

**Dubai Investments PJSC
and its subsidiaries**

Consolidated financial statements
31 December 2017

Dubai Investments PJSC and its subsidiaries

Consolidated financial statements

31 December 2017

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Directors' Report

The Board of Directors ("the Board") of Dubai Investments PJSC ("the Company") is pleased to present their report along with the audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2017.

Principal Activities

The Group is primarily involved in development of real estate for sale and leasing, contracting activities, manufacturing and trading of products in various sectors, investment banking, asset management and financial investments.

Financial Performance

The Group has reported profit attributable to the shareholders of the Company of AED 1,001.6 million for the year ended 31 December 2017 as compared to AED 1,218.3 million in the previous year.

The Group's profitability is in line with previous year if the one-off gain from divestments amounting to AED 186 million is excluded. The Group was able to achieve strong results despite challenging economic conditions due to the diversified and resilient nature of its businesses.

Total assets of the Group have increased by AED 890 million and stands at AED 17.0 billion as of 31 December 2017 (2016: AED 16.1 billion).

Proposed Dividend

In line with its commitment to provide enhanced returns to shareholders, the Directors propose to distribute cash dividend of 12% to the shareholders of the Company.

Proposed Appropriations

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

	AED'000
- Transfer to legal reserve	65,240
- Transfer to general reserve	56,270
- Proposed cash dividend	510,242
- Proposed Directors' fee	12,250
	<u> </u>

Directors' Report *(continued)*

Outlook 2018

The Group's outlook for the year 2018 is positive with various real estate developments and investment proposals under evaluation. The Group will continue its diversification strategy into education and healthcare sectors whilst targeting new growth markets.

Subsequent to 31st December 2017, the Company acquired additional 50% shareholding in its existing joint venture entity Emicool District Cooling LLC (EMICOOL) from the joint venture partner. The acquisition will strengthen the Group's assets base and will enhance the Group's profitability.

Directors

The Board of Directors comprises:

- Mr. Sohail Faris Ghanim Ateish Al Mazrui Chairman
- Mr. Hussain Mahyoob Sultan Al Junaidy Vice Chairman
- Mr. Ali Fardan Ali Al Fardan
- Mr. Mohamed Saif Darwish Ahmed Al Ketbi
- Mr. Khalid Jassim Mohamed Bin Kalban
- H.E. Abdulrahman Ghanem Abdulrahman Almutaiwee
- Mr. Khaled Mohamed Ali Al Kamda

Auditors

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2017. The Directors, in compliance with the requirements to rotate auditors, propose to appoint PricewaterhouseCoopers for the audit of the year ending 31st December 2018.

Acknowledgements

The Board of Directors would like to express their gratitude and appreciation to all its shareholders, clients and business partners whose continued support has been a source of great strength and encouragement.

The Board of Directors would also like to place on record their commendation for the hard work and efforts put in by Group management and staff as well as their loyalty and perseverance for the benefit of the Company and its shareholders.



On behalf of the Board
Sohail Faris Ghanim Ateish Al Mazrui
Chairman
Dated: 12th March 2018



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Independent Auditors' Report

To the Shareholders of Dubai Investments PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dubai Investments PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Valuation of investment properties

Refer to note 12 to the consolidated financial statements

Key audit matter

Investment properties represent 45% of the Group's total assets. The Group's accounting policy is to state its investment properties (primarily comprising infrastructure and ancillary facilities, plots of land, residential, retail and commercial facilities, labor camps and warehouses) at fair value at each reporting date. The property portfolio is valued at AED 7,705 million. The net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 646 million.

The Group engaged professionally qualified external valuers to fair value all of its property portfolio. The valuers performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards and IFRS 13 "Fair Value Measurement".

The property portfolio is valued by using a combination of discounted cash flows model, income capitalisation approach and market valuation approach. Key inputs into the valuation process are discount rates, yield rates, contracted lease rent and forecasted operating expenses, which are influenced by prevailing market forces and the specific characteristics, such as property location, income return, growth rate and occupancy rate of each property in the portfolio. Comparable transactions are also a key input.

The valuation of the portfolio is a significant judgment area and is underpinned by a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value could have a material impact on the value of the Group's investment properties and the fair value gain or loss recognized in respect of these investment properties.

How our audit addressed the key audit matter

Our audit procedures included:

- We assessed the competence, independence and integrity of the external valuers and reviewed their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work.
- We obtained the external valuation reports for all properties valued by the valuers and assessed the valuation approach and assumptions used by the valuers in determining the fair value of the properties.
- We carried out procedures to test on a sample basis the completeness and accuracy of property specific inputs provided to the valuation experts by management.
- We assessed that management has not double-counted any asset or any liability, in relation to the property, that are recognised separately, whilst determining the carrying amount of properties.

Key audit matters *(continued)*

Valuation of investment properties *(continued)*

How our audit addressed the key audit matter *(continued)*

- We met the external valuers of the portfolio to discuss the results of their work. We discussed and evaluated the valuation process, overall performance of the portfolio and the significant assumptions used in valuations.
- Based on the outcome of our evaluation we assessed the adequacy of the disclosure in the consolidated financial statements.

Valuation of properties under development for sale and properties held for sale

Refer to note 18 to the consolidated financial statements.

Key audit matter

Properties under development for sale and properties held for sale are included under inventories and represent 15% of the Group's total assets. Net realizable value for properties under development for sale and properties held for sale is determined based on valuations provided by the same independent third party valuers as for the valuation of investment properties noted above. The Group involved external property valuers for 44% of its properties under development for sale and properties held for sale and has valued the remaining properties internally based on market valuation approach. The estimation of cost and net realizable value is a complex process as a change in the Group's estimate of sales price and construction cost could have a material impact on the carrying value of properties under development for sale in the Group's consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures included:

- We assessed the competence, independence and integrity of the external valuers and reviewed their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work.
- We assessed the appropriateness of the valuation methodologies and assumptions used by the external property valuers and the management in the valuation process.
- We undertook discussions with the external valuers and the management and evaluated underlying assumptions with the assistance of market data where available and applicable.
- We performed testing over accuracy of source documentation used by the management or provided by the Group to the external valuers on a sample basis. In respect of properties under development for sale, we performed testing over cost incurred on a sample basis and assessed the appropriateness of costs to complete information.

Key audit matters (continued)

Valuation of properties under development for sale and properties held for sale
(continued)

How our audit addressed the key audit matter (continued)

- Based on the outcome of our evaluation we assessed the adequacy of the disclosures in the consolidated financial statements.

Valuation of trade receivables

Refer to notes 19 and 41 to the consolidated financial statements.

Key audit matter

The Group has significant trade receivables representing almost 7% of the Group's total assets and there is a risk over the recoverability of these balances, some of which are overdue. Determination of the recoverable amount of certain trade receivables can require significant judgments based on various assumptions.

How our audit addressed the key audit matter

Our audit procedures included:

- We analysed receivables, particularly those aged over one year, which were not provided for by the Group to determine whether there were any indicators of impairment. We verified cash collections subsequent to the year end and reviewed the payment history.
- We inspected arrangements and/or correspondences with external parties to assess the recoverability of significant and/or long outstanding receivables.
- We obtained the Group's legal advisors' confirmation of the status of pending cases in order to assess the probability and estimate of the recoverability of receivables.
- We assessed the adequacy of the disclosures in the consolidated financial statements.

Valuation of equity accounted investees

Refer to note 15 to the consolidated financial statements.

Key audit matter

The carrying value of the Group's investment in equity accounted investees is AED 607 million. This includes fair value adjustment of retained interest in an equity accounted investee amounting to AED 176 million. Impairment on investment in equity accounted investees amounted to AED 83 million during the current year.

Key audit matters *(continued)*

Valuation of equity accounted investees *(continued)*

Key audit matter *(continued)*

The Group assesses if any indicator for impairment exists for these investments on an annual basis. Where an indicator exists, the determination of recoverable amount involves significant management judgment and is based on assumptions that are affected by expected future market or economic conditions. Due to the inherent uncertainties associated with estimating the recoverable amount and the resultant impairment, valuation of investment in equity accounted investees is a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included:

- We assessed the indicators of impairment identified by the management.
- We assessed the appropriateness of the valuation approach used by the management to determine recoverable amount where an indicator of impairment exists.
- We held discussions with management and evaluated underlying assumptions used to determine the recoverable amount of the investment in equity accounted investees with the assistance of valuation specialists.
- We tested the mathematical accuracy of the cash flow model.
- Based on the outcome of our evaluation we assessed the adequacy of the disclosure in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which we obtained prior to the date of this auditors' report, and the Annual Corporate Governance Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Information *(continued)*

When we read the Annual Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

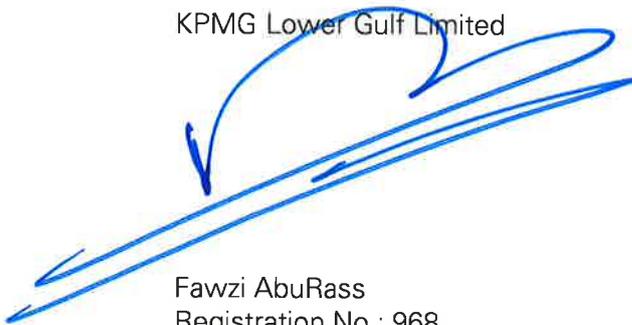
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
- v) as disclosed in notes 14, 15 and 39 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2017;
- vi) note 37 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2017; and
- viii) note 7 to the consolidated financial statements discloses the social contributions made during the year.

KPMG Lower Gulf Limited



Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 12 March 2018

Dubai Investments PJSC and its subsidiaries

Consolidated statement of profit or loss for the year ended 31 December 2017

	<i>Note</i>	2017 AED'000	2016 AED'000
Sale of goods and services		887,078	883,768
Rental income		910,670	874,731
Contract revenue		324,526	483,691
Sale of properties		-	2,175
Gain on fair valuation of investment properties	<i>12</i>	645,551	560,410
(Loss)/gain on fair valuation of investments	<i>14</i>	(30,458)	19,978
Gain on sale of investment properties		899	6,119
Gain/(loss) on sale of investments - (net)		12,454	(9,167)
Dividend income		15,168	12,307
Share of profit from equity accounted investees	<i>15</i>	18,397	30,303
Gain on disposal of subsidiaries	<i>39b</i>	-	186,632
		-----	-----
Total income		2,784,285	3,050,947
Direct operating costs	<i>6</i>	(1,417,381)	(1,438,823)
Administrative and general expenses	<i>7</i>	(456,156)	(441,587)
Finance expenses	<i>8</i>	(122,522)	(125,535)
Finance income	<i>8</i>	79,646	73,067
Other income	<i>9</i>	63,398	88,601
		-----	-----
Profit for the year		931,270	1,206,670
		=====	=====
Profit attributable to:			
Owners of the Company		1,001,597	1,218,324
Non-controlling interests		(70,327)	(11,654)
		-----	-----
Profit for the year		931,270	1,206,670
		=====	=====
Earnings per share			
Basic earnings per share (AED)	<i>33</i>	0.24	0.29
		===	===

The notes set out on pages 17 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 10.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of comprehensive income for the year ended 31 December 2017

	2017 AED'000	2016 AED'000
Profit for the year	931,270	1,206,670
Other comprehensive income:		
<i>Items that will never be reclassified to profit or loss</i>		
Net change in fair value of investments at fair value through other comprehensive income (OCI) (refer note 14 (c))	(21,060)	(69,442)
	-----	-----
Total other comprehensive income for the year	(21,060)	(69,442)
	-----	-----
Total comprehensive income for the year	910,210	1,137,228
	=====	=====
Attributable to:		
Owners of the Company	982,963	1,156,148
Non-controlling interests	(72,753)	(18,920)
	-----	-----
Total comprehensive income for the year	910,210	1,137,228
	=====	=====

The notes set out on pages 17 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 10.

