

**Dubai Investments PJSC  
and its subsidiaries**

Condensed consolidated interim financial  
statements

*30 June 2017*

# Dubai Investments PJSC and its subsidiaries

## Condensed consolidated interim financial statements

30 June 2017

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial statements	1-2
Condensed consolidated statement of profit or loss	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in equity	7-8
Notes to the condensed consolidated interim financial statements	9-18



KPMG Lower Gulf Limited  
Level 13, Boulevard Plaza Tower One  
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE  
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements**

To the Shareholders of Dubai Investments PJSC

### **Introduction**

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial statements of Dubai Investments PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise:

- the condensed consolidated statement of profit or loss for the three month and six month periods ended 30 June 2017;
- the condensed consolidated statement of comprehensive income for the three month and six month periods ended 30 June 2017;
- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2017; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with *IAS 34, 'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### **Scope of Review**

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



**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2017 is not prepared, in all material respects, in accordance with *IAS 34, 'Interim Financial Reporting'*.

KPMG Lower Gulf Limited

Fawzi AbuRass  
Registration No.: 968  
Dubai, United Arab Emirates  
Date: 30 July 2017

# Dubai Investments PJSC and its subsidiaries

## Condensed consolidated statement of profit or loss

for the six month period ended 30 June (unaudited)

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2017 AED 000	2016 AED 000	2017 AED 000	2016 AED 000
Sale of goods		215,624	226,697	422,688	449,827
Rental income		234,954	217,194	458,923	424,215
Contract revenue		84,359	138,116	171,095	235,503
Sale of properties		-	-	-	1,425
Gain on fair valuation of investment properties	10	47,500	86,139	222,270	86,139
Loss on fair valuation of investments		(495)	(27,144)	(2,254)	(27,828)
Gain on sale of investment properties		-	6,210	1,049	6,210
(Loss)/gain on sale of investments – (net)		(402)	(712)	1,258	(2,346)
Share of profit from equity accounted investees		1,887	6,454	2,819	7,246
Dividend income		2,840	3,997	5,656	4,609
Gain on disposal of subsidiaries	22	-	-	-	186,632
<b>Total income</b>		<b>586,267</b>	<b>656,951</b>	<b>1,283,504</b>	<b>1,371,632</b>
Direct operating costs	6	(332,589)	(375,434)	(673,553)	(714,669)
Administrative and general expenses	7	(87,219)	(97,890)	(176,968)	(185,217)
Finance expenses		(21,841)	(22,890)	(43,976)	(44,200)
Finance income		11,739	13,908	25,480	33,902
Other income	8	23,038	36,619	40,410	41,428
<b>Profit for the period</b>		<b>179,395</b>	<b>211,264</b>	<b>454,897</b>	<b>502,876</b>
<b>Profit attributable to:</b>					
Owners of the Company		190,909	218,362	479,886	515,910
Non-controlling interests		(11,514)	(7,098)	(24,989)	(13,034)
<b>Profit for the period</b>		<b>179,395</b>	<b>211,264</b>	<b>454,897</b>	<b>502,876</b>
<b>Earnings per share</b>					
Basic earnings per share (AED)	16	0.04	0.05	0.11	0.12

The notes set out on pages 9 to 18 form part of these condensed consolidated interim financial statements.

# Dubai Investments PJSC and its subsidiaries

## Condensed consolidated statement of comprehensive income for the six month period ended 30 June (unaudited)

	Three month period ended 30 June		Six month period ended 30 June	
	AED 000 2017	AED 000 2016	AED 000 2017	AED 000 2016
<b>Profit for the period</b>	<b>179,395</b>	211,264	<b>454,897</b>	502,876
<b>Other comprehensive income:</b>				
<b>Items that will never be reclassified to profit or loss</b>				
Net change in fair value of investments at fair value through other comprehensive income (OCI)	<b>1,124</b>	(1,399)	<b>1,237</b>	(42,438)
Share of other comprehensive income of equity accounted investees	<b>606</b>	-	<b>606</b>	-
	-----	-----	-----	-----
Total other comprehensive income for the period	<b>1,730</b>	(1,399)	<b>1,843</b>	(42,438)
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	<b>181,125</b>	209,865	<b>456,740</b>	460,438
	=====	=====	=====	=====
<b>Attributable to:</b>				
Owners of the Company	<b>192,033</b>	216,963	<b>481,123</b>	478,069
Non-controlling interests	<b>(10,908)</b>	(7,098)	<b>(24,383)</b>	(17,631)
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	<b>181,125</b>	209,865	<b>456,740</b>	460,438
	=====	=====	=====	=====

The notes set out on pages 9 to 18 form part of these condensed consolidated interim financial statements.

