accounting standards and IFRSs.

The IASB is the independent standard-setting body of the IFRS Foundation. Its members are responsible for the develop-

ment and publication of IFRSs, including the IFRS for SMEs and for approving Interpretations of IFRSs as developed by the IFRS Interpretations Committee (formerly called the IFRIC). All meetings of the IASB are held in public and webcast. In fulfilling its standard-setting duties the IASB follows a thorough, open and transparent due process of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component. The IASB engages closely with stakeholders around the world, including investors, analysts, regulators, business leaders, accounting standard-setters and the accountancy profession.

International Accounting Standards		
#	Name	Issued
IAS 1	Presentation of Financial Statements	2007*
IAS 2	Inventories	2005*
IAS 7	Statement of Cash Flows	1992
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	2003
IAS 10	Events After the Reporting Period	2003
IAS 11	Construction Contracts	1993
IAS 12	Income Taxes	1996*
IAS 14	Segment Reporting	1997
	Superseded by IFRS 8 effective 1 January 2009	
IAS 15	Information Reflecting the Effects of Changing Prices	2003
	Withdrawn December 2003	
IAS 16	Property, Plant and Equipment	2003*
IAS 17	Leases	2003*
IAS 18	Revenue	1993*
IAS 19	Employee Benefits	1998
	Superseded by IAS 19 (2011) effective 1 January 2013	
IAS 19	Employee Benefits (2011)	2011*
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1983
IAS 21	The Effects of Changes in Foreign Exchange Rates	2003*
IAS 22	Business Combinations	1998*
	Superseded by IFRS 3 effective 31 March 2004	
IAS 23	Borrowing Costs	2007*
IAS 24	Related Party Disclosures	2009*
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1987
IAS 27	Separate Financial Statements (2011)	2011
IAS 27	Consolidated and Separate Financial Statements	2003
	Superseded by IFRS 10, IFRS 12 and IAS 27 (2011) effective 1 January 2013	
IAS 28	Investments in Associates and Joint Ventures (2011)	2011
IAS 28	Investments in Associates	2003
	Superseded by IAS 28 (2011) and IFRS 12 effective 1 January 2013	
IAS 29	Financial Reporting in Hyperinflationary Economies	1989
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	1990
	Superseded by IFRS 7 effective 1 January 2007	
IAS 31	Interests In Joint Ventures	2003*
	Superseded by IFRS 11 and IFRS 12 effective 1 January 2013	
IAS 32	Financial Instruments: Presentation	2003*
IAS 33	Earnings Per Share	2003*
IAS 34	Interim Financial Reporting	1998
IAS 35	Discontinuing Operations	1998
	Superseded by IFRS 5 effective 1 January 2005	
IAS 36	Impairment of Assets	2004*
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998
IAS 38	Intangible Assets	2004*
IAS 39	Financial Instruments: Recognition and Measurement	2003*
	Superseded by IFRS 9 effective 1 January 2015	
IAS 40	Investment Property	2003*
IAS 41	Agriculture	2001

International Financial Reporting Standards		
#	Name	Issued
IFRS 1	First-time Adoption of International Financial Standards	2008*
IFRS 2	Share-based Payment	2004
IFRS 3	Business Combinations	2008*
IFRS 4	Insurance Contracts	2004
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	2004
IFRS 6	Exploration for and Evaluation of Mineral Assets	2004
IFRS 7	Financial Instruments: Disclosures	2005
IFRS 8	Operating Segments	2006
IFRS 9	Financial Instruments	2010*
IFRS 10	Consolidated Financial Statements	2011
IFRS 11	Joint Arrangements	2011
IFRS 12	Disclosure of Interests in Other Entities	2011
IFRS 13	Fair Value Measurement	2011

In the coming issues, we will touch upon the above standards and on IFRS for SMEs in detail.

New set of rules announced for domestic and foreign investment funds in the UAE



The UAE Securities and Commodities Authority (SCA) implemented the Investment Funds Regulation last month. The Regulation applies to all matters relating to domestic investment funds and to the promotion and offering of foreign funds in the UAE, with particular implications for DIFC funds or funds marketed by DIFC firms. The Regulation transfers regulatory responsibility for the licensing and marketing of investment funds and for a number of related activities from the UAE Central Bank to the SCA.

An entity is not allowed to establish a domestic investment fund without first obtaining approval from the SCA. The Regulation puts down requirements with regards to the domestic funds' offering documents and investment policies, and contains provisions regarding the subscription, trading and redemption of fund units. The roles and obligations of a fund's services providers, specifically the fund's investment manager, management services company and custodian, are also provided.

