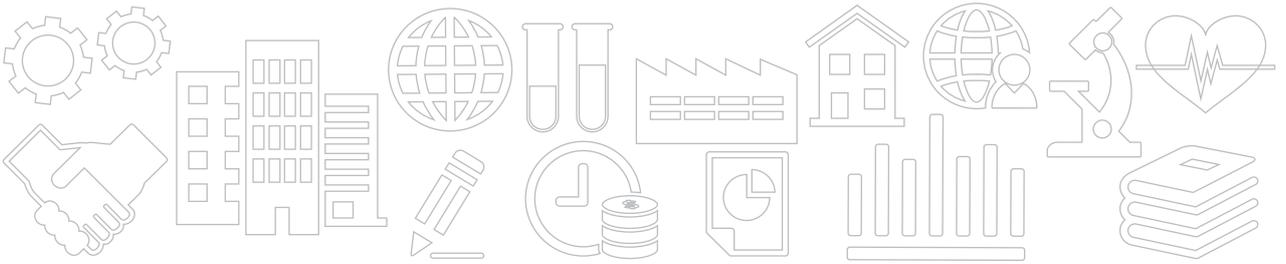




دبي للاستثمار  
DUBAI INVESTMENTS



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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 2016.

### 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 net profit attributable to the shareholders of the Company of AED 1,218.3 million for the year ended 31 December 2016 as compared to AED 1,109.8 million in the previous year.

The increase in profit as compared to the previous year is mainly attributable to gain on disposal of subsidiaries i.e. Marmum Dairy Farm LLC and United Sales Partners amounting to AED 186.6 million.

Total assets of the Group have increased by AED 861 million and stands at AED 16.1 billion as of 31 December 2016 (2015: AED 15.3 billion).

### Proposed Dividend

In line with its commitment to provide enhanced returns to shareholders, the Directors propose to distribute cash dividend of 10% and issue of 5% bonus shares 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	85,202
- Transfer to general reserve	79,224
- Proposed cash dividend	404,954
- Proposed issue of bonus shares	202,477
- Directors' fee	10,000
	=====

### Directors' Report (continued)

#### Outlook 2017

The year 2016 was challenging for businesses across the UAE and the region amid economic slowdown in various sectors due to lower oil prices and strengthening of dollar. This however, did not significantly affect the Group due to diversity of its operations and long-term nature of its contracts.

The year 2017 has started on a positive note with oil prices remaining stable and various announcements made by Government of Dubai for commencement of infrastructure and EXPO 2020 related projects. The Group is well positioned to take advantage of the emerging opportunities and is undertaking various real estate projects whilst diversifying into new sectors like education and healthcare.

The Group outlook remains positive and its upcoming projects and investments is expected to add significant value to shareholders.

#### Directors

The Board of Directors comprises:

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

#### Auditors

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2016. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

#### Acknowledgements

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

The Board of Directors would also like to place on record their commendation of the efforts of the Group management and their staff for their loyalty, perseverance and hard work that has been put by them for the benefit of the Company and its shareholders.



On behalf of the Board  
**Sohail Faris Ghanim Al Mazrui**  
 Chairman  
 Dated: 8<sup>th</sup> March 2017



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Level 12, IT Plaza  
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Tel. +971 (4) 356 9500, Fax +971 (4) 326 3788

## 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 2016, 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 2016, 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.

#### Valuation of investment properties

Refer to note 12 to the consolidated financial statements

#### Key audit matter

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 6,732 million. The net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 560 million.

The Group engages professionally qualified external valuers to fair value 97% of its property portfolio. The valuers performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards.

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 read 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 used by the valuers in determining the fair value of the properties.
- We carried out procedures to test whether property specific data supplied to the external valuers by management reflected the underlying property records.
- 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**

Properties under development for sale and properties held for sale are included under inventories and represent 12% of the Group's total assets. Refer to note 18 to the consolidated financial statements.

**Key audit matter**

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 96% of its properties under development for sale and properties held for sale. 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 read 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 in the valuation process.
- We undertook discussions with the external valuers and evaluated underlying assumptions with the assistance of market data where available and applicable.
- We performed testing over source documentation used by the valuers 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 and assessed the appropriateness of costs to complete information.
- Based on the outcome of our evaluation we assessed the adequacy of the disclosures in the consolidated financial statements.

**Key audit matters** (continued)

**Valuation of trade receivables**

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

**Key audit matter**

The Company has significant trade receivables amounting to 8% 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 incorporate significant judgments based on various assumptions.

**How our audit addressed the key audit matter**

Our audit procedures included:

- We tested the Group's credit control procedures, including the controls around credit terms, verifying cash collections subsequent to the year end and reviewing the payment history.
- 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 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.

**Disposal of subsidiaries**

Refer to note 39(c) to the consolidated financial statements

**Key audit matter**

During the current year, 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") for a consideration of another plot of land of equivalent value. Furthermore, subsequent to that the Group disposed its interest in the subsidiaries.

The accounting for disposal involves estimating the fair value of consideration at disposal date and determination of gain or loss on disposal of the subsidiaries. Significant judgement is involved in relation to the timing of the disposal and estimating the fair value of consideration.

## Key audit matters (continued)

### Disposal of subsidiaries (continued)

#### How our audit addressed the key audit matter

Our audit procedures included:

- We reviewed the agreements and supporting documents underpinning the transaction.
- We assessed the accounting entries used to record the disposal of subsidiaries, the disposal date assets and liabilities of the subsidiaries and consideration received.
- We assessed whether the fair value of the consideration recorded by the Group was appropriate.
- We reperformed the calculation including verification of the completeness and mathematical accuracy of the consideration, net assets, disposal costs and recycling of revaluation reserve.
- We assessed the adequacy of the disclosures 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.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

(continued)

- 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 2016;
- 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 2016 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 2016; 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: 8 March 2017

## Dubai Investments PJSC and its subsidiaries

Consolidated statement of profit or loss  
for the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Sale of goods and services		883,768	925,583
Rental income		874,731	740,325
Contract revenue		483,691	416,570
Sale of properties		2,175	23,031
Gain on fair valuation of investment properties	12	560,410	559,262
Gain/(loss) on fair valuation of investments	14	19,978	(81,985)
Gain on sale of investment properties		6,119	-
(Loss)/ gain on sale of investments - (net)		(9,167)	12,630
Share of profit from equity accounted investees	15	30,303	59,832
Dividend income		12,307	21,250
Gain/(loss) on disposal of subsidiaries	39c	186,632	(4,833)
<b>Total income</b>		<b>3,050,947</b>	<b>2,671,665</b>
Direct operating costs	6	(1,438,823)	(1,201,152)
Administrative and general expenses	7	(441,587)	(400,737)
Finance expenses	8	(125,535)	(104,763)
Finance income	8	62,989	69,569
Other income	9	98,679	70,600
<b>Profit for the year</b>		<b>1,206,670</b>	<b>1,105,182</b>
<b>Profit attributable to:</b>			
Owners of the Company		1,218,324	1,109,836
Non-controlling interests		(11,654)	(4,654)
<b>Profit for the year</b>		<b>1,206,670</b>	<b>1,105,182</b>
<b>Earnings per share</b>			
Basic earnings per share (AED)	33	0.30	0.27

The notes set out on pages 17 to 64 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 2016

	2016 AED'000	2015 AED'000
<b>Profit for the year</b>	<b>1,206,670</b>	<b>1,105,182</b>
<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) (refer note 14 (c))	(69,442)	(51,098)
<b>Total other comprehensive income for the year</b>	<b>(69,442)</b>	<b>(51,098)</b>
<b>Total comprehensive income for the year</b>	<b>1,137,228</b>	<b>1,054,084</b>
<b>Attributable to:</b>		
Owners of the Company	1,156,148	1,066,716
Non-controlling interests	(18,920)	(12,632)
<b>Total comprehensive income for the year</b>	<b>1,137,228</b>	<b>1,054,084</b>

The notes set out on pages 17 to 64 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