Dubai Investments PJSC and its subsidiaries
Consolidated statement of financial position
as at

	Note	31 December 2017 AED 000	31 December 2016 AED 000
Assets			
Non-current assets			
Property, plant and equipment	10	1,241,855	1,320,308
Goodwill and intangible assets	11	98,840	99,768
Investment properties	12	7,704,980	6,731,697
Investments at fair value through other comprehensive income	14(i)	209,827	246,272
Investment in equity accounted investees	15	606,677	664,251
Rent receivable	16	40,520	44,093
Finance lease receivable	17	2,950	6,878
Inventories	18	1,884,145	1,603,905
Trade receivables	19	229,439	143,030
Due from related parties and other receivables	20	64,385	41,751
Total non-current assets		12,083,618	10,901,953
Current assets			
Inventories	18	872,257	615,934
Investments at fair value through profit or loss	14(ii)	1,550,224	1,596,532
Trade receivables	19	849,262	1,163,265
Due from related parties and other receivables	20	682,571	505,135
Cash at bank and in hand	21	967,021	1,331,997
Total current assets		4,921,335	5,212,863
Total assets		17,004,953	16,114,816
Equity			
Share capital	26	4,252,018	4,049,541
Share premium	26	46	46
Capital reserve	27	25,502	25,502
Legal reserve	28	1,041,198	975,958
General reserve	28	1,310,213	1,253,943
Revaluation reserve	29	22,000	22,000
Fair value reserve	30	(259,489)	(249,736)
Proposed dividend/bonus shares	31	510,242	607,431
Proposed directors' fee	32	12,250	10,000
Retained earnings		4,936,167	4,669,545
Equity attributable to owners of the Company		11,850,147	11,364,230
Non-controlling interests	38	478,503	574,647
Total equity		12,328,650	11,938,877
Liabilities			
Non-current liabilities			
Long-term bank borrowings	22	883,989	522,078
Sukuk notes	23	1,101,600	1,101,600
Other payables	25	68,847	77,819
Total non-current liabilities		2,054,436	1,701,497
Current liabilities			
Bank borrowings	24	1,193,445	1,182,824
Trade, related parties and other payables	25	1,428,422	1,291,618
Total current liabilities		2,621,867	2,474,442
Total liabilities		4,676,303	4,175,939
Total equity and liabilities		17,004,953	16,114,816

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 12th March 2018.

The notes set out on pages 17 to 65 form part of these consolidated financial statements.


Sohail Faris Ghanim Al Mazrui
Chairman


Hussain Mahyoub Sultan
Vice Chairman


Khalid Jassim Bin Kalban
MD & CEO

The independent auditors' report is set out on pages 3 to 10.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 December

	2017 AED'000	2016 AED'000
Cash flows from operating activities		
Profit for the year	931,270	1,206,670
<i>Adjustments for:</i>		
Depreciation	107,096	113,823
Amortization/impairment of intangible assets	1,112	2,610
Impairment loss on property, plant and equipment	2,587	-
Gain on disposal of property, plant and equipment	(8,824)	(506)
(Gain)/loss on sale of investments - (net)	(12,454)	9,167
Gain on fair valuation of investment properties	(645,551)	(560,410)
Gain on sale of investment properties	(899)	(6,119)
Share of profit from equity accounted investees	(18,397)	(30,303)
Loss/(gain) on fair valuation of investments	30,458	(19,978)
Impairment of investment in equity accounted investee	82,868	-
Provision for write down of inventories to net realizable value	60,230	-
Gain on disposal of subsidiaries	-	(186,632)
Gain on fair valuation of existing interest prior to acquisition of a subsidiary	-	(7,275)
	-----	-----
Operating profit before changes in working capital	529,496	521,047
Changes in:		
- investments at fair value through profit or loss and at fair value through OCI	46,115	174,244
- trade and other receivables	(195,975)	352,120
- inventories	(596,793)	(227,033)
- trade, related parties and other payables	136,804	(122,557)
Directors' fee paid	(10,000)	(8,000)
	-----	-----
Net cash (used in) / from operating activities	(90,353)	689,821
	-----	-----
Cash flows from investing activities		
Cash paid/acquired for acquisition of controlling interests- net of consideration acquired/paid	-	(65,205)
Consideration paid for acquisition of non-controlling interest (refer 39 (d))	(29,272)	(28,607)
Consideration agreed on disposal of subsidiaries	-	54,286
Net movement in investment properties	(95,833)	(251,538)
Acquisition of property, plant and equipment	(41,587)	(76,090)
Proceeds from disposal of property, plant and equipment	19,181	15,167
Net additions to intangible assets	(184)	(65)
Net movement in equity accounted investees	(6,897)	992
	-----	-----
Net cash used in investing activities	(154,592)	(351,060)
	-----	-----
Cash flows from financing activities		
Net movement in bank borrowings and payables	192,045	(72,934)
Net movement in non-controlling interests	2,354	(23,059)
Dividend paid	(485,945)	(485,945)
Net movement in deposits under lien	(5,439)	11,214
	-----	-----
Net cash used in financing activities	(296,985)	(570,724)
	-----	-----
Net decrease in cash and cash equivalents	(541,930)	(231,963)
Cash and cash equivalents at 1 January	946,528	1,178,491
	-----	-----
Cash and cash equivalents at 31 December	404,598	946,528
	-----	-----
Cash and cash equivalents comprise the following:		
Cash in hand, current and call account with banks – refer note 21	516,799	527,745
Short term deposits with banks (excluding those under lien) – refer note 21	435,888	795,357
Bank overdraft, trust receipt loans and bills discounted – refer note 24	(548,089)	(376,574)
	-----	-----
	404,598	946,528
	=====	=====

The notes set out on pages 17 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on page 3 to 10.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December

	Equity attributable to owners of the Company										AED'000		
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend/bonus	Proposed directors' fee	Retained earnings		Sub total	Non-controlling interests
Balance at 1 January 2016	4,049,541	46	25,502	890,756	1,174,719	67,000	(191,097)	485,945	8,000	4,201,404	10,711,816	487,567	11,199,383
Total comprehensive income for the year	-	-	-	-	-	-	(62,176)	-	-	1,218,324	1,218,324	(11,654)	1,206,670
Profit for the year	-	-	-	-	-	-	(62,176)	-	-	-	(62,176)	(7,266)	(69,442)
Other comprehensive income	-	-	-	-	-	-	(62,176)	-	-	-	(62,176)	(7,266)	(69,442)
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(62,176)	-	-	1,218,324	1,156,148	(18,920)	1,137,228
Total other comprehensive income for the year	-	-	-	-	-	-	(62,176)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	(62,176)	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	(22,106)	(485,945)
Contributions by and distributions to owners	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	(22,106)	(485,945)
Dividend paid	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	(22,106)	(485,945)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	(607,431)	-	-	(607,431)
Proposed dividend/bonus	-	-	-	85,202	79,224	-	-	607,431	-	(164,426)	-	-	(164,426)
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	85,202	79,224	-	-	121,486	-	(771,857)	(485,945)	(22,106)	(508,051)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	147,877	147,877
On acquisitions of a subsidiary	-	-	-	-	-	-	-	-	-	(9,789)	(9,789)	(18,818)	(28,607)
On acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	-	(9,789)	(9,789)	129,059	119,270
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(9,789)	(9,789)	106,953	(388,781)
Total transactions with owners	-	-	-	85,202	79,224	-	-	121,486	-	(781,646)	(495,734)	106,953	(388,781)
Other movements	-	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)
Directors' fees paid	-	-	-	-	-	(45,000)	-	-	-	45,000	-	-	-
On disposal of land	-	-	-	-	-	-	3,537	-	-	(3,537)	-	(953)	(953)
On disposal of investments at fair value through OCI	-	-	-	-	-	-	-	-	10,000	(10,000)	-	-	-
Proposed directors' fee	-	-	-	-	-	-	-	-	2,000	31,463	(8,000)	(953)	(8,953)
Total other movements	-	-	-	-	-	(45,000)	3,537	-	2,000	31,463	(8,000)	(953)	(8,953)
Balance at 31 December 2016	4,049,541	46	25,502	975,958	1,253,943	22,000	(249,736)	607,431	10,000	4,669,545	11,364,230	574,647	11,938,877

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity (continued)

for the year ended 31 December

	Equity attributable to owners of the Company										Non-controlling interests	Total	
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend/bonus	Proposed directors' fee	Retained earnings			Sub total
Balance at 1 January 2017	4,049,541	46	25,502	975,958	1,253,943	22,000	(249,736)	607,431	10,000	4,669,545	11,364,230	574,647	11,938,877
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	1,001,597	1,001,597	(70,327)	931,270
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(18,634)	-	-	-	(18,634)	(2,426)	(21,060)
Total other comprehensive income for the year							(18,634)				(18,634)	(2,426)	(21,060)
Total comprehensive income for the year							(18,634)				(18,634)	(2,426)	(20,946)
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners</i>													
Dividend paid (refer note 31)	202,477	-	-	-	-	-	-	(404,954)	-	(80,991)	(485,945)	-	(485,945)
Bonus shares issued (refer note 31)	-	-	-	-	-	-	-	(202,477)	-	-	-	-	-
Proposed dividend (refer note 31)	-	-	-	-	-	-	-	510,242	-	(510,242)	-	-	-
Transfer to reserves	-	-	-	65,240	56,270	-	-	-	-	(121,411)	99	(99)	-
Dividend/distributions by subsidiaries	-	-	-	-	-	-	-	-	-	7	7	(2,895)	(2,895)
Others	-	-	-	-	-	-	-	-	-	-	-	-	7
Total contributions by and distributions to owners	202,477	-	-	65,240	56,270	-	-	(97,189)	-	(712,637)	(485,839)	(2,994)	(488,833)
<i>Changes in ownership interests in subsidiaries</i>													
On acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	-	(1,207)	(1,207)	(28,065)	(29,272)
On acquisition by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,668	7,668
Transfer on disposal of investments at fair value through OCI	-	-	-	-	-	-	8,881	-	-	(8,881)	-	-	-
Total changes in ownership interests in subsidiaries													
Total transactions with owners	202,477	-	-	65,240	56,270	-	-	(97,189)	-	(722,725)	(487,046)	(23,391)	(510,438)
Other movements													
Directors' fees paid	-	-	-	-	-	-	-	-	(10,000)	-	(10,000)	-	(10,000)
Proposed directors' fee	-	-	-	-	-	-	-	-	12,250	(12,250)	-	-	-
Total other movements									2,250	(12,250)	(10,000)	-	(10,000)
Balance at 31 December 2017	4,252,018	46	25,502	1,041,198	1,310,213	22,000	(259,489)	510,242	12,250	4,936,167	11,850,147	478,503	12,328,650

The notes set out on pages 17 to 65 form part of these consolidated financial statements.