All foreign funds made available to investors in the UAE are required to be approved by the SCA and offered through a locally licensed placement agent or, in limited circumstances, a locally established representative office. To promote a fund to the public in the UAE, the foreign fund needs to be regulated and permitted to make a public offer in its home state.

Unregulated, non-retail foreign funds can be offered in the UAE by way of 'private placement'. Approval of the SCA is still required and minimum subscription amounts of AED 500,000 (in respect of foreign funds) and AED 1 million (in respect of foreign funds incorporated in free zones outside of the UAE) apply. Regardless of whether the units

of foreign funds are offered publicly or through private placement, all offerings need to be made through a locally licensed placement agent. Where foreign funds are offered by way of private placement, the offer can be made through a locally established representative office of the fund company, provided the offer is limited to institutional investors; and (ii) a minimum subscription amount of AED 10 million per subscriber is applied.

Things to consider when opening an offshore account



For expatriates working abroad, one thing to do that features high on the priority list is opening an offshore bank account. The following tips would help one get started in this tricky domain in a foreign land. The jurisdictions and local legislations govern banks that offer offshore banking and investment services and competition in this sector is intense. Some key areas to consider are as illustrated below

Contemplate your circumstances

First and foremost, ensure that you even need services that offshore banking offers. As an expatriate, there are benefits and distinct advantages of opening an offshore bank account as they aid in increasing your savings in a tax-efficient manner due to prevailing tax laws applicable in most countries.

Tax implication and disclosures in your home & country of residence

This is one of the foremost issues to be considered before choosing to open an offshore bank account as in some home or country of residence, disclosure of such offshore accounts may be necessary as well as it may become taxable as well. However UAE residents & Non Resident Indians currently do not need to worry on this front.

Accessibility to your funds

Accessibility to your funds can be a distinguishing and deciding factor in choosing you bank. Prominent banks offer 24 x 7 telephone banking service to cater to all time zones. Online internet banking with complete security of your information is now available on all computer and mobile devices. This enables customers to view and access their funds securely and also execute fund transfers from one location to another at the click of a mouse.

Consider multi-currency options

The prominent offshore banking groups offer accounts in multiple currencies too, ensuring that you do not lose any money on account of currency exchange rate conversions and charges. It is advisable to open an account that offers currencies in which you get paid in order to hold funds in that account and convert them once the currency exchange rate works favourably.

The language

It's important and probably much more convenient to opt for a jurisdiction where the main language is the one that happens to be your native tongue or second language. Transacting business becomes a lot easier if you do not need to overcome the language barrier. Different service providers offer 24-hour English-speaking telephone banking as a feature.

Optimize your finances

Finances and investments can be managed in a very effective and efficient manner with the offshore banking account. Popular offshore destinations such as Jersey, a British Crown Dependency off the coast of France, offer advisory and wealth management services by seasoned finance practitioners, and



experienced legal and accountancy specialists to manage cross-border assets efficiently for it doesn't have to be in one currency

Stability

A critical aspect to consider is the political and economic stability of the jurisdiction. International finance centres like Jersey have an upper hand in this regard and their popularity as an offshore destination can be significantly attributed to this particular feature. Jersey recently celebrated 50 years as an international finance centre without any blemishes on its track record for sound and secure offshore banking. It now has more than 40 banking operations from around the world, including branches of British lenders and banks from the GCC region. Statistically, it draws in excess of £154 billion (Dh877bn) in deposits and 14 per cent of it is directly from the GCC region attracting local banks such as Abu Dhabi Commercial Bank who have recently opened a branch in Jersey.

Regulation

In addition, to stability local regulation too is an important factor. Popular destinations such as Jersey are highly acclaimed likewise by customers and agencies such as Global Financial Centres Index due to the quality of regulation by leading organizations and the prevalent regulatory framework making Jersey a top offshore international finance destination. Not surprisingly, Jersey is the sole offshore jurisdiction that also features in the world's top 10 centres for private banking and wealth management.

Depositor compensation

Contingency solutions as a factor are important to an investor. Hence, jurisdictions that offer safeguards in the event of a mishap to the financial institution where your assets are deposited are popular. Jersey and other Crown Dependencies offer a banking depositor compensation scheme to compensate for such mishaps.

Future inheritance

Wealth management services include managing your substantial portfolio of cross-border assets in order to preserve the same for future generations. Qualified and experienced professionals aid in establishing suitable trust vehicles in order to facilitate inheritance of your estate and enabling seamless distribution of wealth to selected beneficiaries.

When changing investor status from NRI to a resident



Whether a resident or non-resident, the status of an investor is an important detail documented at the time of investment. The investment accounts of a resident investor and a non-resident investor are managed in different ways based on factors such as taxation, funds & paperwork.