	Note	31 December 2016 AED'000	31 December 2015 AED'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment and biological assets	10	1,320,308	1,367,073
Goodwill and intangible assets	11	99,768	102,313
Investment properties	12	6,731,697	4,990,408
Investments at fair value through other comprehensive income	14	246,272	387,400
Investment in equity accounted investees	15	664,251	874,709
Rent receivable	16	44,093	48,878
Finance lease receivable	17	6,878	129,019
Inventories	18	1,603,905	1,457,540
Trade receivables	19	143,030	218,901
Other receivables	20	41,751	84,909
<b>Total non-current assets</b>		<b>10,901,953</b>	<b>9,661,150</b>
<b>Current assets</b>			
Inventories	18	615,934	749,141
Investments at fair value through profit or loss	14	1,596,532	1,688,287
Trade receivables	19	1,163,265	1,169,542
Due from related parties and other receivables	20	505,135	485,155
Cash at bank and in hand	21	1,331,997	1,500,855
<b>Total current assets</b>		<b>5,212,863</b>	<b>5,592,980</b>
<b>Total assets</b>		<b>16,114,816</b>	<b>15,254,130</b>
<b>Equity</b>			
Share capital	26	4,049,541	4,049,541
Share premium	26	46	46
Capital reserve	27	25,502	25,502
Legal reserve	28	975,958	890,756
General reserve	28	1,253,943	1,174,719
Revaluation reserve	29	22,000	67,000
Fair value reserve	30	(249,736)	(191,097)
Proposed dividend/bonus	31	607,431	485,945
Proposed directors' fee	32	10,000	8,000
Retained earnings		4,669,545	4,201,404
<b>Equity attributable to owners of the Company</b>		<b>11,364,230</b>	<b>10,711,816</b>
<b>Non-controlling interests</b>	38	<b>574,647</b>	<b>487,567</b>
<b>Total equity</b>		<b>11,938,877</b>	<b>11,199,383</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	22	522,078	430,166
Sukuk notes	23	1,101,600	1,101,600
Other payables	25	77,819	54,680
<b>Total non-current liabilities</b>		<b>1,701,497</b>	<b>1,586,446</b>
<b>Current liabilities</b>			
Bank borrowings	24	1,182,824	1,222,858
Trade, related parties and other payables	25	1,291,618	1,245,443
<b>Total current liabilities</b>		<b>2,474,442</b>	<b>2,468,301</b>
<b>Total liabilities</b>		<b>4,175,939</b>	<b>4,054,747</b>
<b>Total equity and liabilities</b>		<b>16,114,816</b>	<b>15,254,130</b>

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 8 March 2017. The notes set out on pages 17 to 64 form part of these consolidated financial statements.

  
**Sohail Faris Ghanim Al Mazrui**  
 Chairman

  
**Hussain Mahyoob 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

	2016 AED'000	2015 AED'000
<b>Cash flows from operating activities</b>		
Profit	1,206,670	1,105,182
<i>Adjustments for:</i>		
Depreciation	113,823	107,123
Amortization/impairment of intangible assets	2,610	1,471
Impairment loss on property, plant and equipment	-	11,721
Gain on disposal of property, plant and equipment	(506)	(5,461)
Loss/ (gain) on sale of investments - (net)	9,167	(12,630)
Gain on fair valuation of investment properties	(560,410)	(559,262)
Gain on sale of investment properties	(6,119)	-
Share of profit from equity accounted investees	(30,303)	(59,832)
(Gain)/loss on fair valuation of investments	(19,978)	81,985
(Gain)/loss on disposal of subsidiaries	(186,632)	4,833
Gain on fair valuation of existing interest prior to acquisition of a subsidiary (refer note 39b)	(7,275)	-
Reversal of provision for write down of inventories to net realizable value (refer note 6)	-	(178,000)
Bargain purchase gain	-	(27,613)
<b>Operating profit before changes in working capital</b>	<b>521,047</b>	<b>469,517</b>
<i>Changes in:</i>		
- investments at fair value through profit or loss and at fair value through OCI	174,244	76,490
- trade and other receivables	352,120	545,986
- inventories	(227,033)	(44,978)
- trade and other payables	(122,557)	(160,278)
Directors' fee paid	(8,000)	(8,000)
<b>Net cash from operating activities</b>	<b>689,821</b>	<b>878,737</b>
<b>Cash flows from investing activities</b>		
Cash paid/acquired for acquisition of controlling interests- net of consideration acquired/paid (refer note 39b)	(65,205)	53,599
Consideration paid for acquisition of non-controlling interest	(28,607)	(40,000)
Consideration agreed on disposal of subsidiaries (refer note 39c)	54,286	32,757
Net movement in investment properties	(251,538)	(19,530)
Acquisition of property, plant and equipment	(76,090)	(70,788)
Proceeds from disposal of property, plant and equipment	15,167	50,632
Net additions to intangible assets	(65)	-
Net movement in equity accounted investees	992	35,000
<b>Net cash used in investing activities</b>	<b>(351,060)</b>	<b>41,670</b>
<b>Cash flows from financing activities</b>		
Net movement in bank borrowings and payables	(72,934)	(120,038)
Net movement in non-controlling interests	(23,059)	(9,418)
Dividend paid	(488,945)	(458,439)
Net movement in deposits under lien	11,214	10,281
<b>Net cash used in financing activities</b>	<b>(570,724)</b>	<b>(577,614)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(231,963)</b>	<b>342,793</b>
Cash and cash equivalents at 1 January	1,178,491	835,698
Cash and cash equivalents at 31 December	946,528	1,178,491
<b>Cash and cash equivalents comprise the following:</b>		
Cash in hand, current and call account with banks - refer note 21	527,745	483,013
Short term deposits with banks (excluding those under lien) - refer note 21	795,357	997,733
Bank overdraft, trust receipt loans and bills discounted - refer note 24	(376,574)	(302,255)
	946,528	1,178,491

The notes set out on pages 17 to 64 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	Total
<b>Balance at 1 January 2015</b>	3,820,322	46	25,502	775,730	1,061,561	67,000	(147,977)	687,658	8,000	3,807,468	10,105,310	432,520	10,537,830
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	1,109,836	1,109,836	(4,654)	1,105,182
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-	-	-	(43,120)	-	-	-	(43,120)	(7,978)	(51,098)
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(43,120)	-	-	-	(43,120)	(7,978)	(51,098)
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	-	(43,120)	-	-	1,109,836	1,066,716	(12,632)	1,054,084
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contributions by and distributions to owners</b>	229,219	-	-	-	-	-	-	(458,439)	-	-	(458,439)	-	(458,439)
Dividend paid	-	-	-	-	-	-	-	(229,219)	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	(9,418)	(9,418)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	485,945	-	(485,945)	-	-	-
Proposed dividend/bonus	-	-	-	-	-	-	-	-	-	(228,184)	-	-	-
Transfer to reserves	-	-	-	115,026	113,158	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	229,219	-	-	115,026	113,158	-	-	(201,713)	-	(714,129)	(458,439)	(9,418)	(467,857)
<b>Changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
On acquisitions and disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	103,489	103,489
On acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	-	6,229	6,229	(26,392)	(20,163)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	6,229	6,229	77,097	83,326
<b>Total transactions with owners</b>	229,219	-	-	115,026	113,158	-	-	(201,713)	-	(707,900)	(452,210)	67,679	(384,531)
<b>Other movements</b>	-	-	-	-	-	-	-	-	(8,000)	(8,000)	(8,000)	-	(8,000)
Directors' fee paid	-	-	-	-	-	-	-	-	8,000	(8,000)	-	-	-
Proposed directors' fee	-	-	-	-	-	-	-	-	-	(8,000)	(8,000)	-	(8,000)
<b>Total other movements</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	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

# 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							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 2016</b>	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
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	1,218,324	1,218,324	(11,654)	1,206,670
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-	-	-	(62,176)	-	-	-	(62,176)	(7,266)	(69,442)
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(62,176)	-	-	-	(62,176)	(7,266)	(69,442)
<b>Total other comprehensive income for the year</b>	-	-	-	-	-	-	(62,176)	-	-	-	(62,176)	(7,266)	(69,442)
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contributions by and distributions to owners</b>	-	-	-	-	-	-	-	(485,945)	-	(607,431)	(485,945)	-	(485,945)
Dividend paid	-	-	-	-	-	-	-	607,431	-	(607,431)	-	-	-
Transfer to reserves	-	-	-	85,202	79,224	-	-	-	-	(164,426)	-	-	-
Dividend/distributions by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(22,106)	(22,106)
Total contributions by and distributions to owners	-	-	-	85,202	79,224	-	-	121,486	-	(771,857)	(485,945)	(22,106)	(508,051)
<b>Changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-	-	-	-	147,877	147,877
On acquisition of a subsidiary (refer note 39b)	-	-	-	-	-	-	-	-	-	(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	97,164
<b>Total transactions with owners</b>	-	-	-	85,202	79,224	-	-	121,486	-	(781,646)	(495,734)	106,953	(388,781)
<b>Other movements</b>	-	-	-	-	-	(45,000)	3,537	-	(8,000)	45,000	(8,000)	-	(8,000)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(3,537)	-	(953)	(953)
On disposal of land (refer note 10(i))	-	-	-	-	-	-	-	-	-	(10,000)	-	-	-
On disposal of investments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed directors' fee	-	-	-	-	-	-	-	-	10,000	-	-	-	-
<b>Total other movements</b>	-	-	-	-	-	(45,000)	3,537	-	2,000	31,463	(8,000)	(953)	(8,953)
<b>Balance at 31 December 2016</b>	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

The notes set out on pages 17 to 64 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 2016 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 2016 the Company had approximately 17,537 shareholders (2015: 18,198).