# Dubai Investments PJSC and its subsidiaries

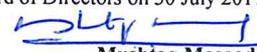
## Condensed consolidated statement of financial position (unaudited)

as at

		30 June 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	30 June 2016 AED 000 (Unaudited)
<b>Non-current assets</b>				
Property, plant and equipment	9	1,283,474	1,320,308	1,339,541
Goodwill and intangible assets		99,016	99,768	101,390
Investment properties	10	7,228,381	6,731,697	6,039,451
Investments at fair value through other comprehensive income	11	244,589	246,272	296,933
Investment in equity accounted investees		665,950	664,251	620,489
Rent receivable		33,047	44,093	34,285
Finance lease receivable		4,311	6,878	20,010
Inventories	12	1,696,733	1,603,905	1,795,299
Trade receivables	13	125,308	143,030	219,698
Due from related parties and other receivables		41,198	41,751	66,086
<b>Total non-current assets</b>		<b>11,422,007</b>	<b>10,901,953</b>	<b>10,533,182</b>
<b>Current assets</b>				
Inventories	12	783,696	615,934	438,740
Investments at fair value through profit or loss	11	1,675,868	1,596,532	1,700,648
Trade receivables	13	1,021,378	1,163,265	1,205,161
Due from related parties and other receivables		642,392	505,135	616,770
Cash at bank and in hand	15	875,860	1,331,997	1,116,108
Assets held for sale		-	-	89,682
<b>Total current assets</b>		<b>4,999,194</b>	<b>5,212,863</b>	<b>5,167,109</b>
<b>Total assets</b>		<b>16,421,201</b>	<b>16,114,816</b>	<b>15,700,291</b>
<b>Equity</b>				
Share capital		4,252,018	4,049,541	4,049,541
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		975,958	975,958	890,756
General reserve		1,253,943	1,253,943	1,174,719
Revaluation reserve	23	22,000	22,000	22,000
Fair value reserve		(248,499)	(249,736)	(228,938)
Proposed dividend/bonus	19	-	607,431	-
Proposed directors' fee	19	-	10,000	-
Retained earnings		5,067,233	4,669,545	4,761,917
<b>Equity attributable to owners of the Company</b>		<b>11,348,201</b>	<b>11,364,230</b>	<b>10,695,543</b>
<b>Non-controlling interests</b>		<b>518,851</b>	<b>574,647</b>	<b>603,975</b>
<b>Total equity</b>		<b>11,867,052</b>	<b>11,938,877</b>	<b>11,299,518</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long-term bank borrowings	17	781,766	522,078	483,777
Sukuk notes	18	1,101,600	1,101,600	1,101,600
Other payables		67,045	77,819	64,276
<b>Total non-current liabilities</b>		<b>1,950,411</b>	<b>1,701,497</b>	<b>1,649,653</b>
<b>Current liabilities</b>				
Bank borrowings	17	1,039,636	1,182,824	1,339,643
Trade, related parties and other payables		1,564,102	1,291,618	1,375,804
Liabilities held for sale		-	-	35,673
<b>Total current liabilities</b>		<b>2,603,738</b>	<b>2,474,442</b>	<b>2,751,120</b>
<b>Total liabilities</b>		<b>4,554,149</b>	<b>4,175,939</b>	<b>4,400,773</b>
<b>Total equity and liabilities</b>		<b>16,421,201</b>	<b>16,114,816</b>	<b>15,700,291</b>

The condensed consolidated interim financial statements was authorized for issue on behalf of the Board of Directors on 30 July 2017.

  
Khalid Jassim Kalban  
MD & CEO

  
Mushtaq Masood  
Group CFO

The notes set out on pages 9 to 18 form part of these condensed consolidated interim financial statements.