When a non-resident investor changes his status to a resident investor, it needs to be registered with investment and service providers to ensure that the required modifications are entered in the records of the investor.

Bank account:

Once NRIs become resident investors, they cannot operate the NRO/NRE/FCNR (B) accounts. The change of status has to be notified to the bank and a resident rupee account has to be opened.

Demat account:

The authorized dealer alongwith the depository participants must be updated of the status change. A new demat account with 'resident' status will be opened after which the balance held in the NRI account will be transferred to the new one.



Trading account

In case the NRI had an online trading account; the broker needs to be intimated about the change. The trading account with NRI status will be closed following which a new trading account with resident status will be opened.

MF investments

A KYC form with new details has to be sent to the KYC registration agency for updating the change of status, address and bank details. Mutual funds are also required to be informed of the change.

The change in address should be updated in the PAN records by using the prescribed form available online.

A resident foreign currency (RFC) account may be opened by a returning Indian to transfer balances from NRE/FCNR (B) accounts. This account can hold foreign currency and continue to receive funds in foreign currency from investments abroad.

[Courtesy: Centre for Investment Education and Learning (CIEL)]

Indians main buyers of Dubai property with Dh3.7bn spent



Foreign nationals in Dubai invested over Dh22 billion in the emirate's realty market in the first half of 2012. The total number of properties (buildings, lands, apartments and villas) sold during the period reached 12,875 units.

Indians topped the list in value terms as they bought a total of 2,153 properties worth Dh3.75 billion. They were followed by Britons who purchased 1,564 properties worth Dh 2.53 billion.

Pakistanis invested Dh1.71 billion to purchase 1,814 properties, while Iranian and Russian investors competed for the fourth and fifth positions. Iranians bought 1,057 properties worth Dh1.52 billion while Russian purchased 694 properties for Dh1.44 billion. Saudis purchased 416 units valued at Dh1.06 billion, followed by Canadians who invested Dh752 million to buy 329 properties.

Americans bought 415 properties worth Dh694 million. Jordanians purchased 268 properties worth Dh460 million, while investors from other nationalities bought 4,165 properties valued at Dh8.23 billion. Indians, Iranians and Britons collectively invested more than Dh1.5 billion to buy properties in global icon Burj Khalifa.



According to the Land Department, property transactions jumped 21% and reached Dh63 billion in the first half of 2012 compared to the same period last year, while transactions surged 82 % in value terms quarter-on-quarter, indicative of the growing confidence among investors. With total transactions reaching 18,953, plot sales and mortgages domi-

nated the first half transaction activity, with 3,522 deals worth Dh42.3 billion taking place.

Around 14,428 sale and mortgage transactions on apartments and villas, valued at Dh18 billion, were registered during the period, while 1,003 building sale and mortgage transactions, valued at over Dh 2.7 billion, were recorded. On an average, there were 133 transactions per day and 16 transactions per hour.

In 2011, Dubai reported 35,297 real estate transactions worth Dh143 billion, an increase of more than 16 per cent over previous year's total of deals worth Dh123 billion. Indians continued to be the top new investors in Dubai's real estate market last year, pouring in more than Dh2.1 billion.

The market has been attracting more foreign investors, which shows a strong national economy with outstanding growth potentials. Investor confidence in Dubai properties is increasing and the growth of deals and transactions with regards to quality as well as quantity are positive indicators for further growth, which the government of Dubai is seeking and nurturing to secure a better future for the country and its citizens.

On a lighter note / Quotes



Our Balance Sheet of Life

Our Birth is our Opening Balance
 Our Death is our Closing Balance
 Our Prejudiced Views are our Liabilities
 Our Creative Ideas are our Assets
 Heart is our Current Asset
 Soul is our Fixed Asset
 Brain is our Fixed Deposit
 Thinking is our Current Account
 Achievements are our Capital
 Character & Morals, our Stock-in-Trade
 Friends are our General Reserves
 Values & Behaviour are our Goodwill
 Patience is our Interest Earned
 Love is our Dividend
 Children are our Bonus Issues
 Education is Brands / Patents
 Knowledge is our Investment
 Experience is our Premium Account
 The Aim is to Tally the Balance Sheet of life accurately.
 The Goal is to get the Best Presented Accounts Award.
 Isn't it?

- Contributed by Mr. Dhawal Gade

"Success has a price tag on it, and the tag reads courage, determination, discipline, risk taking, perseverance, and consistency – doing the right things for the right reasons and not just when we feel like it."

-James M. Meston

"Too many people are thinking the grass is greener on the other side of the fence, when they ought to just water the grass they are standing on."