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;
- biological assets;
- 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 40.

# 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; and
- Note 39 – Investments 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.

##### 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)

##### 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.

##### 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;
- 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;
- 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 extended period in which the active development of a qualifying asset has ceased.

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

# Dubai Investments PJSC and its subsidiaries

## Notes (continued)

### 3. Significant accounting policies (continued)

#### Property, plant and equipment and biological assets

##### Recognition and measurement

Except for land which is carried at a revalued amount and biological assets which are carried at fair value, 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)

#### Property, plant and equipment and biological assets (continued)

##### Biological assets

The Group's biological assets comprises of dairy cattle use to produce milk and related dairy products. In accordance with IAS 41 – Agriculture, these are measured at fair value less cost to sell, with any changes therein recognized in profit or loss. Fair value of biological assets is determined by a professional independent valuer who has adequate experience to value livestock. Cost to sell includes all cost that would be necessary to sell the biological assets.

##### Leased assets

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

##### Intangible assets

##### Goodwill

Goodwill that arises on the acquisition of subsidiaries 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 based on normal operating capacity. Work-in-progress is stated at cost of raw materials and directly attributable overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

##### Properties under development/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 are originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

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 biological assets, 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

Short-term employee benefit 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)

#### Non-current assets held for sale and distribution

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, investment properties and development properties which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

#### 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 currently not effective. The standards which are expected to have a significant impact on the consolidated financial statements are the following:

#### IFRS 15 Revenue from Contracts with Customers

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

#### 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 these new standards.

# Dubai Investments PJSC and its subsidiaries

## Notes (continued)

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

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

1. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
2. IFRS 9 Financial Instruments final standard issued in July 2014.

### 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.

# Dubai Investments PJSC and its subsidiaries

## Notes (continued)

### 5. Financial risk management (continued)

#### Credit risk (continued)

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.

#### 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.

The Group hedged its exposure to certain floating rate long term loans by entering into structured interest rate swaps / swaptions with banks. As at 31 December 2016, there no outstanding swaps / swaptions (2015: AED Nil).

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, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as profit for the year attributable to equity holders of the Company divided by total shareholders' equity. The Board of Directors 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

	2016 AED'000	2015 AED'000
<i>These include:</i>		
Materials consumed	806,399	824,365
Cost of properties sold	1,995	16,491
Factory overheads (excluding depreciation)	160,151	160,153
Staff costs	136,637	139,250
Depreciation and amortization	77,136	79,143
Share of Government of Dubai in the realized profits of a subsidiary (refer note 12)	114,514	95,458
Reversal of provision for write down of inventories to net realizable value (refer note 18)	-	(178,000)
	=====	=====

### 7. Administrative and general expenses

	2016 AED'000	2015 AED'000
<i>These include:</i>		
Staff costs	215,468	208,063
Selling and marketing expenses	68,756	61,836
Depreciation, impairment and amortization	39,297	41,172
	=====	=====

- (a) During the 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 includes an amount of AED 42.9 million relating to the award and the balance amount has been capitalized under investment properties.
- (b) Selling and marketing expenses includes an amount of AED 1.29 million (2015: AED 1.05 million) incurred towards charity and social contributions.

## Dubai Investments PJSC and its subsidiaries

Notes (continued)

### 8. Finance income and expenses

	2016 AED'000	2015 AED'000
Interest income	49,900	57,662
Reversal of impairment loss on trade receivables	10,112	8,592
Unwinding of discount on financial assets measured at amortized cost	2,977	2,638
Foreign exchange gain – net	-	677
	-----	-----
Finance income	62,989	69,569
	=====	=====
Interest expense/profit on sukuk notes	(65,181)	(74,368)
Impairment loss on other financial assets *	(38,646)	(3,585)
Impairment loss on trade receivables	(10,497)	(17,781)
Bank charges	(10,055)	(8,509)
Foreign exchange loss - net	(1,156)	-
Change in fair value of derivative financial instruments	-	(520)
	-----	-----
Finance expenses	(125,535)	(104,763)
	=====	=====

\* Impairment loss on other financial assets represents impairment losses on retention receivables and amount due from customers for contract work-in-progress.

### 9. Other income

	2016 AED'000	2015 AED'000
<i>These include:</i>		
Provisions no longer required written back – refer (a) below	49,545	-
Penalty charges for late/default in payments from customers	10,078	3,183
Income from leased operations	9,670	6,178
Insurance claim received by a subsidiary	8,702	-
Gain on fair valuation of existing interest prior to acquisition of a subsidiary (refer note 39(b))	7,275	-
Sale of scrap	4,477	3,348
Bargain purchase gain	-	27,613
Gain on transfer of leasehold rights	-	13,995
Gain on disposal of property, plant and equipment	506	5,461
	=====	=====

- (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 receivable by a subsidiary from the contractor to the extent of the award amount. Accordingly, provision created earlier by the subsidiary against advances paid to the contractor has been reversed.

## Dubai Investments PJSC and its subsidiaries

Notes (continued)

### 10. Property, plant and equipment and biological assets

	Land and buildings AED'000	Biological assets AED'000	Plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
<b>Cost/valuation</b>							
At 1 January 2015	907,721	26,034	1,366,993	59,979	40,553	65,306	2,466,586
Additions	1,101	7,316	26,163	5,404	2,886	27,918	70,788
Disposals and write-offs	(5,918)	(8,545)	(58,092)	-	(3,785)	(18,830)	(95,170)
On acquisition of subsidiaries	15,318	-	-	8,905	73	-	24,296
On disposal of subsidiaries	(19,707)	-	(21,759)	(3,510)	(2,988)	(4,014)	(51,978)
Transfer to investment properties	(39,416)	-	-	-	-	(10,591)	(50,007)
<b>At 31 December 2015</b>	<b>859,099</b>	<b>24,805</b>	<b>1,313,305</b>	<b>70,778</b>	<b>36,739</b>	<b>59,789</b>	<b>2,364,515</b>
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 a subsidiary (refer note 39(b))	155,753	-	-	15,866	1,217	-	172,836
On disposal of subsidiaries (refer note 39(c))	(79,365)	(24,111)	(42,973)	(6,354)	(13,734)	(1,038)	(167,575)
Transfers	(148)	-	937	-	-	(789)	-
<b>At 31 December 2016</b>	<b>925,715</b>	<b>-</b>	<b>1,272,304</b>	<b>96,767</b>	<b>24,618</b>	<b>73,693</b>	<b>2,393,097</b>
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2015	228,709	-	627,137	58,956	32,855	-	947,657
Charge for the year	33,119	-	66,839	4,924	2,241	-	107,123
Impairment loss	-	-	1,013	-	-	10,708	11,721
On disposals and write-offs	(4,334)	-	(42,004)	-	(3,661)	-	(49,999)
On acquisition of subsidiaries	9,224	-	-	6,888	38	-	16,150
On disposal of subsidiaries	(4,675)	-	(12,068)	(3,279)	(2,019)	-	(22,041)
Transfer to investment properties	(13,169)	-	-	-	-	-	(13,169)
<b>At 31 December 2015</b>	<b>248,874</b>	<b>-</b>	<b>640,917</b>	<b>67,489</b>	<b>29,454</b>	<b>10,708</b>	<b>997,442</b>
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 a subsidiary (refer note 39(b))	58,406	-	-	13,352	1,174	-	72,932
On disposal of subsidiaries (refer note 39(c))	(21,429)	-	(36,493)	(5,401)	(9,977)	-	(73,300)
<b>At 31 December 2016</b>	<b>308,939</b>	<b>-</b>	<b>652,355</b>	<b>79,947</b>	<b>20,840</b>	<b>10,708</b>	<b>1,072,789</b>
<b>Net book value</b>							
At 31 December 2015	610,225	24,805	672,388	3,289	7,285	49,081	1,367,073
<b>At 31 December 2016</b>	<b>616,776</b>	<b>-</b>	<b>619,949</b>	<b>16,820</b>	<b>3,778</b>	<b>62,985</b>	<b>1,320,308</b>

## Dubai Investments PJSC and its subsidiaries

Notes (continued)

### 10. Property, plant and equipment and biological assets (continued)

- (i) The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at nominal value by the Group. These plots of land were earlier revalued 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 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 has been classified under investment properties (refer note 12). Accordingly, the related revaluation reserve amounting to AED 45 million has also been credited directly to retained earnings (refer note 29). Furthermore, on 21 November 2016, the Group disposed 100% shareholding of the Subsidiaries with the underlying assets and liabilities (refer note 39c).
- (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 the previous year.
- (iii) Buildings, plant and machinery with a net book value of AED 958 million (2015: AED 887 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.
- (iv) In the previous year, the Group, due to change of use, reclassified a building, including capital work in progress relating to the building, with a carrying value of AED 36.8 million to investment properties (refer note 12).