**Dubai Investments PJSC and its subsidiaries**  
**Condensed consolidated statement of cash flows**  
*for the six month period ended 30 June (unaudited)*

	<b>Six month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED 000</b>	<b>AED 000</b>
<b>Cash flows from operating activities</b>		
Profit for the period	454,897	502,876
<i>Adjustments for:</i>		
Depreciation	53,711	56,511
Amortization of intangible assets	752	923
Loss on disposal of property, plant & equipment	116	464
Gain on fair valuation of existing interest prior to acquisition of a subsidiary	-	(7,275)
(Gain)/loss on sale of investments – (net)	(1,258)	2,346
Gain on fair valuation of investment properties	(222,270)	(86,139)
Gain on sale of investment properties	(1,049)	(6,210)
Share of profit from equity accounted investees	(2,819)	(7,246)
Loss on fair valuation of investments	2,254	27,828
Gain on disposal of subsidiaries	-	(186,632)
	-----	-----
<b>Operating profit before changes in working capital</b>	<b>284,334</b>	<b>297,446</b>
<i>Changes in:</i>		
- investment at fair value through profit or loss and at fair value through OCI	(77,412)	10,091
- trade, due from related parties and other receivables	(194,482)	60,482
- inventories	(260,590)	(43,895)
- trade, related parties and other payables	272,484	(2,697)
Directors' fee paid	(10,000)	(8,000)
	-----	-----
<b>Net cash from operating activities</b>	<b>14,334</b>	<b>313,427</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Consideration paid for acquisition of controlling/non-controlling interests - net of cash acquired	(29,272)	(70,564)
Net movement in investment and development properties	(42,365)	(230,811)
Acquisition of property, plant and equipment	(17,602)	(30,358)
Proceeds from disposal of property, plant and equipment	609	4,919
	-----	-----
<b>Net cash used in investing activities</b>	<b>(88,630)</b>	<b>(326,814)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Net movement in bank borrowings and payables	(18,068)	11,676
Net movement in non-controlling interests	(2,742)	(13,472)
Net movement in investments in associates	1,120	21,697
Dividend paid	(485,945)	(485,945)
Net movement in deposits under lien	(2)	119
	-----	-----
<b>Net cash used in financing activities</b>	<b>(505,637)</b>	<b>(465,925)</b>
	-----	-----
<b>Net decrease in cash and cash equivalents</b>	<b>(579,933)</b>	<b>(479,312)</b>
Cash and cash equivalents at 1 January	946,529	1,178,491
	-----	-----
<b>Cash and cash equivalents at 30 June</b>	<b>366,596</b>	<b>699,179</b>
	-----	-----
<i>Cash and cash equivalents comprise following:</i>		
Cash in hand, current and call accounts with banks	554,908	411,942
Short term deposits with banks (excluding those under lien)	312,055	684,176
Bank overdrafts, trust receipt loans and bills discounted	(500,367)	(396,939)
	-----	-----
	<u><u>366,596</u></u>	<u><u>699,179</u></u>

The notes set out on pages 9 to 18 form part of these condensed consolidated interim financial statements.

# Dubai Investments PJSC and wits subsidiaries

## Condensed consolidated statement of changes in equity

for the six month period ended 30 June 2016 (unaudited)

	-----Equity attributable to owners of the Company-----											Non- controlling interests	AED 000 Total
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Reval- uation reserve	Fair value reserve	Proposed dividend	Proposed directors' fee	Retained earnings	Sub total		
<b>Balance at 1 January 2016</b>	<b>4,049,541</b>	<b>46</b>	<b>25,502</b>	<b>890,756</b>	<b>1,174,719</b>	<b>67,000</b>	<b>(191,097)</b>	<b>485,945</b>	<b>8,000</b>	<b>4,201,404</b>	<b>10,711,816</b>	<b>487,567</b>	<b>11,199,383</b>
Profit for the period	-	-	-	-	-	-	-	-	-	515,910	515,910	(13,034)	502,876
<b>Other comprehensive income</b>													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(37,841)	-	-	-	(37,841)	(4,597)	(42,438)
Total other comprehensive income for the period	-	-	-	-	-	-	(37,841)	-	-	-	(37,841)	(4,597)	(42,438)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,841)</b>	<b>-</b>	<b>-</b>	<b>515,910</b>	<b>478,069</b>	<b>(17,631)</b>	<b>460,438</b>
<b>Transactions with owners, recorded directly in equity</b>													
<i>Contributions by and distributions to owners</i>													
Dividend paid	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	-	(485,945)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(450)	(450)
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	(450)	(486,395)
<i>Changes in ownership interests</i>													
On acquisition by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(9,496)	(9,496)
On acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	-	(397)	(397)	(4,962)	(5,359)
On acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	147,877	147,877
Introduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,070	1,070
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(397)	(397)	134,489	134,092
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(485,945)</b>	<b>-</b>	<b>(397)</b>	<b>(486,342)</b>	<b>134,039</b>	<b>(352,303)</b>
<b>Other movements</b>													
Directors' fee paid	-	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)
Others (refer note 23)	-	-	-	-	-	(45,000)	-	-	-	45,000	-	-	-
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>	<b>-</b>	<b>-</b>	<b>(8,000)</b>	<b>45,000</b>	<b>(8,000)</b>	<b>-</b>	<b>(8,000)</b>
<b>Balance at 30 June 2016</b>	<b>4,049,541</b>	<b>46</b>	<b>25,502</b>	<b>890,756</b>	<b>1,174,719</b>	<b>22,000</b>	<b>(228,938)</b>	<b>-</b>	<b>-</b>	<b>4,761,917</b>	<b>10,695,543</b>	<b>603,975</b>	<b>11,299,518</b>