Dubai Investments PJSC and its subsidiaries

Notes

(forming part of the consolidated financial statements)

1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. The consolidated financial statements for the year ended 31 December 2017 comprise the financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and joint arrangements.

The Group is primarily involved in development of real estate for sale and leasing, contracting activities, manufacturing and trading of products in various sectors, investment banking, asset management and financial investments.

At 31 December 2017 the Company had approximately 16,913 shareholders *(2016: 17,537)*.

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

2. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and the requirements of UAE Federal Law No. (2) of 2015.

Basis of measurement

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

- land included under property, plant and equipment;
- investment properties;
- investments at fair value through other comprehensive income;
- investments at fair value through profit or loss; and
- derivative financial instruments

Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirate Dirham (“AED”), which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amount recognized in the consolidated financial statements is included in note 41.

Dubai Investments PJSC and its subsidiaries

Notes (*continued*)

2. Basis of preparation (*continued*)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values is included in the following notes:

- Note 12 – Investment properties;
- Note 14 – Financial investments;
- Note 18 – Inventories;
- Note 15 – Investment in equity accounted investees; and
- Note 39 – Investment in subsidiaries.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The Group measures goodwill at the acquisition date as:

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

Any gain on bargain purchase is recognized in profit or loss.

Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

Any goodwill that arises is tested annually for impairment.

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

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as an equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Basis of consolidation *(continued)*

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby, the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

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

Revenue

Goods and properties sold

Revenue from sale of goods and properties in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of the revenue can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Properties leased for several decades, wherein, the present value of the residual value at the inception of the lease is estimated to be negligible are accounted for as finance leases (i.e. treated as sold) at the lease inception date, even if at the end of the lease term title will not pass to lessees.

Services rendered

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

Rental income

Rental income from properties on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed and in some cases by comparing the cost incurred to date with the total estimated costs of completion. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Revenue (continued)

Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Government grant

Government grant is initially recognized at fair value when there is a reasonable assurance that:

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

Government grant that compensates the Group for expenses incurred are recognized in profit or loss on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. An unconditional government grant in the form of non-depreciable, non-monetary assets is recognized in profit or loss when the grant becomes receivable.

Finance income and expense

The Group's finance income and expense comprises of the following:

- interest income;
- reversal of impairment loss on trade receivable and other financial assets;
- unwinding of discount on financial assets measured at amortized cost;
- foreign exchange gains and losses on financial assets and liabilities;
- interest expenses/profit on sukuk notes;
- impairment loss on trade receivables and other financial assets;
- unwinding of discount on financial liabilities measured at amortized cost;
- change in fair value of derivative financial instruments; and
- bank charges

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized as expense in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed. Capitalization of borrowing costs is suspended during the extended period in which the active development of a qualifying asset has ceased.

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Property, plant and equipment

Recognition and measurement

Except for land which is carried at a revalued amount, the Group's property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in the revaluation reserve directly in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the comprehensive income relating to the specific property, with any remaining loss recognized immediately in profit or loss.

Subsequent costs

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

Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

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

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

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Leased assets

Leases in terms of which the Group assumes all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease is stated at an amount equal to the lesser of the asset's fair value and the present value of the minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses (if any).

Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see above policy on business combinations. Goodwill attributable to investment in associates and joint ventures is shown as part of the carrying value of investment in equity accounted investees'.

Subsequent measurement

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets including technical know-how, product distribution rights, patents and trademarks that have finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. These are amortized as per management's estimate of their useful life, which is between 5 to 10 years.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Where the Group provides ancillary services to the co-occupants of a property, it treats such a property as investment property if the services are a relatively insignificant component in the arrangement as a whole.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Investment properties *(continued)*

An investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein are recognized in profit or loss.

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

The fair value adjustments on investment properties are included in profit or loss as investment returns in the period in which these gains or losses arise. In determining the carrying amount of investment properties, the Group does not double count assets or liabilities that have already been recognized as separate assets or liabilities.

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

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

Inventories

Inventories comprise finished goods, raw materials, work-in-progress, spares and properties under development/ held for sale.

Finished goods, raw materials, work-in-progress and spares

Inventories are measured at lower of cost and net realizable value. The cost of raw materials and spares are based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Finished goods are stated at cost of raw material and also include an appropriate proportion of overheads. Work-in-progress is stated at cost of raw materials and directly attributable overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

Properties under development/held for sale

Properties under development/held for sale are classified as inventories and stated at the lower of cost and net realizable value. Cost includes the aggregate cost of development, borrowing costs capitalized and other direct expenses. Net realizable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions and the anticipated costs to completion.

The amount of any write down of properties under development/held for sale is recognized as an expense in the period the write down or loss occurs. Any reversal of write down arising from an increase in net realizable value is recognized in profit or loss in the period in which the increase occurs.

Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at contract cost incurred plus profits recognized to date less progress billings and less recognized losses. Construction work-in-progress is presented as part of other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as part of other payables in the statement of financial position.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Financial instruments

Non-derivative financial assets

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

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

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

Financial assets measured at amortized cost

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

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

Financial assets measured at amortized cost comprise trade receivables, due from related parties, other receivables, cash and cash equivalents, rent receivables and finance lease receivables.

Financial assets measured at fair value

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits (with maturity of less than three months). Bank overdrafts, trust receipts and bills discounted that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

Non-derivative financial liabilities comprise loans and borrowings, sukuk notes and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Derivative financial instruments

The Group uses derivative financial instruments to economically hedge its foreign currency and interest rate exposures. At the reporting date, derivatives are marked to market and changes therein are recognized in profit or loss as the Group does not apply hedge accounting.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the average exchange rates for current year. Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in joint venture or an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expenses.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Impairment

Non-derivative financial assets

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlated with defaults, adverse changes in the payment status of borrower or issuer, the disappearance of an active market for a security, or observable data indicating that there is a measurable decrease in expected cash flows for a group of financial assets.

Financial assets measured at amortized cost

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

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the related amount are written off. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Equity-accounted investees'

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of the Group's non-financial assets (other than investment properties, development properties and inventories) to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite useful lives or that are not available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's. Goodwill arising from business combination is allocated to CGU or group of CGU's that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows 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 or CGU.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

3. Significant accounting policies *(continued)*

Impairment *(continued)*

Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses, other than in respect of goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Staff terminal benefits

Staff terminal benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with Federal Labour Law No.7 of 1999 for pension and social security, employers are required to contribute 12.5% of the 'contribution calculated on salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculated on salary' to the scheme. The Group's contribution is recognized as an expense in profit or loss as incurred. The employees and employers' contribution, to the extent remaining unpaid at the reporting date, has been shown under other liabilities.

Leases

As lessee – operating lease

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

As lessee – finance lease

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Earnings per share

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

Segment reporting

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

4. Standards issued but not yet effective

A number of new International Financial Reporting Standards (IFRS) and amendments to standards have been issued, but are not effective at 31 December 2017. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The new standards which may be relevant to the Group are set out below:

IFRS 9 (2014) Financial Instruments

The Group had early adopted IFRS 9 issued in November 2009 relating to the classification and measurement of financial assets.

Subsequently, requirements were added in IFRS 9 relating to classification and measurement of liabilities in 2010 and hedge accounting in 2013. In 2014 the completed version of IFRS 9 was issued. Some limited amendments have been made in the final standard relating to classification and measurement requirements for financial assets by introducing a fair value through other comprehensive income category for certain debt instruments. The effective date of the new standard issued in 2014 is 1st January 2018. It replaces existing International Accounting Standard (IAS) 39 – Financial Instruments: Recognition and Measurement.

Based on its assessment, the Group does not believe that the new requirements will have a material impact on its accounting and classification for financial assets and liabilities that are managed on a fair value basis.

Trade and other receivables, rent receivables and finance lease receivables

IFRS 9 replaces the ‘incurred loss’ model with a forward looking ‘expected credit loss’ (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has chosen to apply this policy also for trade receivables and contract assets with a significant financing component.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

4. Standards issued but not yet effective (continued)

IFRS 9 (2014) Financial Instruments (continued)

Trade and other receivables, rent receivables and finance lease receivables (continued)

The estimated ECL will be calculated based on actual credit loss experience. The Group will perform the calculation of ECL rates separately for different types of customers including related parties.

Actual credit losses will be adjusted to reflect differences between economic conditions during the period over which the historical data will be collected, prevalent conditions and the Group's view of economic conditions over the expected lives of the receivables and related party balances.

The Group expects a change in the impairment provision recognized under IAS 39 on application of IFRS 9's impairment requirements at 1 January 2018.

Debt securities

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether there has been a significant increase in credit risk at 1 January 2018 that has not been reflected in published ratings, the Group also reviewed changes in bond yields and, where available, prices together with available information about issuers.

Based on its assessment, the Group does not believe that the application of IFRS 9's impairment requirements as at 1 January 2018 will have a material impact on its consolidated financial statements.

Cash and cash equivalents

Cash is placed with local and international banks of good repute as at 31 December 2017. The Group considers that its cash and cash equivalents have low credit risk based on the credit ratings of the counterparties.

Based on its assessment, the Group does not believe that the application of IFRS 9's impairment requirements as at 1 January 2018 will have a material impact on its consolidated financial statements.

Classification – financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

4. Standards issued but not yet effective *(continued)*

IFRS 9 (2014) Financial Instruments *(continued)*

Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has decided to continue applying the requirements of IAS 39.