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 11. Goodwill and intangible assets

				AED'000
	Goodwill	Patent and trade mark	Other intangible assets	Total
<b>Cost</b>				
As at 1 January 2015	127,234	9,941	18,426	155,601
On acquisition of subsidiaries	3,658	-	-	3,658
On disposal of subsidiaries	(6,807)	(2,496)	-	(9,303)
As at 31 December 2015	124,085	7,445	18,426	149,956
As at 1 January 2016	124,085	7,445	18,426	149,956
Additions	-	-	65	65
<b>As at 31 December 2016</b>	<b>124,085</b>	<b>7,445</b>	<b>18,491</b>	<b>150,021</b>
<b>Accumulated amortization and impairment losses</b>				
At 1 January 2015	(28,802)	(7,006)	(10,364)	(46,172)
Amortization	-	(359)	(1,112)	(1,471)
As at 31 December 2015	(28,802)	(7,365)	(11,476)	(47,643)
At 1 January 2016	(28,802)	(7,365)	(11,476)	(47,643)
Amortization	-	(80)	(1,673)	(1,753)
Impairment	(857)	-	-	(857)
<b>As at 31 December 2016</b>	<b>(29,659)</b>	<b>(7,445)</b>	<b>(13,149)</b>	<b>(50,253)</b>
<b>Carrying amount</b>				
31 December 2015	95,283	80	6,950	102,313
<b>31 December 2016</b>	<b>94,426</b>	<b>-</b>	<b>5,342</b>	<b>99,768</b>

## 12. Investment properties

	2016 AED'000	2015 AED'000
At 1 January	4,990,408	4,098,639
Additions	266,312	5,100
Plot of land received in compensation (refer note 39c)	236,632	-
On acquisition of a subsidiary (refer note 39b)	187,380	204,939
Transferred from inventories (refer note (c) below)	499,210	71,200
Transferred from property, plant and equipment (refer note 10(iv))	-	36,838
Transferred from development properties (refer note 13)	12,665	14,430
Sale of investment properties	(21,320)	-
Gain on fair valuation	560,410	559,262
At 31 December 2016	6,731,697	4,990,408

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 12. Investment properties (continued)

Included in investment properties are mainly the following:

	2016 AED'000	2015 AED'000
- Infrastructure and ancillary facilities	4,302,293	3,897,005
- Plots of land for future development	604,426	260,000
- Residential, retail and commercial facilities	1,156,078	202,932
- Labor camps and warehouses	668,900	630,471
	6,731,697	4,990,408

### 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 31st December 2016, 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 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 400 million (2015: AED 369 million) has arisen due to significant change in the net cash flows as per the terms of lease contracts with tenants.

Since, valuation of all completed phases by 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:

	2016 AED'000	2015 AED'000
Fair valuation of completed phases and ancillary facilities as per independent registered valuation reports	4,076,046	3,714,833
Less: adjustment for rent receivable for completed phases	(44,093)	(48,878)
Add: adjustment for unearned rent for completed phases*	155,826	135,592
Add: adjustment for recognized liabilities (included in other payable and accrued expenses (refer notes 6 and 25))	114,514	95,458
	4,302,293	3,897,005

\* 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 for future development, it comprises:

- (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 39c)
- (ii) a plot of land received by a subsidiary as a grant from the Government of Fujairah
- (iii) other plots of land for residential cum commercial development

As at 31st December 2016, 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 market valuation approach resulting in a net fair valuation gain of AED 14 million.

#### c) Residential, retail and commercial facilities, it comprises:

- (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 transferred from inventories to investment properties during the year based on change of use of from sale to operating leases to third parties amounting AED 499.2 million (2015: AED 71.2 million)
- (iii) other retail, residential and commercial facilities on operating leases

As at 31st December 2016, residential, retail and commercial facilities (apart from (i) above which has been valued internally using market capitalization approach) 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 gain of AED 135 million.

#### 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 combination of income capitalization and market valuation approach resulting a net fair valuation gain of 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.

	2016 AED'000	2015 AED'000
Balance at 1 January	4,990,408	4,098,639
Additions	502,944	5,100
Transfers from property, plant and equipment, development properties and inventories	511,875	122,468
Sale of investment properties	(21,320)	-
On acquisition of a subsidiary (refer note 39b)	187,380	204,939
Changes in fair value (unrealized)	560,410	559,262
	-----	-----
Balance at 31 December 2016	6,731,697	4,990,408
	=====	=====

### 13. Development properties

	2016 AED'000	2015 AED'000
Additions	12,665	14,430
Transferred to investment properties (refer note 12)	(12,665)	(14,430)
	-----	-----
At 31 December	-	-
	=====	=====

### 14. Financial investments

	2016 AED'000	2015 AED'000
(i) Investments at fair value through other comprehensive income - refer note 14 (a)		
- equity securities	246,272	387,400
	-----	-----
	246,272	387,400
	=====	=====
(ii) Investments at fair value through profit or loss refer note 14 (b)		
- held for trading quoted equity securities	417,087	379,447
- unquoted equity securities, funds, bonds and sukuks	1,179,445	1,308,840
	-----	-----
	1,596,532	1,688,287
	=====	=====

# Dubai Investments PJSC and its subsidiaries

## Notes (continued)

### 14. Financial investments (continued)

#### Geographical distribution of investments:

	2016 AED'000	2015 AED'000
UAE	828,942	818,719
Other GCC countries	412,045	468,634
Other countries	601,817	788,334
	-----	-----
(i) + (ii)	1,842,804	2,075,687
	=====	=====

Investments in unquoted equity securities, funds and bonds with a fair value of AED 542.8 million (2015: AED 745 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 the Dubai Financial Market (DFM), Nasdaq Dubai, Abu Dhabi Securities Market (ADSM), Saudi Stock Exchange (Tadawul) and Khartoum Stock Exchange (Sudan). For such investments classified as at fair value through profit or loss, a 10 % increase/(decrease) in all of these stock exchanges at the reporting date would have increased profit/(decreased profit) by AED 15.67 million (2015: AED 43.74 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.

##### Takaful Re Limited (unquoted equity security):

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

#### (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 209.9 million (2015: USD 260.3 million) in diversified fixed income bonds portfolio and USD 26.0 million (2015: USD 21.4 million) in managed equity funds by utilizing related leverage facility of USD 147.7 million (2015: USD 202.7 million). Most of these bonds have counterparty credit rating of investment grade and the portfolio has an average maturity of 2 years.

##### Energy City Navi Mumbai Investment Company:

The Group holds investment in Energy City Navi Mumbai Investment Company, which is registered in Cayman Islands with its head office in India. The company is established for developing commercial buildings and residential accommodations.

##### Tunisia Bay Investment Company:

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

##### Others:

The Group holds 15% stake in a company incorporated and registered in Kingdom of Saudi Arabia. The principal activities of the investee is specialized 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, sukuks 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 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 gain of AED 19.98 million has been recorded in profit or loss during the current year (2015: loss of AED 81.99 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 69.44 million has been recorded in other comprehensive income during the current year (2015: loss of AED 51.10 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 2016	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 (continued)

#### 14. Financial investments (continued)

(c) Measurement of fair values (continued)

31 December 2015	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	379,447	1,051,775	257,065	1,688,287
Financial assets at fair value through other comprehensive income	11,310	-	376,090	387,400
	390,757	1,051,775	633,155	2,075,687

There were no transfers between Level 1, 2 and 3 during the current year as well as in the previous year.

#### Reconciliation of Level 3 fair values measurements of investments

	2016 AED'000	2015 AED'000
As at 1 January	633,155	542,553
Additions upon acquisition of a subsidiary	-	75,276
Purchased during the year	60,619	103,684
Redeemed/ sold during the year	(68,386)	(38,305)
Transfer out of Level 3 on acquisition of a subsidiary	-	(2,320)
<b>Loss recorded in OCI</b>		
- Net change in fair value (unrealized)	(69,442)	(51,098)
<b>Loss/gain recorded in profit or loss</b>		
- Net change in fair value (unrealized)	(2,261)	3,365
As at 31 December	553,685	633,155

#### 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

	2016 AED'000	2015 AED'000
Investment in joint ventures (refer (i) below)	391,877	619,532
Investment in associates (refer (ii) below)	272,374	255,177
Total investment in equity accounted investees	664,251	874,709

#### (i) Joint ventures

The following are the investments in joint ventures held by the Group as at 31 December 2016:

##### 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.

##### 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.

##### Masharie Al Arif Real Estate Development Company LLC

This is a limited liability company registered in the UAE, the principal activities of the entity is real estate development. The Group effectively owns 37.8% equity in this entity.