**Dubai Investments PJSC and its subsidiaries**  
**Condensed consolidated statement of changes in equity (continued)**  
*for the six month period ended 30 June 2017 (unaudited)*

	-----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	Total
<b>Balance at 1 January 2017</b>	<b>4,049,541</b>	<b>46</b>	<b>25,502</b>	<b>975,958</b>	<b>1,253,943</b>	<b>22,000</b>	<b>(249,736)</b>	<b>607,431</b>	<b>10,000</b>	<b>4,669,545</b>	<b>11,364,230</b>	<b>574,647</b>	<b>11,938,877</b>
Profit for the period	-	-	-	-	-	-	-	-	-	479,886	479,886	(24,989)	454,897
<b>Other comprehensive income</b>													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	1,237	-	-	-	1,237	-	1,237
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-	606	606
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,237</b>	<b>606</b>	<b>1,843</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,237</b>	<b>-</b>	<b>-</b>	<b>479,886</b>	<b>481,123</b>	<b>(24,383)</b>	<b>456,740</b>
<b>Transactions with owners, recorded directly in equity</b>													
<i>Contributions by and distributions to owners</i>													
Dividend paid (refer note 19(i))	-	-	-	-	-	-	-	(404,954)	-	(80,991)	(485,945)	-	(485,945)
Bonus shares issued (refer note 19 (i))	202,477	-	-	-	-	-	-	(202,477)	-	-	-	-	-
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,940)	(2,940)
<b>Total contributions by and distribution to owners</b>	<b>202,477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(607,431)</b>	<b>-</b>	<b>(80,991)</b>	<b>(485,945)</b>	<b>(2,940)</b>	<b>(488,885)</b>
<i>Changes in ownership interests</i>													
On acquisitions of non-controlling interests (note 20)	-	-	-	-	-	-	-	-	-	(1,207)	(1,207)	(28,065)	(29,272)
On acquisition by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(408)	(408)
<b>Total change in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,207)</b>	<b>(1,207)</b>	<b>(28,473)</b>	<b>(29,680)</b>
<b>Total transactions with owners</b>	<b>202,477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(607,431)</b>	<b>-</b>	<b>(82,198)</b>	<b>(487,152)</b>	<b>(31,413)</b>	<b>(518,565)</b>
<b>Other movements</b>													
Directors' fee paid	-	-	-	-	-	-	-	-	(10,000)	-	(10,000)	-	(10,000)
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>
<b>Balance at 30 June 2017</b>	<b>4,252,018</b>	<b>46</b>	<b>25,502</b>	<b>975,958</b>	<b>1,253,943</b>	<b>22,000</b>	<b>(248,499)</b>	<b>-</b>	<b>-</b>	<b>5,067,233</b>	<b>11,348,201</b>	<b>518,851</b>	<b>11,867,052</b>

The notes set out on pages 9 to 18 form part of these condensed consolidated interim financial statements.

# Dubai Investments PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial statements

*for the six month period ended 30 June 2017 (unaudited)*

### **1. Reporting entity**

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. These condensed consolidated interim financial statements as at and for the six month period ended 30 June 2017 (“the current period”) 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.

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

### **2. Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

### **3. Significant accounting policies**

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

#### *Financial assets and liabilities*

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016. These are disclosed in detail under notes 2 and 3 in the Group’s consolidated financial statements as at and for the year ended 31 December 2016.