Disclosures

IFRS 9 will require new disclosures, in particular about credit risk and ECLs. The Group is in the process of implementing the changes that it believes will be necessary to capture the required data.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below:

- the Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

As the Group early adopted IFRS 9 (2009) relating to classification of assets, no significant reclassifications and adjustments to carrying amounts are expected on adoption of IFRS 9 (2014).

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Sale of properties

For the sale of properties, revenue is currently recognised when the properties are handed over to the customers', which is taken to be the point in time at which the customer obtains the physical hand-over of the properties, and the related risks and rewards of ownership is transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the properties.

Under IFRS 15, revenue from the sale of properties will be recognized as the properties are being constructed. The Group's assessment indicates that this will result in revenue, and some associated costs, for these properties being recognised over time – i.e. before the properties are handed over to the customers'.

Based on its assessment, the Group does not expect the application of IFRS 15 to have a significant impact on its consolidated financial statements.

Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

4. Standards issued but not yet effective *(continued)*

IFRS 15 - Revenue from Contracts with Customers *(continued)*

Constructions contracts *(continued)*

Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

Based on its assessment, the Group does not expect the application of IFRS 15 to have a significant impact on its consolidated financial statements.

Transition

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

The Group is currently in the process of assessing the potential impacts on its consolidated financial statements resulting from the application of the new standard.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Group's risk management function which is responsible for developing and monitoring the Group's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, due from related parties and other receivables, finance lease receivables, rent receivables, investments in debt securities and cash at bank.

Trade receivables, finance lease receivables, rent receivables due from related parties and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk. Subsidiaries operating in the property segment sell its properties subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Advances are received at the time of signing of lease terms and all construction, renovation or any kind of work to be carried out at the leased premises needs prior approval from the Group. Furthermore, lease cannot be transferred to another tenant without prior approval of the Group. The risk of default in installment is thereby mitigated as the customer (tenant) has incurred significant capital expenditure on the leased premises which can be taken over by the Group in the event of default.

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

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management *(continued)*

Credit risk *(continued)*

Investments in debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have credible market reputation. The Group's management does not expect any counterparty to fail to meet its obligations.

Cash at bank

Cash is placed with local and international banks of good repute.

Guarantees

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of cash and cash equivalents and other liquid investments at an amount in excess of expected cash outflows on financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives in order to manage market risks, however, the Group does not apply hedge accounting.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United State Dollar ("USD") and Euro. The Group does not face any foreign currency risk on transactions denominated in USD as AED is pegged to USD.

The Group manages its exposure in foreign currency exchange rates by the use of derivative instruments. The Group economically hedges, as appropriate, its foreign currency exposure in respect of trade receivables and trade payables. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

5. Financial risk management *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group policy is to ensure that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rate when necessary to address short term imbalances.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the net finance cost of the Group.

Financial assets and liabilities that are subject to fair value risk are the ones with fixed interest rate. Financial assets and liabilities that are subject to cash flow rate risk are the ones with floating interest rate.

Sukuk notes amounting to USD 300 million issued by a Group's subsidiary in 2014 (maturing in February 2019) carries fixed interest rate of 4.291% p.a.

The long-term loans attract varying rates of interest, which are, in general, varied with reference to the base lending rates of the banks at regular intervals.

Other market price risk

Price risk arises from marketable securities measured at fair value. Management of the Group monitors the mix of debt and equity securities in investments portfolio to maximize investment returns, which is the primary goal of the Group's investment strategy. In accordance with this strategy certain investments are designated as fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, financial institutions and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as profit for the year attributable to equity holders of the Company divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages of security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries have various borrowing arrangements with banks, some of which require it to maintain net worth, leverage and debt equity ratios.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

6. Direct operating costs

	2017 AED'000	2016 AED'000
<i>These include:</i>		
Materials consumed	747,536	754,636
Cost of properties sold	-	1,995
Staff costs	172,255	185,977
Factory overheads (excluding depreciation)	136,822	160,151
Depreciation and amortization	74,308	77,136
Provision for write down of inventories to net realizable value (refer note 18)	60,230	-
Share of Government of Dubai in the realized profits of a subsidiary (refer note 12)	116,183	114,514
Infrastructure and development works cost sharing with RTA (refer note 34)	29,077	2,423
	=====	=====

7. Administrative and general expenses

	2017 AED'000	2016 AED'000
<i>These include:</i>		
Staff costs	207,137	215,468
Impairment on investment in equity accounted investee (refer note 15)	82,868	-
Selling and marketing expenses	71,417	68,756
Depreciation, impairment and amortization	36,487	39,297
	=====	=====

(a) During the previous year, Dubai International Arbitration Center (DIAC) awarded judgment against a subsidiary to pay AED 78.76 million plus interest charge of AED 0.44 million. The award related to a dispute between the subsidiary and the contractor for cost overruns of a residential development completed in the year 2012. Administrative and general expenses for the previous year includes an amount of AED 42.9 million relating to the award and the balance amount was capitalized under investment properties.

(b) Selling and marketing expenses include an amount of AED 1.42 million (2016: AED 1.29 million) incurred towards charity and social contributions.

8. Finance income and expenses

	2017 AED'000	2016 AED'000
Interest income	56,655	59,978
Unwinding of discount on financial assets measured at amortized cost	19,794	2,977
Reversal of impairment loss on trade receivables	3,197	10,112
	-----	-----
Finance income	79,646	73,067
	=====	=====
Interest expense/profit on sukuk notes	(84,965)	(65,181)
Impairment loss on trade receivables	(31,566)	(10,497)
Reversal of/(impairment) loss on other financial assets *	7,905	(38,646)
Unwinding of discount on financial liabilities measured at amortized cost	(1,244)	-
Bank charges	(12,128)	(10,055)
Foreign exchange loss - net	(524)	(1,156)
	-----	-----
Finance expenses	(122,522)	(125,535)
	=====	=====

* Reversal of impairment loss on other financial assets represents reversal of provisions created earlier for impairment losses on amounts due from customers and related parties.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

9. Other income

	2017	2016
	AED'000	AED'000
<i>These include:</i>		
Provisions no longer required written back – refer (a) below	-	49,545
Income from leased operations	2,333	9,670
Insurance claim received	17,123	8,702
Gain on fair valuation of existing interest prior to acquisition of a subsidiary	-	7,275
Sale of scrap	4,356	4,477
Gain on disposal of property, plant and equipment	8,824	506
	=====	=====

- (a) In continuation of note 7(a) above, another subsidiary had a receivable from the same contractor. The management negotiated and signed an Agreement of Settlement and Assignment of Right to set off the award amount against the receivable by a subsidiary from the contractor to the extent of the award amount. Accordingly, the provision created earlier by the subsidiary against advances paid to the contractor was reversed during the previous year.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

10. Property, plant and equipment

	Land and buildings AED'000	Biological assets AED'000	Plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
Cost/valuation							
At 1 January 2016	859,099	24,805	1,313,305	70,778	36,739	59,789	2,364,515
Additions	6,757	6,348	20,588	23,015	2,728	16,654	76,090
Disposals and write-offs	(16,381)	(7,042)	(19,553)	(6,538)	(2,332)	(923)	(52,769)
On acquisition of subsidiaries	155,753	-	-	15,866	1,217	-	172,836
On disposal of subsidiaries	(79,365)	(24,111)	(42,973)	(6,354)	(13,734)	(1,038)	(167,575)
Transfer to investment properties	(148)	-	937	-	-	(789)	-
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2016	925,715	-	1,272,304	96,767	24,618	73,693	2,393,097
	-----	-----	-----	-----	-----	-----	-----
At 1 January 2017	925,715	-	1,272,304	96,767	24,618	73,693	2,393,097
Additions	518	-	9,007	6,070	1,333	24,659	41,587
Disposals and write-offs	(389)	-	(1,946)	(2,216)	(2,965)	(8,924)	(16,440)
Transfers	12,156	-	15,739	(2,381)	-	(25,514)	-
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2017	938,000	-	1,295,104	98,240	22,986	63,914	2,418,244
	-----	-----	-----	-----	-----	-----	-----
Accumulated depreciation and impairment losses							
At 1 January 2016	248,874	-	640,917	67,489	29,454	10,708	997,442
Charge for the year	34,039	-	66,995	10,411	2,378	-	113,823
On disposals and write-offs	(10,951)	-	(19,064)	(5,904)	(2,189)	-	(38,108)
On acquisition of subsidiaries	58,406	-	-	13,352	1,174	-	72,932
On disposal of subsidiaries	(21,429)	-	(36,493)	(5,401)	(9,977)	-	(73,300)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2016	308,939	-	652,355	79,947	20,840	10,708	1,072,789
	-----	-----	-----	-----	-----	-----	-----
At 1 January 2017	308,939	-	652,355	79,947	20,840	10,708	1,072,789
Charge for the year	33,851	-	64,909	7,083	1,253	-	107,096
On disposals and write-offs	-	-	(1,819)	(2,216)	(2,048)	-	(6,083)
Impairment loss	-	-	2,587	-	-	-	2,587
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2017	342,790	-	718,032	84,814	20,045	10,708	1,176,389
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31 December 2016	616,776	-	619,949	16,820	3,778	62,985	1,320,308
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2017	595,210	-	577,072	13,426	2,941	53,206	1,241,855
	=====	=====	=====	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

10. Property, plant and equipment *(continued)*

- (i) The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at nominal value by the Group. These plots of land were earlier revalued by a professional firm of independent property valuers and a revaluation surplus of AED 45 million was credited to non-distributable revaluation reserve.

During the previous year, the Group reached an agreement with related authorities to relocate the operations of Marmum Dairy Farm and United Sales Partners ("the Subsidiaries") and return the plots of land. In compensation, the Company received a new plot of land valuing AED 236.6 million which is classified under investment properties (refer note 12). Accordingly, the related revaluation reserve amounting to AED 45 million was credited directly to retained earnings (refer note 29).