##### 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 the plot of land located in Dubai Investments Park. Also refer note 19.

During the year, the Company acquired additional 20% stake in its existing joint venture namely Properties Investment LLC (PI). Upon acquisition of additional interest, PI has become a subsidiary of the Group (refer note 39b).

## 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.

	2016 AED'000	2015 AED'000
Non-current assets	1,640,694	2,171,899
Current assets	379,724	357,468
Non-current liabilities	(937,774)	(949,786)
Current liabilities	(323,440)	(365,068)
Net assets (100%)	759,204	1,214,513
Group's share of net assets	379,602	607,257
Goodwill	12,275	12,275
<b>Carrying amount of interest in joint ventures</b>	<b>391,877</b>	<b>619,532</b>
Income	440,562	482,304
Expenses	(361,288)	(352,546)
Profit for the year (100%)	79,274	129,758
Group's share of profit	39,637	64,879
Group's share of other comprehensive income	-	-
<b>Group's share of total comprehensive income</b>	<b>39,637</b>	<b>64,879</b>
Dividends received by the Group	20,000	35,000

During the previous year a joint venture recorded a fair valuation gain on its investment properties amounting to AED 39.7 million. During the year, upon acquisition of additional interest, the joint venture has become a subsidiary of the Company (refer note 39b).

##### (ii) Associates

The following are the investment in associates held by the Group as at 31 December 2016:

Associate	2016 %	2015 %
Globalpharma LLC	34	34
Emirates Aluminium Rolling ("Emiroll") LLC	30	30
KCH Healthcare LLC	26.75	26.75
Mojavi 4 Limited (*)	40	40
Mojavi 9 Limited (*)	55	55
Mojavi 10 Limited (*)	36	36
Mojavi 11 Limited (*)	55	55
Mojavi 12 Limited (*)	55	55
Mojavi 13 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 2016.

	2016 AED'000	2015 AED'000
Total assets	396,015	328,799
Total liabilities	(107,363)	(68,113)
Net assets (100%)	288,652	260,686
Group's share of net assets	96,626	79,429
Fair value adjustment of retained interest upon initial recognition	175,748	175,748
<b>Carrying amount of interest in associates</b>	<b>272,374</b>	<b>255,177</b>
Income	128,155	110,438
Expenses	(164,094)	(125,348)
Loss for the year (100%)	(35,939)	(14,910)
Group's share of loss	(9,334)	(5,047)
Group's share of other comprehensive income	-	-
<b>Group's share of total comprehensive income</b>	<b>(9,334)</b>	<b>(5,047)</b>

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

	2016 AED'000	2015 AED'000
<b>At 1 January</b>	<b>874,709</b>	<b>935,110</b>
Group's share of profit for the year	30,303	59,832
Dividends received during the year	(20,000)	(35,000)
On acquisition of controlling interest in an equity accounted investee (refer note 39b)	(239,769)	(137,612)
On acquisition of a subsidiary	-	36,329
Investments made during the year	19,008	16,050
<b>At 31 December</b>	<b>664,251</b>	<b>874,709</b>

## 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:

	2016 AED'000	2015 AED'000
Gross investment	17,461	159,169
Unearned finance income	(1,510)	(13,247)
Net investment	15,951	145,922
Less: amount due in less than one year classified under other receivables (refer note 20)	(9,073)	(16,903)
Non-current portion	6,878	129,019

The finance leases receivable by the Group are as follows:

	Minimum lease payments			Minimum lease payments		
	2016 AED'000	2016 AED'000	2016 AED'000	2015 AED'000	2015 AED'000	2015 AED'000
Less than one year	10,195	1,122	9,073	17,456	553	16,903
Between one and five years	7,266	388	6,878	141,713	12,694	129,019
	17,461	1,510	15,951	159,169	13,247	145,922

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.

Included in the non-current portion of the finance lease receivable is an amount of AED Nil receivable from a related party (2015: AED 122 million). Refer note 39b.

## Dubai Investments PJSC and its subsidiaries

Notes (continued)

### 18. Inventories

	2016 AED'000	2015 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	164,536	176,374
Finished goods	46,941	59,799
Goods in transit	145	3,396
Properties under development/ held for sale (net of provision for write down to net realizable value)	2,008,217	1,967,112
	2,219,839	2,206,681
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(1,603,905)	(1,457,540)
	615,934	749,141
Inventories carried at net realizable value	91,236	91,236

As at 31 December 2016, the Group is carrying a provision of AED 16 million (2015: AED 16 million) against properties under development for sale. In the previous year, the management based on a review of the net realizable value of properties under development for sale had reversed a provision of AED 178 million created in the earlier years.

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 properties under development for sale have been estimated by an independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using combination of market valuation and residual value approach. Net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision.

Borrowing costs capitalized on properties under development for sale amounted to AED 27.4 million for the year ended 31st December 2016 (2015: AED 19.6 million).

Inventories amounting to AED 776 million (2015: AED 434 million) are mortgaged against facilities obtained from banks. In certain instances, the insurance over inventories is also assigned in favor of banks.

During the year, the management based on a change of use of properties from sale to leases to third parties, have reclassified inventories with a carrying value of AED 499.2 million (2015: AED 71.2 million) to investment properties (refer note 12).

### 19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 96.96 million (2015: AED 96.58 million). Trade receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

Trade receivables as at 31 December 2016 includes an amount of AED 222 million (2015: AED 222 million) representing balance of the consideration receivable in respect of the sale by Dubai Investments Park Development Company LLC ("the subsidiary") to a customer ("the customer") for a 90 year usufruct right in a plot of land located in Dubai Investments Park. The subsidiary initiated legal proceedings against the customer to recover the outstanding balance and the Dubai Court of First Instance had issued a judgment in subsidiary's favor. The customer filed an appeal with the Dubai Court of Appeal.

## Dubai Investments PJSC and its subsidiaries

### Notes (continued)

#### 19. Trade receivables (continued)

The Company and the customer has agreed an out-of-court settlement and established a joint venture entity namely Palisades Development Company LLC (refer note 15) for the purposes of management and administration of a project being undertaken on the subject land. The joint venture is being managed by the Company and it has been agreed that the outstanding receivables will be settled through cash flows generated from the sale of the project.

Accordingly, legal proceedings have been adjourned. Also refer note 35.

Trade receivables amounting to AED 93 million are assigned against the facilities availed from banks as at 31 December 2016 (2015: AED 59 million).

#### 20. Due from related parties and other receivables

	2016 AED'000	2015 AED'000
<i>Non - current</i>		
Capital advance	25,029	25,696
Other receivables	16,722	59,213
	-----	-----
	41,751	84,909
	=====	=====
<i>Current</i>		
Other receivables and prepayments (refer (i) below)	303,636	326,305
Current portion of net investment in finance leases (refer note 17)	9,073	16,903
Due from related parties	47,907	21,380
Due from customers for contract work (refer (ii) below)	144,519	120,567
	-----	-----
	505,135	485,155
	=====	=====

(i) Other receivables include retention receivables amounting to AED 55.8 million (2015: AED 91.8 million), receivable from customers for use of margin facilities amounting to AED 58.0 million (2015: AED 21.1 million) and receivable from Dubai Electricity and Water Authority of AED Nil (2015: AED 42.5 million) for sub-stations constructed on its behalf in Dubai Investments Park. 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:

	2016 AED'000	2015 AED'000
Contract costs incurred	654,516	615,053
Recognized profits less recognized losses	49,026	44,043
	-----	-----
	703,542	659,096
Progress billings	(559,023)	(538,529)
	-----	-----
Due from customers for contract work	144,519	120,567
	=====	=====

## Dubai Investments PJSC and its subsidiaries

#### 21. Cash at bank and in hand

	2016 AED'000	2015 AED'000
Cash in hand	1,638	1,517
Cash at bank within UAE (current accounts)	441,289	396,269
Cash at bank outside UAE – GCC Countries (current accounts)	35,155	24,505
Cash at bank outside UAE – Other countries (current accounts)	49,663	60,722
Short term deposits within UAE (including deposits of AED 8.89 million (2015: AED 20.11 million) under lien with banks)	804,252	1,017,842
	-----	-----
	1,331,997	1,500,855
	=====	=====

#### 22. Long-term bank borrowings

The terms of the bank borrowings vary from three to nine years. These are secured by a combination of the Company's corporate guarantee, mortgages over certain inventories, trade receivables, property, plant and equipment, assignment of 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 2.75% 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.