### **4. Use of estimates and judgments**

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (unaudited)

## 5. Financial instruments

### Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

### Valuation of financial instruments

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

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable 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 than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

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

<i>30 June 2017</i>	<b>Level 1 AED'000</b>	<b>Level 2 AED'000</b>	<b>Level 3 AED'000</b>	<b>Total AED'000</b>
Financial assets at fair value through profit or loss	<b>490,110</b>	<b>847,501</b>	<b>338,257</b>	<b>1,675,868</b>
Financial assets at fair value through other comprehensive income	<b>768</b>	<b>-</b>	<b>243,821</b>	<b>244,589</b>
	<b>490,878</b>	<b>847,501</b>	<b>582,078</b>	<b>1,920,457</b>
<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

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (*unaudited*)

## 5. Financial instruments (*continued*)

### Reconciliation of Level 3 fair value measurements of financial assets

	2017 AED'000	2016 AED'000
As at 1 January	553,685	633,155
Purchased during the period	26,820	10,245
Redeemed/sold during the period	(2,479)	(47,680)
<b>Loss included in OCI</b>		
Net change in fair value (unrealized)	(44)	(42,438)
<b>Gain recorded in profit and loss</b>		
-Net change in fair value (unrealized)	4,096	-
	-----	-----
As at 30 June	<u>582,078</u>	<u>553,282</u>

There were no transfers between Level 1 and Level 2 fair value measurements.

### Valuation techniques

The fair values of Level 3 financial instruments have been determined on the same basis and assumptions as for the year ended 31 December 2016.

## 6. Direct operating costs

	Three month period ended 30 June		Six month period ended 30 June	
	2017 AED 000	2016 AED 000	2017 AED 000	2016 AED 000
<i>These include:</i>				
Materials consumed	194,801	211,872	389,277	385,207
Cost of properties sold	-	-	-	1,184
Staff costs	38,868	37,790	76,362	80,395
Factory overheads (excluding depreciation)	29,383	38,565	69,310	77,024
Depreciation	18,385	21,334	36,996	39,927
Share of Government of Dubai in the realized profits of a subsidiary	31,773	29,852	59,175	56,151
	=====	=====	=====	=====

## 7. Administrative and general expenses

	Three month period ended 30 June		Six month period ended 30 June	
	2017 AED 000	2016 AED 000	2017 AED 000	2016 AED 000
<i>These include:</i>				
Staff costs	50,547	51,951	102,104	102,547
Selling and marketing expenses	10,978	12,610	26,387	21,089
Depreciation	8,433	9,630	16,715	16,584
	=====	=====	=====	=====

## Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (unaudited)

### 8. Other income

It includes insurance claim received by a subsidiary of AED 5.3 million, income from leased operations of AED 4.2 million and penalty charges recovered from customers of AED 10.9 million.

### 9. Property, plant and equipment

During the six month period ended 30 June 2017, the Group's additions to assets amounted to AED 17.6 million (*six month period ended 30 June 2016: AED 30.4 million*).

### 10. Investment properties

*Included in investment properties are mainly the following:*

	<b>30 June 2017 AED'000 (Unaudited)</b>	31 December 2016 AED'000 (Audited)	30 June 2016 AED'000 (Unaudited)
- Infrastructure and ancillary facilities	<b>4,823,321</b>	4,302,293	3,898,877
- Plots of land for future development	<b>604,426</b>	604,426	496,632
- Residential, retail and commercial facilities	<b>1,129,702</b>	1,156,078	1,003,798
- Labor camps and warehouses	<b>670,932</b>	668,900	640,144
	<b>7,228,381</b>	6,731,697	6,039,451

- i) The valuation basis and assumptions used for valuation of investments properties remains consistent with the methodology adopted as at 31 December 2016 and were last valued as at that date except as mentioned in (ii) below.
- ii) During the current period, the Group obtained fair values of infrastructure and ancillary facilities leased to third parties built on the land (number 598-0100 and 597-0100 located in Jebel Ali Industrial Area). 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 cash flow model. The valuation resulted in a gain of AED 174.77 million mainly due to the increase in underlying cash flows.
- iii) During the current period, the Group acquired two plots of land in settlement of outstanding receivables from a customer (refer note 13). The valuation of these plots, post-acquisition, 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 comparative market value method resulting in a fair valuation gain of AED 47.5 million.
- iv) During the current period, the Group disposed one of the residential buildings with a carrying value of AED 23.7 million.