- Amar Dave

By: Mr. Gautam Sashittal
Chief Operating Officer,
DMCC



As the Chief Operating Officer of the Dubai Multi Commodities Centre (DMCC), I have witnessed first-hand both the impressive growth of the UAE into a leading business destination, as well as the unique role free zones have played within that growth. As you will read in this edition of KONNECT, the JLT Free Zone (developed by DMCC) is one of Dubai's most rapidly growing free zones in the UAE, and a major contributor to the overall development of the UAE as both a business and commodities hub.

In just ten years, DMCC and the JLT Free Zone have grown from a Royal Decree with a mandate to enhance commodity trade flows through the Emirate, to a prime

business and residential community. DMCC has not only overseen the development of JLT's physical infrastructure, which now stands at 61 mixed-use towers and over 150 retailers, but also the strategy behind attracting foreign investment to the Emirate and establishing the UAE as a major commodities marketplace.

DMCC's growth has been exceptional. By the end of August this year we registered 1,315 new companies, up 60% compared to the same period in 2011. This past summer, despite Ramadan and Eid period, our numbers have continued to break records. Today, over 4,800 businesses are operating in JLT. An average of 160 new companies sign up each month from a variety of countries and sectors.

A particularly telling statistic is that 85% of those companies are new to Dubai, which underscores not only the critical role that Free Zones play in Dubai's development, but also that the Emirate has been able to maintain a strong rate of growth, despite global economic challenges and regional geopolitical factors.

This year alone, renowned multinational brands such as the BAT, GAC, the LVMH Group, Dunkin' Brands and Vertu have chosen the JLT Free Zone as their base from which to grow their presence in the Middle East. Large multi-nationals benefit from our Government of Dubai status, professionalism and capacity; commodities companies rely on our infrastructure, regulatory environment and value-added services; SMEs and start-ups appreciate the ease of setting up here and the many flexible office solutions available.

We continue to add new and rele-

vant products and services to our already comprehensive offering. For example, by the end of the year, we will be launching a client service area dedicated solely to new members. This will not only mean faster processes and shorter waiting times, but clients will also be allocated specialised relationship officers to make setting up a business in the JLT Free Zone easier than ever. We are moving more of our services online and also developing a 'key client' account management system which will enable DMCC to build long-standing business relations with clients whilst serving as a repeat point of contact for consultants when registering new companies to the Free Zone.

DMCC continues to prosper not only because of its compelling offering, but also because of Dubai's strength as a global business hub. Due to the foresight of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Dubai has laid the groundwork to minimise the Emirate's dependence on hydrocarbons and a more sustainable and diverse set of industries.

As businesses around the globe shift their focus from West to East and North to South, this vision ensures that the Emirate will maintain its position at the centre of global trade and enterprise. DMCC is perfectly situated and equipped to cater to this shift, and we look forward to entering a new phase of growth as we continue to fulfil our mandate decreed by HH Sheikh Mohammed Bin Rashid Al Maktoum.



Kothari
auditors & accountants

Global Business Services (GBS), an associate of Kothari Auditors & Accountants, was established to offer company incorporation services in various onshore and offshore jurisdiction around the world.

GBS is dedicated to provide advisory on corporate formation, legal structuring, double tax avoidance treaties and assistance for formation of companies in various jurisdiction.

GBS has associated with various service providers across major jurisdiction worldwide and endeavors to provide every solution in identifying the right destination suitable to clients needs and to present expert insights & assistance with respect to setting up a business entity.

Our team of professionals include experts in the international business structuring, tax consultants, finance & law.

OUR SERVICES:

- Company Formation (Offshore & Onshore) in UAE
- Company formation in major offshore jurisdictions
- Company Management and Administration
- Corporate Structuring and Re-Structuring
- Branch Registration of Foreign Corporations
- Establishments of Trusts and Foundations
- Trusteeship and provision of Foundation Councils
- Corporate Tax Planning
- Accounting

Kothari Auditors and Accountants is a professionally managed accounting, auditing, management and financial consulting firm established in October 1992.

The firm is registered with the UAE Ministry of Economy & Commerce having offices in Dubai and Sharjah.

The firm excels in offering accounting, audit services that include: statutory, internal and management audit and a host of consultancy services. It offers professional guidance that leverages formalities needed to set up businesses in the industrial, trade or services sector either offshore, local, or in any of the free zones in the UAE.

The fact that the firm is enlisted on the panel of approved auditors of many local and international banks as well as free zones authorities in the UAE has made Kothari Auditors and Accountants a reputed audit firm in the UAE.

OUR SERVICES:

- Audit
- Accounting
- System Designing & Implementation
- Computerization of Systems
- Management Consultancy
- Project Report & Feasibility Studies
- Cost Audits & Cost Analysis
- Business Restructuring
- Valuation of Business
- Guidance on UAE Commercial Laws

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