#### 23. Sukuk notes

	2016 AED'000	2015 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.

## Dubai Investments PJSC and its subsidiaries

Notes (continued)

### 24. Bank borrowings

	2016 AED'000	2015 AED'000
Bank overdraft, trust receipt loans and bills discounted	376,574	302,255
Short term loans	722,752	826,549
Current portion of long term bank borrowings	83,498	94,054
	-----	-----
	<b>1,182,824</b>	1,222,858
	=====	=====

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 626.5 million (2015: AED 826.6 million) have been obtained for investments in bonds, funds and structured products and are secured against pledge of those investments in favor of banks (refer note 14).

### 25. Trade and other payables

	2016 AED'000	2015 AED'000
Non-current		
Other payables	77,819	54,680
	=====	=====
Current		
Trade payables	372,315	351,077
Payable to Government of Dubai for their share of realized profit of a subsidiary (refer note 12)	114,514	95,458
Unearned rent (refer note 12)	155,826	135,592
Advances received from customers / due to customers	165,129	121,950
Other payables and accrued expenses	483,834	541,366
	-----	-----
	<b>1,291,618</b>	1,245,443
	=====	=====

## Dubai Investments PJSC and its subsidiaries

Notes (continued)

### 26. Share capital and share premium

	2016 AED'000	2015 AED'000
<b>Authorized:</b> 8,000 million shares of AED 1 each (2015: 4,049.5 million shares of AED 1 each)	8,000,000	4,049,541
	=====	=====
<b>Issued and paid up:</b> 4,049.5 million shares of AED 1 each (2015: 4,049.5 million shares of AED 1 each)	4,049,541	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 and Article 103 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.

### 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 year, 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 and return the plots of land (refer note 10). Accordingly, the related revaluation reserve amounting to AED 45 million has been 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(b)) 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.

## Dubai Investments PJSC and its subsidiaries

### Notes (continued)

#### 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

For the year 2016, the Board of Directors have proposed a cash dividend of 10 % and issue of 6% bonus shares (2015: 12% cash dividend) to the shareholders of the Company.

#### 32. Proposed directors' fee

Proposed directors' fees amounting to AED 10 million (2015: AED 8 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:

	2016	2015
Net profit attributable to Owners of the Company (AED '000)	1,218,324	1,109,836
Weighted average number of shares outstanding ('000s)	4,049,541	4,049,541
Basic earnings per share (AED)	0.30	0.27

#### 34. Commitments

	2016	2015
Capital commitments – contracted and committed	1,968,240	31,000

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 363.5 million which will be invoiced and paid over the next 13 years.

#### 35. Contingent liabilities

The Company has issued corporate guarantee to commercial bank for credit facilities granted to a joint venture amounting to AED Nil (31 December 2015: AED 252.50 million).

With reference to the legal proceedings initiated by the subsidiary against a customer as mentioned in Note 19, the customer filed an application to the Dubai Court of First Instance alleging that the subsidiary has breached its contractual obligations under the agreement and as a result of which it had suffered substantial losses, being significantly in excess of the purchase price for the usufruct right in the land. The subsidiary also separately made a counter-claim against the customer for damages suffered as a result of alleged breaches by the customer of its obligations under the relevant agreement.

The Company and the customer has agreed an out-of-court settlement and established a joint venture entity namely Palisades Development Company LLC (refer note 15) for the purposes of management and administration of a project being undertaken on the subject land. The joint venture is being managed by the Company and it has been agreed that the outstanding receivables will be settled through cash flows generated from the sale of the project.

Accordingly, legal proceedings have been adjourned. Also refer note 19.

## Dubai Investments PJSC and its subsidiaries

### Notes (continued)

#### 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:

	2016 AED'000	2015 AED'000
Less than one year	451,348	421,715
Between one to five years	1,793,597	1,687,522
More than five years	2,254,686	2,202,279
	-----	-----
	4,499,631	4,311,516
	=====	=====

#### 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:

	2015 AED'000	2014 AED'000
Land and other lease charges	6,590	14,447
Sale of property, plant and equipment	-	14,000
	=====	=====
Compensation to key management personnel, including directors is as follows:		
Short-term benefits (including proposed Directors' fees)	26,400	23,582
Post-employment benefits	409	353
	=====	=====

#### 38. Non-controlling interests

The Group does not have any individually material non-controlling interests in any of its subsidiaries as at 31 December 2016. 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 2016:

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 (refer note (vi) below)	UAE	64.76
Properties Investment LLC (refer note (b) below)	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 2016:

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
Gaussin Middle East 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 2016:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC (refer note 42)	UAE	87.43
Saudi American Glass Company Limited	KSA	100
Emirates Insolaire LLC	UAE	51

(iv) The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2016:

Emirates Extrusion Factory LLC	UAE	100
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Emirates Thermostone Factory LLC	UAE	100
Folcra Beach Industrial Co LLC	UAE	80
Gulf Dynamic Services LLC	UAE	70
Labtech Interiors LLC	UAE	70
Technological Laboratory Furniture - Manufacturers (Labtech) LLC	UAE	70
National Insulated Blocks Industry (Insulite) LLC	UAE	52
White Aluminum Extrusion LLC	UAE	51
Integrated Commercial Investments LLC	UAE	55
Lite Tech Industries LLC	UAE	54
IntiSys LLC	UAE	100

## 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 2016:

Entity:	Incorporated in	Ownership %
Al Mal Real Estate Fund	UAE	64
Al Mal MENA Equity Fund	Bahrain	70
Al Mal Capital Partners Fund	UAE	32
Al Fares Private Equity Fund	UAE	31
Al Mal Direct Equity 1 Ltd.	UAE	100
Al Mal Special Opportunity I Ltd.	UAE	100
Al Mal Capital (Mauritius) Ltd.	Mauritius	100
Blue Line India Opportunities	Mauritius	100
Pearl India Opportunities	Mauritius	100
Index Global	Cayman Islands	100
Al Mal Capital / Falcon One	Cayman Islands	100
Saqer Investments Limited	Cayman Islands	100
Emerging Equity Ventures	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 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.

(vi) During the current year, the Company acquired additional 3.90% stake 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 64.76%. Also refer note 42.

(vii) During the current year, the Company acquired additional 3.58% stake in its existing subsidiary Masharie LLC from another subsidiary of the Group. Post-acquisition of additional interest, the Group's effective shareholding in this subsidiary has increased from 73.65% to 75.63%.

## Dubai Investments PJSC and its subsidiaries

### Notes (continued)

#### 39. Investments in subsidiaries (continued)

##### b) Acquisition of a subsidiary

With effect from 12 April 2016, 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 has become a subsidiary of the Group and hence the investment in equity accounted investee has been derecognized and has been consolidated on a line by line basis. The acquisition had the following effect on the consolidated financial statements on the date of acquisition:

Entity acquired	Properties Investment LLC
% interest acquired	20%
Fair value of assets and liabilities acquired:	AED'000
Non-current assets	601,341
Current assets	147,305
Non-current liabilities	(74,998)
Current liabilities	(180,729)
	-----
<b>Fair value of net assets acquired</b>	<b>492,919</b>
	=====
Purchase consideration – (A)	98,000
Add: carrying value of existing interest	239,769
	-----
<b>Total consideration</b>	<b>337,769</b>
Less: Group's share in the fair value of net assets acquired	(345,044)
	-----
Gain on fair valuation of existing interest prior to acquisition (included in other income)	7,275
	=====
Cash acquired (B)	32,795
	-----
<b>Net cash outflow (A) – (B)</b>	<b>(65,205)</b>
	=====

For the period from the date of acquisition to 31 December 2016, PI contributed revenue of AED 41.3 million and a profit of AED 38.1 million to the Group's results. If the acquisition had occurred on 1st January 2016, management estimates that consolidated revenue would have been higher by AED 7.8 million and consolidated profit for the year would have been lower by AED 0.3 million.

Combination of valuation techniques depending upon the nature of the asset were used for measuring the fair values of significant assets acquired. These included: comparable market values, discounted cash flows and income capitalization, whichever, relevant.

## Dubai Investments PJSC and its subsidiaries

### Notes (continued)

#### 39. Investments in subsidiaries (continued)

##### c) Disposal of subsidiaries

During the current year, 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 comprising value of land, plant and equipment and loss of profits. The compensation amount has been settled by transfer of a land of equivalent value which has been recorded under investment properties. Furthermore, on 21 November 2016, the Group disposed 100% shareholding of the Subsidiaries with the underlying assets and liabilities.

Disposal of the Subsidiaries had the following effect on the Group's assets and liabilities at the date of disposal.