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (*unaudited*)

## 11. Investments

	<b>30 June 2017 AED 000 (Unaudited)</b>	31 December 2016 AED 000 (Audited)	30 June 2016 AED 000 (Unaudited)
Investments at fair value through other comprehensive income:			
- unquoted equity securities	<b>244,589</b>	246,272	296,933
	-----	-----	-----
(i)	<b>244,589</b>	246,272	296,933
	=====	=====	=====
Investments at fair value through profit or loss:			
- held for trading quoted equity securities	<b>490,110</b>	417,087	391,103
- unquoted equity securities, funds, bonds and sukus	<b>1,185,758</b>	1,179,445	1,309,545
	-----	-----	-----
(ii)	<b>1,675,868</b>	1,596,532	1,700,648
	=====	=====	=====
 <i>Geographical distribution of investments</i>			
UAE	<b>858,571</b>	828,942	864,896
Other GCC countries	<b>422,213</b>	412,045	414,066
Other countries	<b>639,673</b>	601,817	718,619
	-----	-----	-----
(i)+(ii)	<b>1,920,457</b>	1,842,804	1,997,581
	=====	=====	=====

## 12. Inventories

Inventories at 30 June 2017 include properties under development for sale in the ordinary course of business amounting to AED 2,277 million (*31 December 2016: AED 2,008 million*) and represent costs of land, expenditure incurred towards the development of properties for subsequent sale and borrowing costs. The Group intends to develop these properties for sale and has classified these properties as long term or short term based on completion/future development plans.

## 13. Trade receivables

During the current period, 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 10 (iii).

Upon signing of the settlement agreement, the previous legal proceedings initiated by the subsidiary and the customer are now in the process of being formally closed through the Dubai Courts.

Also refer to note 21.

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (unaudited)

## 14. Related party transactions

Significant related party transactions during the period were as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2017 AED 000	2016 AED 000	2017 AED 000	2016 AED 000
Land and other lease charges	1,030	1,000	2,253	4,700
<b>Compensation to key management personnel:</b>				
Short term benefits	4,246	4,316	8,493	8,016
Post-employment benefits	103	104	205	205
	===	===	===	===

## 15. Cash at bank and in hand

	30 June 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	30 June 2016 AED 000 (Unaudited)
Cash in hand	1,426	1,638	1,890
Cash at bank within UAE (current accounts)	514,051	441,289	371,103
Cash at bank outside UAE – GCC Countries (current accounts)	14,226	35,155	8,262
Cash at bank outside UAE – Other countries (current accounts)	25,205	49,663	30,687
Short term deposits (including deposits of AED 8.90 million (31 December 2016: 8.90 million) under lien with banks)	320,952	804,252	704,166
	----- 875,860 =====	----- 1,331,997 =====	----- 1,116,108 =====

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)

for the six month period ended 30 June 2017 (unaudited)

## 16. Basic earnings per share

	Three months period ended		Six months period ended	
	30 June		30 June	
	2017	2016	2017	2016
Net profit attributable to owners of the Company (AED'000)	190,909	218,362	479,886	515,910
Weighted average number of shares outstanding ('000s)	4,252,018	4,252,018	4,252,018	4,252,018
	=====	=====	=====	=====

Weighted average number of shares outstanding for the three and six month period ended 30 June 2016 have been retrospectively adjusted to include the 5% bonus shares approved in the shareholders' Annual General Meeting (AGM) held on 10 April 2017.

## 17. Bank borrowings

Repayment periods in respect of bank borrowings vary from three to nine years and these borrowings are secured by a combination of corporate guarantee by the Company, mortgages over certain inventories, trade receivables, property, plant and equipment, investment properties, pledge of investments, assignment of insurance policies over assets of the Group and lien on bank deposits. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

## 18. Sukuk notes

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.

## 19. Proposed dividend/bonus and directors' fee

- (i) 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 period.
- (ii) At the Annual General Meeting held on 10 April 2017, the shareholders approved the proposed Directors' fee amounting to AED 10 million for the year ended 31 December 2016 which was paid during the current period.

## 20. Acquisition of non-controlling interests

- 1) During the current period, 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%.
- 2) During the current period, 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.