- (ii) Capital work in progress includes cost incurred by a subsidiary for expanding its manufacturing facilities. The management of the subsidiary has decided to temporarily put the expansion of manufacturing facility on hold. Based on review of the carrying values, an impairment loss of AED 10.7 million was recorded in previous years.
- (iii) Buildings, plant and machinery with a net book value of AED 831 million (*2016: AED 958 million*) are mortgaged as security against term loans obtained from banks. In certain instances, the insurance over buildings and plant and machinery is also assigned in favor of the banks against facilities availed.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

11. Goodwill and intangible assets

	<i>AED'000</i>			
	Goodwill	Patent and trade mark	Other intangible assets	Total
Cost				
As at 1 January 2016	124,085	7,445	18,426	149,956
Additions	-	-	65	65
	-----	-----	-----	-----
As at 31 December 2016	124,085	7,445	18,491	150,021
	-----	-----	-----	-----
As at 1 January 2017	124,085	7,445	18,491	150,021
Additions	-	-	184	184
	-----	-----	-----	-----
As at 31 December 2017	124,085	7,445	18,675	150,205
	-----	-----	-----	-----
Accumulated amortization and impairment losses				
At 1 January 2016	(28,802)	(7,365)	(11,476)	(47,643)
Amortization	-	(80)	(1,673)	(1,753)
Impairment	(857)	-	-	(857)
	-----	-----	-----	-----
As at 31 December 2016	(29,659)	(7,445)	(13,149)	(50,253)
	-----	-----	-----	-----
At 1 January 2017	(29,659)	(7,445)	(13,149)	(50,253)
Amortization	-	-	(1,112)	(1,112)
	-----	-----	-----	-----
As at 31 December 2017	(29,659)	(7,445)	(14,261)	(51,365)
	-----	-----	-----	-----
Carrying amount				
31 December 2016	94,426	-	5,342	99,768
	=====	==	=====	=====
31 December 2017	94,426	-	4,414	98,840
	=====	==	=====	=====

12. Investment properties

	2017 AED'000	2016 AED'000
At 1 January	6,731,697	4,990,408
Additions	331,630	266,312
Plot of land received in compensation (refer note 10 (i))	-	236,632
On acquisition of a subsidiary (refer note 39 c)	-	187,380
Transferred from inventories	-	499,210
Transferred from development properties (refer note 13)	22,504	12,665
Sale of investment properties	(26,402)	(21,320)
Gain on fair valuation	645,551	560,410
	-----	-----
At 31 December	7,704,980	6,731,697
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Investment properties (continued)

Included in investment properties are mainly the following:

	2017 AED'000	2016 AED'000
- Infrastructure and ancillary facilities	4,828,328	4,222,278
- Plots of land	971,424	604,426
- Residential, retail and commercial facilities	1,233,995	1,236,093
- Labor camps and warehouses	671,233	668,900
	-----	-----
	7,704,980	6,731,697
	-----	-----

a) Infrastructure and ancillary facilities:

These are built on the land (number 598-0100 and 597-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable long-term lease of 99 years. The Group was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realized profits from the project are payable to the Government of Dubai.

As at 31 December 2017, the Group has obtained fair values of all phases. The valuation was carried out by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using a discounted net cash flow model after taking into consideration the cash outflows resulting from the estimated 20% share of the net realized profits due to the Government of Dubai. The fair valuation gain of AED 604 million (2016: AED 400 million) has arisen due to a significant change in the net cash flows as per the terms of the lease contracts with tenants.

Since the valuation of all completed phases by the independent registered valuer is based on future net cash flows, the adjustment has been made for rent accrued on the straight line basis as per IAS 17. Similarly, the unearned rent received in advance and recognized liabilities for 20% share of the Government of Dubai at the valuation date have been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the consolidated financial statements is as follows:

	2017 AED'000	2016 AED'000
Fair valuation of completed phases and ancillary facilities as per independent registered valuation reports	4,586,663	3,996,031
Less: adjustment for rent receivable for completed phases	(40,520)	(44,093)
Add: adjustment for unearned rent for completed phases*	166,002	155,826
Add: adjustment for recognized liabilities (included in other payable and accrued expenses (refer notes 6 and 25))	116,183	114,514
	-----	-----
	4,828,328	4,222,278
	=====	=====

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

Significant unobservable inputs in the fair value measurement mainly includes: market rental growth (in line with contracts entered with tenants), rent-free periods (1 year on new leases) and risk adjusted discount rate (average of 7.5%). The estimated fair value would increase/decrease based on changes in the significant unobservable inputs.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Investment properties (continued)

Included in investment properties are mainly the following (continued):

- b) **Plots of land**, comprising of:
- (i) a plot of land received as compensation in lieu of return of plots of land upon which operations of subsidiaries were situated (refer note 10 and 39b);
 - (ii) a plot of land received by a subsidiary as a grant from the Government of Fujairah;
 - (iii) plots of land acquired in settlement of outstanding receivables from a customer (refer note 19); and
 - (iv) other plots of land for residential cum commercial development.

As at 31 December 2017, the fair valuation of the plots of land has been carried out by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using the market valuation approach resulting in a net fair valuation gain of AED 67 million (2016: AED 14 million).

- c) **Residential, retail and commercial facilities**, comprising of:
- (i) an office cum residential building constructed on a plot of land granted by Government of Dubai in 2001 which has been leased on operating leases;
 - (ii) residential units held for rentals amounting to AED 874.7 million (2016: AED 885.2 million); and
 - (iii) other retail and commercial facilities on operating leases.

As at 31 December 2017, residential, retail and commercial facilities have been valued by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using market valuation and income capitalization approach, whichever relevant, resulting in a net fair valuation loss of AED 27 million (2016: fair valuation gain of AED 135 million).

Residential properties amounting to AED 424.1 million (2016: AED 423.5 million) are mortgaged against facilities obtained from a bank. Further, the insurance over these properties is also assigned in favor of the bank.

- d) **labor camps and warehouses:**

The fair valuation of labor camps and warehouses at the reporting date has been determined by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using a combination of income capitalization and market valuation approach resulting in a net fair valuation gain of AED 2 million (2016: AED 11 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Investment properties (continued)

Fair value hierarchy

The fair value of investment properties is classified under level 3 fair value hierarchy.

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2017	2016
	AED'000	AED'000
Balance at 1 January	6,731,697	4,990,408
Additions	331,630	502,944
Transfers from development properties and inventories	22,504	511,875
Sale of investment properties	(26,402)	(21,320)
On acquisition of a subsidiary (refer note 39c)	-	187,380
Changes in fair value (unrealized)	645,551	560,410
	-----	-----
Balance at 31 December	7,704,980	6,731,697
	=====	=====

13. Development properties

	2017	2016
	AED'000	AED'000
Additions	22,504	12,665
Transferred to investment properties (refer note 12)	(22,504)	(12,665)
	-----	-----
At 31 December	-	-
	=====	=====

14. Financial investments

	2017	2016
	AED'000	AED'000
(i) Investments at fair value through other comprehensive income - refer note 14 (a)		
- equity securities	209,827	246,272
	-----	-----
	209,827	246,272
	=====	=====
(ii) Investments at fair value through profit or loss refer note 14 (b)		
- held for trading quoted equity securities	500,953	417,087
- unquoted equity securities, funds, bonds and sukuku	1,049,271	1,179,445
	-----	-----
	1,550,224	1,596,532
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Financial investments (continued)

Geographical distribution of investments:

	2017 AED'000	2016 AED'000
UAE	793,102	828,942
Other GCC countries	428,330	412,045
Other countries	538,619	601,817
	-----	-----
(i) + (ii)	1,760,051	1,842,804
	=====	=====

Investments in unquoted equity securities, funds and bonds with a fair value of AED 580 million (2016: AED 543 million) are pledged in favor of banks against borrowings availed (refer note 24).

Sensitivity analysis – equity price risk

The Group's investments in quoted equity securities are listed on various MENA stock exchanges. For such investments classified as at fair value through profit or loss, a 10 % increase/(decrease) in all of these stock exchanges at the reporting date would have increased profit/(decreased profit) by AED 48.87 million (2016: AED 15.67 million).

(a) Investments at fair value through other comprehensive income

The major investments under this category are:

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

The Company was a founder shareholder in this project and holds 5.39% of the equity of Thuraya.

First Energy Bank (unquoted equity security):

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

(b) Investments at fair value through profit or loss

The major investments in unquoted equity securities, funds, sukuks and bonds are:

Bonds and managed funds:

The Company has invested USD 174.3 million (2016: USD 209.9 million) in diversified fixed income bonds portfolio and USD 26 million (2016: USD 26 million) in managed equity funds by utilizing a related leverage facility of USD 127.9 million (2016: USD 147.7 million). Most of these bonds have counterparty credit rating of investment grade and the portfolio has an average maturity of 3 years.

Tunisia Bay Investment Company:

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

Others:

The Group holds a 15% stake in a company incorporated and registered in Kingdom of Saudi Arabia. The principal activities of the investee is specialized in electromechanical contracting.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Financial investments (continued)

(c) Measurement of fair values

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

Level 1: Quoted market price (unadjusted) in an active market. The fair values are based on market price at the valuation date. The Group's investment in held for trading quoted equity securities are classified in this category.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less active; broker quotes; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. The Group's investment in structured funds, sukuk and bonds are classified in this category.

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

In certain cases, the valuation is also determined based on fund manager valuation reports and project progress reports. The Group's investment in unquoted equity securities and funds are classified in this category. Generally, a change in underlying comparative data used for estimating fair value is accompanied by a change in the fair value.

The Group has reviewed the fair value of investments classified as fair value through profit or loss and accordingly, a loss of AED 30.46 million has been recorded in profit or loss during the current year (2016: gain of AED 19.98 million).

The Group has reviewed the fair value of investments in unquoted equity securities classified as fair value through other comprehensive income and accordingly, a loss of AED 21.06 million has been recorded in other comprehensive income during the current year (2016: loss of AED 69.44 million).

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

31 December 2017	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	500,953	742,679	306,592	1,550,224
Financial assets at fair value through other comprehensive income	736	-	209,091	209,827
	-----	-----	-----	-----
	501,689	742,679	515,683	1,760,051
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Financial investments (continued)

(c) Measurement of fair values (continued)

<i>31 December 2016</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	417,087	871,369	308,076	1,596,532
Financial assets at fair value through other comprehensive income	663	-	245,609	246,272
	----- 417,750 =====	----- 871,369 =====	----- 553,685 =====	----- 1,842,804 =====

Reconciliation of Level 3 fair values measurements of investments

	2017 AED'000	2016 AED'000
As at 1 January	553,685	633,155
Purchased during the year	80,843	60,619
Redeemed/ sold during the year	(17,198)	(68,386)
Transfer out to level 1 (refer below)	(84,683)	-
Loss recorded in OCI		
- Net change in fair value (unrealized)	(21,060)	(69,442)
Gain recorded in profit or loss		
- Net change in fair value (unrealized)	4,096	(2,261)
As at 31 December	515,683 =====	553,685 =====

During the year, the Group swapped its investment in Energy City Navi Mumbai Investment Company and Mumbai IT Telecom City (both unquoted) with the shares of Gulf Finance House (GFH) (quoted). Consequently, the investment has been transferred from Level 3 to Level 1.

Sensitivity analysis

Since the valuation of Level 3 investments is based on various unobservable inputs, the potential impact on the valuation due to effects of changes in these inputs cannot be estimated with precision.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investment in equity accounted investees

	2017 AED'000	2016 AED'000
Investment in joint ventures (refer (i) below)	431,494	391,877
Investment in associates (refer (ii) below)	175,183	272,374
	-----	-----
Total investment in equity accounted investees	606,677	664,251
	=====	=====

(i) Joint ventures

The following are the investments in joint ventures held by the Group as at 31 December 2017:

Emirates District Cooling LLC (Emicool)

Emicool is a joint venture between the Company and Union Properties PJSC. The principal activity of this entity is to distribute and sell chilled water for use in district cooling systems. The Company owns 50% equity in this entity. Also refer to note 43.