	2016 AED'000
Non-current assets (including the plot of land)	94,275
Current assets	45,690
	-----
Total assets	139,965
Less: current liabilities	(35,716)
Less: non-current liabilities	(295)
	-----
Net assets at the date of disposal	103,954
	-----
Consideration agreed for sale of 100% shareholding of the Subsidiaries	54,286
Compensation by related authorities	236,632
Less: net assets disposed	(103,954)
Less: estimated expenses on disposal	(332)
	-----
<b>Gain on disposal of subsidiaries</b>	<b>186,632</b>
	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 40. 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 the 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 combination of market valuation and residual value 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 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 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 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)

## 41. 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:

	2016 AED'000	2015 AED'000
Investments in bonds, sukuks and structured funds	788,791	956,229
Rent receivable	44,093	48,878
Finance lease receivable	6,878	129,019
Trade receivables (net)	1,306,295	1,388,443
Due from related parties and other receivables	407,198	495,136
Cash at bank	1,330,359	1,499,338
	-----	-----
Carrying amount	3,883,614	4,517,043
	=====	=====

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

	2016 AED'000	2015 AED'000
Domestic	1,132,978	1,409,198
Other GCC countries	146,369	77,339
Other regions	33,826	30,925
	-----	-----
	1,313,173	1,517,462
	=====	=====

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

	2016 AED'000	2015 AED'000
Contracting	477,292	502,184
Real estate	412,089	503,621
Others	423,792	511,657
	-----	-----
	1,313,173	1,517,462
	=====	=====

The age of trade receivables at the reporting date was:

	2016 Gross AED'000	2016 Impairment AED'000	2015 Gross AED'000	2015 Impairment AED'000
Current 0 - 30 days	263,061	(248)	238,640	-
31 - 90 days	158,654	-	258,406	-
91 - 180 days	123,370	-	138,526	(155)
181 - 365 days	138,939	(282)	146,606	(2,803)
More than one year	719,233	(96,432)	702,842	(93,619)
	-----	-----	-----	-----
	1,403,257	(96,962)	1,485,020	(96,577)
	=====	=====	=====	=====

# Dubai Investments PJSC and its subsidiaries

## Notes (continued)

### 41. Financial instruments (continued)

#### Credit risk (continued)

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

	2016 AED'000	2015 AED'000
<b>Balance at 1 January</b>	<b>96,577</b>	87,388
Impairment loss recognized	10,497	17,781
Reversal of impairment loss	(10,112)	(8,592)
	-----	-----
<b>Balance at 31 December</b>	<b>96,962</b>	96,577
	=====	=====

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 2016

In AED '000

	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)
	<b>3,838,513</b>	<b>(4,028,456)</b>	<b>(2,227,689)</b>	<b>(160,518)</b>	<b>(1,245,850)</b>	<b>(394,399)</b>

#### 31 December 2015

In AED '000

	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)	2,754,624	(3,061,981)	(1,302,966)	(161,750)	(1,382,666)	(214,599)
Trade and other payables	1,060,211	(1,060,211)	(1,060,211)	-	-	-
Other long term liabilities	54,680	(55,058)	(11,434)	(12,276)	(16,084)	(15,264)
	<b>3,869,515</b>	<b>(4,177,250)</b>	<b>(2,374,611)</b>	<b>(174,026)</b>	<b>(1,398,750)</b>	<b>(229,863)</b>

# Dubai Investments PJSC and its subsidiaries

## Notes (continued)

### 41. 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:

	2016 Euro'000	2015 Euro'000
Trade and other receivables	2,934	2,952
Cash at bank	5	61
Trade and other payables	(3,484)	(3,280)
	-----	-----
Gross exposure	(545)	(267)
	-----	-----
Net exposure	(545)	(267)
	=====	=====

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2016 AED	2015 AED	2016 AED	2015 AED
Euro	<b>3.93</b>	4.22	<b>3.86</b>	3.99
	=====	====	=====	====

#### 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	
	2016 AED'000	2015 AED'000
<b>Fixed rate instruments</b>		
Financial assets	<b>1,592,801</b>	1,974,071
Financial liabilities	<b>(1,113,444)</b>	(1,117,500)
	=====	=====
<b>Variable rate instruments</b>		
Financial assets	<b>62,506</b>	-
Financial liabilities	<b>(1,693,058)</b>	(1,637,124)
	=====	=====

#### 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 15.92 million (2015: AED 19.74 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)

### 41. 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 2015.

Effect in AED'000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2016	(16,306)	16,306
31 December 2015	(16,371)	16,371

#### 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 2016.

### 42. Subsequent events

Subsequent to the balance sheet date,

- 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.
- the Company acquired additional 1.5% equity interest in existing subsidiary Al Mal Capital PSC, increasing its shareholding to 66.26%.

### 43. 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:

<i>Manufacturing and contracting</i>	: 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.
<i>Investments</i>	: strategic minority investments in start up ventures, bonds, funds, structured products and shares held for trading purposes.
<i>Property</i>	: the development of real estate projects for rentals and sale of developed property units.

Information regarding the operations of each 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.

## Dubai Investments PJSC and its subsidiaries

### 43. Segment reporting (continued) Information about reportable segments

Business Segments	Manufacturing and contracting		Investments		Property		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	1,388,879	1,367,636	41,657	(40,805)	873,369	790,405	2,303,905	2,117,236
Gain on fair valuation of investment properties	-	-	-	-	560,410	559,262	560,410	559,262
Gain/(loss) on disposal of subsidiaries	186,632	(4,833)	-	-	-	-	186,632	(4,833)
<b>Total income</b>	<b>1,575,511</b>	<b>1,362,803</b>	<b>41,657</b>	<b>(40,805)</b>	<b>1,433,779</b>	<b>1,349,667</b>	<b>3,050,947</b>	<b>2,671,665</b>
Direct operating costs	(1,145,241)	(1,160,734)	-	-	(293,582)	(40,418)	(1,438,823)	(1,201,152)
Administrative and general expenses	(253,539)	(255,840)	(91,962)	(105,451)	(96,086)	(99,446)	(441,587)	(400,737)
Finance expenses	(75,157)	(58,658)	(18,487)	(9,518)	(31,891)	(36,587)	(125,535)	(104,763)
Finance income and other income	30,767	40,706	55,039	56,150	75,862	43,313	161,668	140,169
<b>Profit for the year</b>	<b>132,341</b>	<b>(71,723)</b>	<b>(13,753)</b>	<b>(99,624)</b>	<b>1,088,082</b>	<b>1,276,529</b>	<b>1,206,670</b>	<b>1,105,182</b>
<b>Profit attributable to:</b>								
Owners of the Company	166,414	(42,080)	(14,334)	(124,613)	1,066,244	1,276,529	1,218,324	1,109,836
Non - controlling interests	(34,073)	(29,643)	581	24,989	21,838	-	(1,654)	(4,654)
<b>Profit for the year</b>	<b>132,341</b>	<b>(71,723)</b>	<b>(13,753)</b>	<b>(99,624)</b>	<b>1,088,082</b>	<b>1,276,529</b>	<b>1,206,670</b>	<b>1,105,182</b>
<b>Assets</b>	<b>3,050,023</b>	<b>3,000,778</b>	<b>3,001,759</b>	<b>3,409,948</b>	<b>10,063,034</b>	<b>8,843,404</b>	<b>16,114,816</b>	<b>15,254,130</b>
<b>Liabilities</b>	<b>1,239,232</b>	<b>1,311,570</b>	<b>867,883</b>	<b>1,059,422</b>	<b>2,068,824</b>	<b>1,683,755</b>	<b>4,175,939</b>	<b>4,054,747</b>

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



## Annual Corporate Governance Report 2016

### 1 Corporate Governance Practices

Over the last 22 years, Dubai Investments PJSC ('DI' or 'the Company'), has successfully grown its business and created significant shareholder value against the backdrop of a dynamic and challenging external environment. This is the ultimate measure of our success and reflects our strong Corporate Governance structure and the effective Board and Executive Management team we have in place. We remain committed to the robust approach to governance which has served the business well. Our Corporate Governance framework is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Corporate Governance at DI is directed towards achieving our business objectives in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability. Integrity and transparency are cornerstones of our Corporate Governance practices and performance and ensure that we retain and gain the trust of our stakeholders at all times.

The Board of Directors ('the Board') upholds that 'good' Corporate Governance is about facilitating efficiency in running the Company. It involves ensuring that an effective internal framework of systems and controls is put in place which clearly defines authority and accountability and promotes success whilst permitting the management of risk at appropriate levels. It involves the exercise of judgment as to the definitions of success. The exercise of this judgment is the responsibility of the Board.