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (unaudited)

## 21. Contingent liabilities

Refer note 13. Upon signing of the settlement agreement, the previous legal proceedings initiated by the subsidiary and the customer are now in the process of being formally closed through the Dubai Courts.

## 22. Gain on disposal of subsidiaries and assets held for sale

During the previous period, the Group 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 agreed to a compensation amount comprising value of land, plant and equipment and loss of profits. The compensation amount was settled by transfer of a land of equivalent value which was recorded under investment properties. Furthermore, assets and liabilities of the Subsidiaries were classified as held for sale and carried at the lower of the carrying amounts and fair value less cost to sell as at 30 June 2016.

Furthermore, on 21 November 2016, the Group disposed 100% shareholding of the Subsidiaries with the underlying assets and liabilities.

## 23. Revaluation reserve

With reference to note 22, the related revaluation reserve for land amounting to AED 45 million was credited directly to retained earnings in the previous period.

## 24. Commitments

	<b>30 June 2017 AED'000 (Unaudited)</b>	31 December 2016 AED'000 (Audited)
Commitments – contracted and committed	<b>1,705,923</b> =====	1,968,240 =====

Commitments mainly include 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 as at 30 June 2017 amounts to AED 349 million (*31 December 2016: AED 363.5 million*) which will be invoiced and paid over the next 12.5 years.

# Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements (*continued*)  
for the six month period ended 30 June 2017 (*unaudited*)

## 25. 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 require 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, aluminum extruded products, laboratory furniture, education and healthcare.

*Investments* : strategic minority investments in startup 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 separate segment is included below. Performance is measured based on segment revenue and profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are a few transactions between the segments and any such transaction is priced on an arm's length basis.

# Dubai Investments PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial statements *(continued)*

for the six month period ended 30 June 2017 (unaudited)

### 25. Segment reporting *(continued)*

#### Information about reportable segments

<i>Business Segments</i>	AED'000							
	Manufacturing and contracting		Investments		Property		Total	
	Six month period ended 30 June		Six month period ended 30 June		Six month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	574,467	686,965	7,772	(19,320)	478,995	431,216	1,061,234	1,098,861
Gain on fair valuation of investments properties	-	-	-	-	-	86,139	-	86,139
Gain on disposal of subsidiaries	-	186,632	-	-	222,270	-	222,270	186,632
<b>Total income</b>	<b>574,467</b>	<b>873,597</b>	<b>7,772</b>	<b>(19,320)</b>	<b>701,265</b>	<b>517,355</b>	<b>1,283,504</b>	<b>1,371,632</b>
Direct operating costs	(520,211)	(590,571)	-	-	(153,342)	(124,098)	(673,553)	(714,669)
Administrative and general expenses	(98,467)	(115,257)	(48,815)	(43,453)	(29,686)	(26,507)	(176,968)	(185,217)
Finance expenses	(18,327)	(18,267)	(7,947)	(7,690)	(17,702)	(18,243)	(43,976)	(44,200)
Finance income and other income	12,922	16,927	24,530	34,112	28,438	24,291	65,890	75,330
<b>(Loss) / profit for the period</b>	<b>(49,616)</b>	<b>166,429</b>	<b>(24,460)</b>	<b>(36,351)</b>	<b>528,973</b>	<b>372,798</b>	<b>454,897</b>	<b>502,876</b>
<b>(Loss) / profit attributable to:</b>								
Owners of the Company	(29,499)	175,133	(20,335)	(33,574)	529,720	374,351	479,886	515,910
Non – controlling interests	(20,117)	(8,704)	(4,125)	(2,777)	(747)	(1,553)	(24,989)	(13,034)
<b>(Loss) / profit for the period</b>	<b>(49,616)</b>	<b>166,429</b>	<b>(24,460)</b>	<b>(36,351)</b>	<b>528,973</b>	<b>372,798</b>	<b>454,897</b>	<b>502,876</b>
	<b>30 June 2017</b>	31 December 2016						
<b>Assets</b>	<b>2,927,192</b>	3,050,023	<b>2,672,779</b>	3,001,759	<b>10,821,230</b>	10,063,034	<b>16,421,201</b>	16,114,816
<b>Liabilities</b>	<b>1,235,478</b>	1,239,232	<b>969,288</b>	867,883	<b>2,349,383</b>	2,068,824	<b>4,554,149</b>	4,175,939

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