QDI Sport Management Company LLC (QDI)

QDI is a joint venture between the Group and Al Qudra Sports Management LLC. The principal activities of the joint venture are to engage in sports clubs and facilities management and other sports related activities. The Group effectively owns 50% equity in this entity.

Dubai International Driving Center LLC

This is a limited liability company registered in the UAE, the principal activities of the entity are to impart, train and teach driving skills and to provide services of auto general repairing, vehicle maintenance and related services. The Group effectively owns 37.8% equity in this entity. Also refer to note 43.

Palisades Development Company LLC

This is a limited liability company registered in the UAE. The principal activities of the entity is management and administration of a project undertaken on plots of land located in Dubai Investments Park.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investment in equity accounted investees (continued)

(i) Joint ventures (continued)

The following table summarizes the financial information of joint ventures as included in their own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in joint ventures.

	2017 AED'000	2016 AED'000
Non-current assets	1,797,296	1,640,694
Current assets	304,568	379,724
Non-current liabilities	(990,816)	(937,774)
Current liabilities	(272,610)	(323,440)
	-----	-----
Net assets (100%)	838,438	759,204
	-----	-----
Group's share of net assets	419,219	379,602
Goodwill	12,275	12,275
	-----	-----
Carrying amount of interest in joint ventures	431,494	391,877
	=====	=====
Income	473,378	440,562
Depreciation and amortization	(45,956)	(45,653)
Interest expense	(28,263)	(22,360)
Other expenses	(318,031)	(293,275)
	-----	-----
Profit for the year (100%)	81,128	79,274
	-----	-----
Group's share of profit	40,564	39,637
Group's share of other comprehensive income	-	-
	-----	-----
Group's share of total comprehensive income	40,564	39,637
	=====	=====
Dividends received by the Group	20,000	20,000
	=====	=====

(ii) Associates

These mainly includes the following entities as at 31 December 2017:

Associate	2017 %	2016 %
Globalpharma LLC	34	34
Emirates Aluminium Rolling ("Emiroll") LLC	30	30
KCH Healthcare LLC	26.75	26.75
Clemenceau Medical Center FZ ("CMC Dubai")	20	-
Mojavi 4 Limited (*)	40	40
Mojavi 9 Limited (*)	55	55
Mojavi 10 Limited (*)	36	36
Mojavi 11 Limited (*)	55	55
Mojavi 12 Limited (*)	-	55
Mojavi 15 Limited (*)	55	55
Mojavi 20 Limited (*)	25	25
Al Mal MENA Income Fund (*)	19	19

* Percentage ownership reflects the direct ownership through subsidiaries and is not the effective ownership of the Group.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investment in equity accounted investees' (continued)

(ii) Associates (continued)

The following table summarizes the financial information of associates, adjusted for fair value adjustments at recognition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associates as at 31 December 2017.

	2017 AED'000	2016 AED'000
Total assets	652,907	396,015
Total liabilities	(352,097)	(107,363)
	-----	-----
Net assets (100%)	300,810	288,652
	-----	-----
Group's share of net assets	82,303	96,626
Fair value adjustment of retained interest upon initial recognition	175,748	175,748
Impairment of investment in equity accounted investee	(82,868)	-
	-----	-----
Carrying amount of interest in associates	175,183	272,374
	=====	=====
Income	131,127	128,155
Expenses	(217,077)	(164,094)
	-----	-----
Loss for the year (100%)	(85,950)	(35,939)
	-----	-----
Group's share of loss	(22,167)	(9,334)
Group's share of other comprehensive income	-	-
	-----	-----
Group's share of total comprehensive income	(22,167)	(9,334)
	=====	=====

During the year, the Group carried out an assessment of the recoverable amount of an associate based on the fair value less costs of disposal. The assessment resulted in an impairment loss of AED 82.9 million. Fair value less costs of disposal has been computed using discounted cash flow projections. Key assumptions include: discount rate of 8.9% and terminal growth rate of 1%.

iii) The movement in investment in equity accounted investees' is as follows:

	2017 AED'000	2016 AED'000
At 1 January	664,251	874,709
Group's share of profit for the year	18,397	30,303
Dividends received during the year	(20,000)	(20,000)
On acquisition of controlling interest in an equity accounted investee (refer note 39c)	-	(239,769)
Impairment of investment in equity accounted investee (refer note 7)	(82,868)	-
Disposal of entities	(20,503)	-
Investments made during the year	47,400	19,008
	-----	-----
At 31 December	606,677	664,251
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

16. Rent receivable

Rent receivable represents the differential between the amount billed to tenants and the amount recognized as rental income on a straight line basis over the term of the lease, including the option to renew the lease at the end of the initial lease term, as required by IAS 17 – Leases. The difference principally arises due to an initial rent free period allowed and the rent increase agreed after the expiry of the initial term of the lease. Rent received in advance from lessees is netted off in determining the net rent receivable as at the reporting date.

17. Finance lease receivable

The Group has the following interest in finance leases:

	2017 AED'000	2016 AED'000
Gross investment	4,769	17,461
Unearned finance income	(395)	(1,510)
	-----	-----
Net investment	4,374	15,951
Less: amount due in less than one year classified under other receivables (refer note 20)	(1,424)	(9,073)
	-----	-----
Non-current portion	2,950	6,878
	=====	=====

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2017 AED'000	Interest 2017 AED'000	Principal 2017 AED'000	Minimum lease payments 2016 AED'000	Interest 2016 AED'000	Principal 2016 AED'000
Less than one year	1,538	114	1,424	10,195	1,122	9,073
Between one and five years	3,231	281	2,950	7,266	388	6,878
	-----	-----	-----	-----	-----	-----
	4,769	395	4,374	17,461	1,510	15,951
	=====	=====	=====	=====	=====	=====

The Group's interest in finance leases represents lease of land let out on long term leases, whereby, the present value of the residual interest at the end of the lease term is estimated to be negligible. These leases are therefore accounted for as finance leases under IAS 17 *Leases*. The terms of payment range from 2 to 5 years. No contingent rent is receivable.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

18. Inventories

	2017 AED'000	2016 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	164,153	164,536
Finished goods	51,498	46,941
Goods in transit	2,738	145
Properties under development/ held for sale (net of provision for write down to net realizable value)	2,538,013	2,008,217
	<u>2,756,402</u>	<u>2,219,839</u>
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(1,884,145)	(1,603,905)
	<u>872,257</u>	<u>615,934</u>
Inventories carried at net realizable value	<u>1,013,656</u>	<u>91,236</u>

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

Net realizable values for certain properties under development for sale have been estimated by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using a combination of market valuation and residual value approach. Net realizable values for remaining properties under development for sale have been estimated internally using market valuation approach. Based on this, a decline in net realizable value of AED 60.2 million has been recognized during the current year on certain properties under development for sale. Net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision.

As at 31 December 2017, the Group is carrying a provision of AED 76.2 million (2016: AED 16 million) against properties under development for sale.

Borrowing costs capitalized on properties under development for sale amounted to AED 33 million for the year ended 31 December 2017 (2016: AED 27.4 million).

Inventories amounting to AED 1,147 million (2016: AED 776 million) are mortgaged against facilities obtained from banks. In certain instances, the insurance over inventories is also assigned in favor of banks.

During the previous year, the management based on a change of use of properties from sale to leases to third parties, reclassified inventories with a carrying value of AED 499.2 million to investment properties.

19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 125.33 million (2016: AED 96.96 million). Trade receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

During the current year, Dubai Investments Park Development Company LLC (“the subsidiary”) signed a settlement agreement with a customer to settle an outstanding receivable amounting to AED 230.7 million (31 December 2016: AED 227.3 million). The settlement was agreed by offsetting the receivables amount against the purchase price of two plots of land transferred to the subsidiary by the customer. Also refer note 12b.

Upon signing of the settlement agreement, the previous legal proceedings initiated by the subsidiary and the customer have also been closed through the Dubai Courts. Also refer to note 35.

Trade receivables amounting to AED 91 million are assigned against the facilities availed from the banks as at 31 December 2017 (2016: AED 93 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

20. Due from related parties and other receivables

	2017 AED'000	2016 AED'000
<i>Non - current</i>		
Capital advance	27,878	25,029
Other receivables	12,776	16,722
Due from related parties	23,731	-
	-----	-----
	64,385	41,751
	=====	=====
<i>Current</i>		
Other receivables and prepayments		
- retentions receivable	63,201	55,800
- receivable from customers for use of margin facilities	167,872	58,000
- others	322,973	189,836
Current portion of net investment in finance leases (refer note 17)	1,424	9,073
Due from related parties	26,332	47,907
Due from customers for contract work (refer (ii) below)	100,769	144,519
	-----	-----
	682,571	505,135
	=====	=====

(i) Other receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

(ii) Movement in construction work-in-progress is as follows:

	2017 AED'000	2016 AED'000
Contract costs incurred	734,521	654,516
Recognized profits less recognized losses	6,909	49,026
	-----	-----
	741,430	703,542
Progress billings	(640,661)	(559,023)
	-----	-----
Due from customers for contract work	100,769	144,519
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

21. Cash at bank and in hand

	2017 AED'000	2016 AED'000
Cash in hand	892	1,638
Cash at bank within UAE (current accounts)	474,237	441,289
Cash at bank outside UAE – GCC Countries (current accounts)	16,458	35,155
Cash at bank outside UAE – Other countries (current accounts)	25,212	49,663
Short term deposits within UAE (including deposits of AED 14.3 million (2016: AED 8.90 million) under lien with banks)	450,222	804,252
	<u>967,021</u>	<u>1,331,997</u>

22. Long-term bank borrowings

The terms of the bank borrowings vary from three to ten years. These are secured by a combination of the Company's corporate guarantee, mortgages over certain investment properties, inventories, trade receivables, property, plant and equipment, assignment of receivables and insurance policies over assets of the Group and lien on bank deposits. The interest rate of majority of the bank borrowings range between 2.25% to 3.5% over EIBOR p.a.. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

During the year, a subsidiary of the Company namely Dubai Investments Real Estate LLC has signed a long term loan facility of AED 1,080 million with the banks to finance the construction of a real estate development project. The facility has a term of 10 years with the available utilization period of up to 4 years. The repayment will commence immediately after the completion of the utilization period and will be through semi-annual instalments.

The facility consists of the following covenants which needs to be complied with by the Guarantor (i.e. the Company) and the Borrower (i.e. the subsidiary).

For Guarantor;

- minimum tangible net worth of AED 8 billion
- net debt/EBITDA not to exceed 5 times
- debt/equity 1:1 or below
- total debt/tangible net worth of 1:1 or lower
- unencumbered assets to total unsecured debt of 2:1 or higher

For Borrower;

- debt service coverage ratio of 1.2X to EBITDA
- loan to value of the project not to exceed 50%

As at 31 December 2017, the subsidiary has utilized AED 52.7 million from the loan facility.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

23. Sukuk notes

	2017 AED'000	2016 AED'000
Sukuk notes (300,000 notes of USD 1,000 each)	1,101,600	1,101,600
	=====	=====

In February 2014, a subsidiary of the Company namely Dubai Investments Park Development Company LLC (“DIPDC”) issued 5 year Sukuk certificates maturing in February 2019 for USD 300 million (equivalent to AED 1,101.6 million). The sukuk program is structured as a Wakala and is listed on NASDAQ Dubai and Irish Stock Exchanges. The terms of the arrangement include transfer of certain identified assets (the Wakala assets) of DIPDC to a Special Purpose Vehicle, DIP Sukuk Ltd. (the Issuer), formed for the issuance of sukuk certificates. In substance, the Wakala assets remain in control of DIPDC and shall continue to be serviced by DIPDC. In case of any shortfall in cash flows, DIPDC have provided an undertaking to make good on such shortfall to the sukuk certificate holders. The sukuk certificate holders have no recourse to the assets. These sukuk certificates bear a fixed profit rate of 4.291% p.a. payable semi-annually. The Issuer will service the profit from returns generated from the Wakala assets.

Sukuk notes contains the following covenants which need to be complied with by DIPDC during the full tenure of the notes:

- Negative pledge: Absolute prohibition on assigning security on lease assets;
- Gross debt to EBITDA not to exceed 4x;
- EBITDA to profit not less than 2.5x; and
- Investment properties value not less than AED 3 billion.

24. Bank borrowings

	2017 AED'000	2016 AED'000
Bank overdraft, trust receipt loans and bills discounted	548,089	376,574
Short term loans	530,363	722,752
Current portion of long term bank borrowings	114,993	83,498
	-----	-----
	1,193,445	1,182,824
	=====	=====

The bank borrowings are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee, the Company’s liability is mostly restricted to its percentage of equity interest in the borrowing entity.

Short term loans amounting to AED 469.7 million (2016: AED 626.5 million) have been obtained for investments in bonds, funds and structured products and are secured against the pledge of those investments in favor of banks (refer note 14).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

25. Trade and other payables

	2017 AED'000	2016 AED'000
<i>Non-current</i>		
Other payables	68,847	77,819
	=====	=====
<i>Current</i>		
Trade payables	519,863	372,315
Payable to Government of Dubai for their share of realized profit of a subsidiary (refer note 12)	116,183	114,514
Unearned rent (refer note 12)	166,002	155,826
Advances received from customers / due to customers	114,327	165,129
Other payables and accrued expenses	512,047	483,834
	-----	-----
	1,428,422	1,291,618
	=====	=====

26. Share capital and share premium

	2017 AED'000	2016 AED'000
<i>Authorized:</i>		
8,000 million shares of AED 1 each (2016: 8,000 million shares of AED 1 each)	8,000,000	8,000,000
	=====	=====
<i>Issued and paid up:</i>		
4,252.02 million shares of AED 1 each (2016: 4,049.5 million shares of AED 1 each) (refer note 31)	4,252,018	4,049,541
	=====	=====

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

27. Capital reserve

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

28. Legal and general reserve

In accordance with the Articles of Association of entities within the Group, Article 103 and Article 239 of the UAE Federal Law No. (2) of 2015, 10% of the profit for the year of the individual entities, to which the law is applicable, is to be transferred to the legal reserve. Such transfer may be discontinued when the legal reserve equals 50% of the paid up share capital of the respective individual entities. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned law.

Further, in accordance with the Articles of Association of certain entities within the Group, 10% of the profit for the year is required to be transferred to a general reserve. However, as per the Articles of Association of these entities, the transfer may be discontinued upon a resolution passed at the Ordinary General Meeting if proposed by the Board of Directors.

Accordingly, the companies within the Group, where applicable, have transferred amounts to legal and general reserve.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

29. Revaluation reserve

The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at a nominal value by the Group. These plots of land were earlier revalued by a professional firm of independent property valuers and a revaluation surplus of AED 45 million was credited to non-distributable revaluation reserve. During the previous year, the Group disposed subsidiaries and returned the plots of land. Accordingly, the related revaluation reserve amounting to AED 45 million was credited directly to retained earnings.

In prior years, a plot of land was granted to the Company by the Government of Dubai (refer note 12(c)) which was recorded as property, plant and equipment at a nominal value. Upon construction of an office cum residential building in 2001 on the granted land for the purposes of leasing, the land was transferred from property, plant and equipment to investment properties at fair value in prior years. The resulting gain on fair valuation of AED 20 million was credited to a non-distributable revaluation reserve at the time of transfer.

30. Fair value reserve

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

31. Proposed dividend/bonus shares

For the year 2017, the Board of Directors have proposed a cash dividend of 12% to the shareholders of the Company.

At the Annual General Meeting held on 10 April 2017, the shareholders approved 12% cash dividend as opposed to 10% cash dividend proposed by the Board of Directors and also approved issue of 5% bonus shares proposed by the Board of Directors. The dividend was paid during the current year and shares were issued during the current year (refer note 26).

32. Proposed directors' fee

Proposed directors' fees amounting to AED 12.25 million (2016: AED 10 million), represents compensation for professional services rendered by the Directors.

33. Basic earnings per share

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

	2017	2016
Net profit attributable to Owners of the Company (AED '000)	1,001,597	1,218,324
Weighted average number of shares outstanding ('000s)	4,252,018	4,252,018
	=====	=====
Basic earnings per share (AED)	0.24	0.29
	====	====

Weighted average number of shares outstanding has been retrospectively adjusted to include the 5% bonus shares approved in the shareholders' Annual General Meeting (AGM) held on 10 April 2017.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

34. Commitments

	2017 AED'000	2016 AED'000
Capital commitments – contracted and committed	1,886,894	1,968,240
	=====	=====

Capital commitments mainly includes the following:

- value of construction contracts awarded to contractors for real estate projects under development.
- a subsidiary of the Company namely Dubai Investments Park Development Company LLC has signed an agreement with Roads and Transport Authority to share in the cost of infrastructure and development works of the adjoining areas. Total outstanding commitment amounts to AED 334.5 million which will be invoiced and paid over the next 12 years.

35. Contingent liabilities

Refer note 19. Upon signing of the settlement agreement, the previous legal proceedings initiated by the subsidiary and the customer have also been closed through the Dubai Courts.

36. Lease rentals

Leases as lessor

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

	2017 AED'000	2016 AED'000
Less than one year	491,563	451,348
Between one to five years	1,715,995	1,793,597
More than five years	2,296,012	2,254,686
	-----	-----
	4,503,570	4,499,631
	=====	=====

37. Related party transactions

The Group, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard 24. Related party transactions are entered at mutually agreed terms.

The aggregate value of significant transactions with related parties during the year was as follows:

	2017 AED'000	2016 AED'000
Land and other lease charges	5,670	6,590
Purchase of an investment property	39,000	-
	=====	=====
Compensation to key management personnel, including directors is as follows:		
Short-term benefits (including proposed Directors' fees)	29,468	26,400
Post-employment benefits	415	409
	=====	=====

38. Non-controlling interests

The Group does not have any individually material non-controlling interests in any of its subsidiaries as at 31 December 2017. Also refer note 39(a).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Investment in subsidiaries

a) Subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2017:

Entity	Incorporated in	Ownership %
Dubai Investments Park Development Co. LLC	UAE	100
Dubai Investment Real Estate Company LLC	UAE	100
Al Taif Investment Company LLC	UAE	60
Dubai Investments Industries LLC	UAE	100
Glass LLC	UAE	100
Masharie LLC	UAE	75.63
Dubai Investments International Limited	UAE	100
Al Mal Capital PSC	UAE	66.61
Properties Investment LLC	UAE	70

(i) Dubai Investment Real Estate Company owns 100% equity interest in a subsidiary, Al Mujamma Real Estate LLC.

(ii) The following are the investments in subsidiaries held by Dubai Investments Industries LLC as at 31 December 2017:

Emirates Building Systems Company LLC	UAE	100
The Edible Oil Company (Dubai) LLC	UAE	100
Dubai Cranes and Technical Services LLC	UAE	80
Emirates Extruded Polystyrene LLC	UAE	51
Techsource LLC	UAE	100
DIID Management DMCC	UAE	90

(iii) The following are the investments in subsidiaries held by Glass LLC as at 31 December 2017:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC	UAE	100
Saudi American Glass Company Limited	KSA	100
Emirates Insoleire LLC	UAE	51

(iv) The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2017:

Emirates Extrusion Factory LLC	UAE	100
White Aluminum Extrusion LLC	UAE	51
Folcra Beach Industrial Co LLC	UAE	80
Gulf Dynamic Services LLC	UAE	70
Labtech Interiors LLC	UAE	70
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Technological Laboratory Furniture - Manufacturers (Labtech) LLC	UAE	70
Lite Tech Industries LLC	UAE	54

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Investments in subsidiaries (continued)

a) Subsidiaries (continued)

- (v) The following are the investments in subsidiaries held by Al Mal Capital PSC as at 31 December 2017:

Entity	Incorporated in	Ownership %
Al Mal Real Estate Fund	UAE	64
Al Mal MENA Equity Fund	Bahrain	36
Al Mal Capital Partners Fund	UAE	32
Al Fares Private Equity Fund	UAE	31
Al Mal Direct Equity 1 Ltd.	UAE	100
Al Mal Capital (Mauritius) Ltd.	Mauritius	100
Saqer Investments Limited	Cayman Islands	100
Al Mal MENA Income Fund	Cayman Islands	100
Al Mal Fund Company BSC	Bahrain	99

Although, Al Mal Capital PSC owns less than 50% of Al Mal Capital Partners Fund, Al Mal MENA Equity Fund and Al Fares Private Equity Fund, these have been consolidated as the investors are not able to remove the fund manager without cause. In addition, the Group is exposed to significant variability in returns from its involvement and has the power and the rights to affect the amounts of its returns.

b) Disposal of subsidiaries

During the previous year, the Group had reached an agreement with related authorities to relocate the operations of Marmum Dairy Farm LLC and its distribution arm United Sales Partners LLC ("the Subsidiaries") within an agreed timeframe and return the plot of land. Accordingly, the authorities had agreed to a compensation comprising value of land, plant and equipment and loss of profits. The compensation amount had been settled by the transfer of a land of equivalent value which had been recorded under investment properties. Furthermore, on 21 November 2016, the Group disposed 100% shareholding of the Subsidiaries with the underlying assets and liabilities.

c) Acquisition of a controlling interest

During the previous year, the Group acquired additional 20% interest in its existing jointly controlled entity, Properties Investment LLC ("PI") from the joint venture partner. Upon acquisition of additional interest, PI became a subsidiary of the Group and has been consolidated on a line by line basis.

d) Acquisition of non-controlling interests

- (i) During the current year, the Company acquired additional 1.85% equity interest in its existing subsidiary Al Mal Capital PSC. Post-acquisition of additional interest, the Company's shareholding in Al Mal Capital PSC has increased to 66.61%.
- (ii) During the current year, the Group acquired additional 12.57% equity interest in its existing subsidiary Emirates Float Glass LLC. Upon acquisition, Emirates Float Glass LLC has become 100% subsidiary of the Group.

40. Comparatives

Certain regroupings/reclassifications to comparative figures have been made to conform to the presentation adopted in current year consolidated financial statements of the Group.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

41. Accounting estimates and judgments

Management has reviewed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The following are the critical accounting estimates and judgment used by management in the preparation of these consolidated financial statements:

Valuation of investment properties

The Group fair values its investment properties. External, independent valuation companies, having the appropriate recognized professional qualification value majority of the properties annually. Note 12 contains information about the valuation methodology considered by the third party valuers.

Valuation of real estate inventories (properties held for sale and properties under development for sale)

The Group reviews its inventories to assess any loss on account of diminution in the value of real estate inventories on a regular basis. A significant portion of the Group's inventories comprise property under development for sale. For certain properties under development for sale, net realizable values have been estimated by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using a combination of market valuation and residual value approach. Net realizable values for remaining properties under development for sale have been estimated internally using market valuation approach. Net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision.

Impairment of goodwill and other assets

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (refer accounting policy on impairment). Testing for impairment requires management to estimate the recoverable amount of the cash generating unit to which the goodwill is allocated.

Furthermore, other assets such as property, plant and equipment, investments in equity accounted investees are tested for impairment whenever there is an indication of impairment. Testing for impairment of these assets requires management to estimate the recoverable amount of the cash generating unit.

Contract revenue

Revenue from contracts is recognized in profit or loss when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from period to period.

Contingency provisions in project accruals

In order to recognize the cost of properties sold, management needs to make an estimate of the total cost of the project considering the fact that all the project accounts may not be finalized as at the reporting date. These contingency provisions are initially made as a percentage of the total anticipated project cost and later adjusted based on judgment as the project progresses.

Other estimates and judgments

Management of the Group exercises significant judgment in estimating the recoverability of trade and other receivables.

Also refer note to 14c for measurement of fair values of Level 3 financial investments and note 39a (v) for de-facto control over subsidiaries.

It is reasonably possible based on existing knowledge that the current assessment and judgments used by management as discussed above, could be subject to material adjustment in the next financial year due to changes in estimates and assumptions underlying such assessments. Should these estimates and underlying assumptions vary, statement of profit or loss and statement of financial position in the following years could be significantly impacted.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments

Credit risk

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

	2017 AED'000	2016 AED'000
Investments in bonds, sukuks and structured funds	683,362	788,791
Rent receivable	40,520	44,093
Finance lease receivable	2,950	6,878
Trade receivables (net)	1,078,701	1,306,295
Due from related parties and other receivables	553,327	407,198
Cash at bank	966,129	1,330,359
	-----	-----
Carrying amount	<u>3,324,989</u>	<u>3,883,614</u>

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

	2017 AED'000	2016 AED'000
Domestic	927,298	1,132,978
Other GCC countries	112,509	146,369
Other regions	41,844	33,826
	-----	-----
	<u>1,081,651</u>	<u>1,313,173</u>

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

	2017 AED'000	2016 AED'000
Contracting	122,426	173,673
Real estate	589,262	871,796
Others	369,963	267,704
	-----	-----
	<u>1,081,651</u>	<u>1,313,173</u>

The age of trade receivables at the reporting date was:

	2017 Gross AED'000	2017 Impairment AED'000	2016 Gross AED'000	2016 Impairment AED'000
Current 0 - 30 days	218,199	(2,748)	263,061	(248)
31 - 90 days	180,041	-	158,654	-
91 - 180 days	165,841	-	123,370	-
181 - 365 days	169,495	(324)	138,939	(282)
More than one year	470,456	(122,259)	719,233	(96,432)
	-----	-----	-----	-----
	<u>1,204,032</u>	<u>(125,331)</u>	<u>1,403,257</u>	<u>(96,962)</u>

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments (continued)

Credit risk (continued)

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

	2017 AED'000	2016 AED'000
Balance at 1 January	96,962	96,577
Impairment loss recognized	31,566	10,497
Reversal of impairment loss	(3,197)	(10,112)
	<u>-----</u>	<u>-----</u>
Balance at 31 December	125,331	96,962
	<u>=====</u>	<u>=====</u>

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off.

The Group limits its exposure to credit risk by investing with counterparties that have credible market reputation. The Group's management does not expect any significant counterparty to fail to meet its obligations.

Cash is placed with local and international banks of good repute.

Liquidity risk

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

31 December 2017

<i>In AED '000</i>	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings (including sukuk notes)	3,179,034	(3,447,024)	(1,289,589)	(1,275,244)	(161,158)	(721,033)
Trade and other payables	1,076,855	(1,076,855)	(1,076,855)	-	-	-
Other long term liabilities	56,149	(56,149)	(14,439)	(23,819)	(1,787)	(16,104)
	<u>4,312,038</u>	<u>(4,580,028)</u>	<u>(2,380,883)</u>	<u>(1,299,063)</u>	<u>(162,945)</u>	<u>(737,137)</u>
31 December 2016						
<i>In AED '000</i>	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings (including sukuk notes)	2,806,502	(2,996,445)	(1,244,150)	(142,038)	(1,244,263)	(365,994)
Trade and other payables	970,663	(970,663)	(970,663)	-	-	-
Other long term liabilities	61,348	(61,348)	(12,876)	(18,480)	(1,587)	(28,405)
	<u>3,838,513</u>	<u>(4,028,456)</u>	<u>(2,227,689)</u>	<u>(160,518)</u>	<u>(1,245,850)</u>	<u>(394,399)</u>

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments (continued)

Market risk

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows based on notional amounts:

	2017	2016
	Euro'000	Euro'000
Trade and other receivables	2,913	2,934
Cash at bank	11	5
Trade and other payables	(4,834)	(3,484)
	-----	-----
Gross exposure	(1,910)	(545)
	-----	-----
Net exposure	(1,910)	(545)
	=====	=====

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2017	2016	2017	2016
	AED	AED	AED	AED
Euro	4.14	3.93	4.41	3.86
	====	====	====	====

Sensitivity analysis

A limited fluctuation of AED against Euro at 31 December would not have any material impact on profit or loss.

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities. The Group manages its exposure arising due to fluctuations in interest rates by the use of derivative instruments when appropriate.

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

	Carrying amount	
	2017	2016
	AED'000	AED'000
Fixed rate instruments		
Financial assets	1,403,658	1,592,801
Financial liabilities	(1,113,551)	(1,113,444)
	=====	=====
Variable rate instruments		
Financial assets	5,406	62,506
Financial liabilities	(2,065,483)	(1,693,058)
	=====	=====

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for certain fixed rate financial assets at fair value through profit or loss. The Group does not designate derivatives as hedging instruments under a fair value hedge accounting model.

An increase of 100 basis points ("bps") in interest rates at the reporting date would have decreased profit by AED 14.03 million (2016: AED 15.92 million). A corresponding decrease of 100 bps in interest rate at the reporting date would have caused increase in profit by the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

42. Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

Effect in AED’000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2017	(20,601)	20,601
31 December 2016	(16,306) =====	16,306 =====

Fair value of financial assets and liabilities measured at amortized costs

The fair value of financial assets and liabilities measured at amortized costs approximate its carrying value at 31 December 2017.

43. Subsequent events

Subsequent to the balance sheet date,

- the Company acquired additional 50% equity interest in its existing jointly controlled entity, Emirates District Cooling LLC (EMICOOL) from the joint venture partner. Upon acquisition of additional interest, EMICOOL has become a wholly owned subsidiary of the Group.
- the Group sold its shareholding in the jointly controlled entity, Dubai International Driving Center LLC.

44. Segment reporting

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

Manufacturing and contracting : manufacture and sale of materials used in building construction projects, executing construction contracts, production, pharmaceuticals, production and distribution of dairy products, aluminum extruded products and laboratory furniture.

Investments : strategic minority investments in start up ventures, bonds, funds, structured products and shares held for trading purposes.

Property : the development of real estate projects for rentals and sale of developed property units.

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

44. Segment reporting (continued)

Information about reportable segments

<i>Business Segments</i>	Manufacturing and contracting		Investments		Property		AED'000 Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	1,177,749	1,388,879	12,382	41,657	948,603	873,369	2,138,734	2,303,905
Gain on fair valuation of investment properties	-	-	-	-	645,551	560,410	645,551	560,410
Gain on disposal of subsidiaries	-	186,632	-	-	-	-	-	186,632
Total income	1,177,749	1,575,511	12,382	41,657	1,594,154	1,433,779	2,784,285	3,050,947
Direct operating costs	(1,052,196)	(1,145,241)	-	-	(365,185)	(293,582)	(1,417,381)	(1,438,823)
Administrative and general expenses	(285,668)	(253,539)	(108,810)	(91,962)	(61,678)	(96,086)	(456,156)	(441,587)
Finance expenses	(48,499)	(75,157)	(36,278)	(18,487)	(37,745)	(31,891)	(122,522)	(125,535)
Finance income and other income	27,988	30,767	45,549	55,039	69,507	75,862	143,044	161,668
Profit/(loss) for the year	(180,626)	132,341	(87,157)	(13,753)	1,199,053	1,088,082	931,270	1,206,670
Profit/(loss) attributable to:								
Owners of the Company	(142,725)	166,414	(69,802)	(14,334)	1,214,124	1,066,244	1,001,597	1,218,324
Non – controlling interests	(37,901)	(34,073)	(17,355)	581	(15,071)	21,838	(70,327)	(11,654)
Profit/(loss) for the year	(180,626)	132,341	(87,157)	(13,753)	1,199,053	1,088,082	931,270	1,206,670
Assets	2,797,769	3,050,023	2,712,517	3,001,759	11,494,663	10,063,034	17,004,949	16,114,816
Liabilities	1,238,735	1,239,232	946,351	867,883	2,491,217	2,068,824	4,676,303	4,175,939

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