A comprehensive review of Federal Law No.2 of 2015, concerning the Commercial Companies and SCA's Chairman of Authority's Board of Directors' Resolution No. 7/2016 (SCA's Chairman's Resolution No. 7/2016) concerning the new set of Corporate Governance Rules and proposed changes thereon is in the process of finalization for necessary approvals by the Board. Various initiatives emanating from the review are expected to be implemented in 2017 which is expected to ensure full compliance with requirements of the various regulators and supervisory bodies. In the interim, in 2016, the Board has given direction to the Executive Management at DI to embark on implementing Corporate Governance initiatives, which are summarised below:

- Board members have complied with **annual declaration of independence** and disclosure of changes affecting their independence including membership on other boards. Board members have complied with the **requirement to disclose trades by themselves or specified relatives** in shares of DI. Additionally during the year, Executive Management is in the process of establishing a Register of Insiders and the Committee to facilitate updates to the Register. In this context, the Executive Management is, also, in the process of establishing a Register of Related Parties and Register of Conflict of Interest.
- **Internal Audit reports** including Follow-up reports are summarised and presented to the Audit Committee in line with the robust risk-based internal audit plans approved at the beginning of each calendar year. During the year, the DI's Group Internal Audit was subject to an external Quality Assurance Review in line with leading professional practices and was found to be in 'General Conformance' by the assessing authorities.
- The Compliance Officer under the guidance of the Chief Internal Controls Officer continues to implement the **Compliance Framework** and has facilitated development of the Compliance Library at DI. Additionally, the Compliance Officer has initiated the Compliance Programme vide an annual self-declaration process which will be subject to independent compliance reviews.
- DI launched a **dedicated Investor Relations** website ([www.ir.dubaiinvestments.com](http://www.ir.dubaiinvestments.com)) aimed at providing relevant information to shareholders. The website provides a 'Fact Sheet' on DI and detailed Investors' Presentation along with details on share price movements, earnings releases, new announcements and unclaimed dividends etc. as required by Article 35 of SCA's Chairman's Resolution No. 7/2016.
- **Risk Management** reports are updated and presented to the Audit Committee with a periodic review of risk mitigation strategies and plans. Additionally, the ERM Framework and underlying procedures is being subject to a critical review to enhance the quality of the reporting process and align itself with leading standards such as ISO and COSO.
- An extensive **Internal Controls over Financial Reporting** programme was undertaken during the year which entailed a review of approximately **300 internal controls over financial reporting**. The Group CFO has updated the Audit Committee with the results of testing of internal controls and the fact that no material deficiencies were identified.
- Adequacy and coverage of **insurance** and status of significant claims made during 2016 have been reviewed by the Board. Additionally, the status of material **legal cases** has been reviewed by the Board.

## 2 Transactions by Board members

All Board members acknowledged that neither they, nor their wives and/or children have traded in the Company's shares during 2016, with the exception of the following:

S. No.	Name	Designation	Relation	Shares owned as on December 31, 2016	Sale of Shares during 2016	Purchase of Shares during 2016
1	Mr. Sohail Faris Ghanim Al Mazrui	Chairman	Son	-	20,509	-
2	Mr. Ali Fardan Ali Al Fardan	Director	Self	100,000	31,710	-
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Director	Self	206,290,798	-	100,000

## 3 Board of Directors

### (a) Composition of the Board

All 5 (five) Board Members are UAE nationals with requisite skills and expertise and were unanimously elected by the shareholders for a period of three years during the Annual General Meeting held on April 22, 2014. The term of the Board of Directors ends at the forthcoming Annual General meeting, when the Board shall be subject to re-election.

#### Biography of the Board Members

The Board Members' experience, skills and other noteworthy offices held in publicly listed entities and Government corporations are detailed below.



**Mr. Sohail Faris Ghanim Ateish Al Mazrui**

**He is an Independent & Non-executive Director on the Board of DI for the last 22 years. He has also served as Chairman of the Board since 2010.**

Mr. Sohail Al Mazrui has wide experience in Petroleum Engineering and executive experience in the Oil Industry. He is the former CEO of Abu Dhabi National Oil Company (ADNOC) as well as the former CEO and Chairman of Aabar. He holds a degree in Petroleum Engineering.



**Mr. Hussain Mahyoob Sultan Al Junaidy**

**He is an Independent & Non-executive Director on the Board of DI for the last 22 years. He has also served as Vice-Chairman of the Board since 2010.**

Additionally, he is a member of two of the Board Committees, namely, Audit Committee and Nomination and Remuneration Committee. He serves as Chairman of the Audit Committee.

Mr. Hussain Al Junaidy has been the Chairman and CEO of various companies in the Oil and Gas Industry. He is also the founder and former Group CEO of Emirates National Oil Company (ENOC). He holds a Bachelor of Science in Civil Engineering and is a Chartered Civil Engineer. He is also a Business graduate from School of Business, University of Pittsburg, USA.



**Mr. Ali Fardan Ali Al Fardan**

**He is an Independent & Non-executive Director on the Board of DI for the last 15 years.** Additionally, he is a member of two of the Board Committees, namely, Audit Committee and Nomination and Remuneration Committee. He serves as Chairman of the Nomination and Remuneration Committee.

Mr. Ali Fardan Ali Al Fardan has significant experience in Real Estate Management, Property Investments, Capital Investment Management and Hospitality Management. He holds a Bachelor of Science in Management and Information System and currently holds the following positions:

- Vice Chairman of Al Fardan Group
- CEO of First Investor LLC
- Managing Director of Al Fardan Real Estate
- Board Member of Union Properties PJSC
- Board Member of Commercial Bank of Dubai



**Mr. Mohamed Saif Darwish Ahmed Al Ketbi**

**He is an Independent & Non-executive Director on the Board of DI for the last 7 years.** Additionally, he is a member of two of the Board Committees, namely, Audit Committee and Nomination and Remuneration Committee.

Mr. Mohamed Al Ketbi has experience in Investments & Projects, Real Estate and Hospitality Sectors. He holds a Bachelor Degree in Business Administration majoring in Business Management and currently holds the following positions:

- Vice-Chairman of Danat El Emarat Women & Children's Hospital Project
- Board Member of Tasweek Real Estate Company
- Board member of AHI- Carrier FZC



**Mr. Khalid Jassim Mohamed Bin Kalban**

**He is the Managing Director and Chief Executive Officer of DI. He is an Executive Director on the Board for the last 19 years.**

Mr. Khalid Bin Kalban has extensive experience in manufacturing & industrial sectors as well as financial, investment and real estate sectors. He holds a degree in Business Management from USA and is a Management Major from Metropolitan State College, USA. He currently holds the following positions:

- Chairman of the Board of Directors of Union Properties PJSC
- Board member of National General Insurance PJSC
- Chairman of Arab Insurance Group – Bahrain (ARIG),
- Board Member of the Islamic Bank of Asia (Limited) – IBA Singapore
- Board Member of Arcapita Investment Management B.S.C. (c) – Bahrain
- Board Member of Takaful Re Limited – registered in DIFC.
- Chairman of Al Mal Capital PSC
- Board Member of First Energy Bank B.S.C. - Bahrain

**(b) & (c) Female Representation on the Board**

**There is no female representation on the Board.** It may be noted that no female candidates applied for nomination to the Board pursuant to the publicly advertised nominations process initiated by the Company in early 2014. Furthermore, the amended requirements by SCA were issued only in 2015. The next election to the Board will take place in the forthcoming Annual General Meeting of Shareholders.

**(d) Board Remuneration**

The Board of Directors were paid a remuneration of AED 8,000,000 (AED Eight Million) for the year 2015.

The Nomination & Remuneration Committee and the Board of Directors have recommended an amount of **AED 10,000,000 (AED Ten Million)** as fixed annual fee for Board of Directors for the year 2016. However, the same is subject to shareholders' approval at the Annual General Meeting.

The total fixed allowances for Board Committee meetings for the year are proposed as follows:

S. N.	Name	Allowances for Attending the Board Committee meetings		
		Committee Name	Value of Allowance (AED)	Number of Meetings
1	Mr. Hussain Sultan Al Junaidy	Audit Committee	150,000	5
		Nomination and Remuneration Committee	120,000	2
2	Mr. Ali Fardan Ali Al Fardan	Audit Committee	140,000	4
		Nomination and Remuneration Committee	120,000	2
3	Mr. Mohamed Saif Al Ketbi	Audit Committee	150,000	5
		Nomination and Remuneration Committee	120,000	2

**(e) Board Meetings**

**The Board has convened 7 (seven) times during the year.**

Board meetings	Attendance
22 <sup>nd</sup> February 2016	Attended by all members except Mr. Sohail Al Mazrui.
15 <sup>th</sup> March 2016	Attended by all members.
27 <sup>th</sup> April 2016	Attended by all members.
2 <sup>nd</sup> June 2016	Attended by all members.
31 <sup>st</sup> July 2016	Attended by all members.
31 <sup>st</sup> October 2016	Attended by all members except Mr. Ali Fardan Ali Al Fardan (proxy provided).
2 <sup>9th</sup> December 2016	Attended by all members except Mr. Sohail Al Mazrui.

**(f) Board Duties and Delegation to Executive Management**

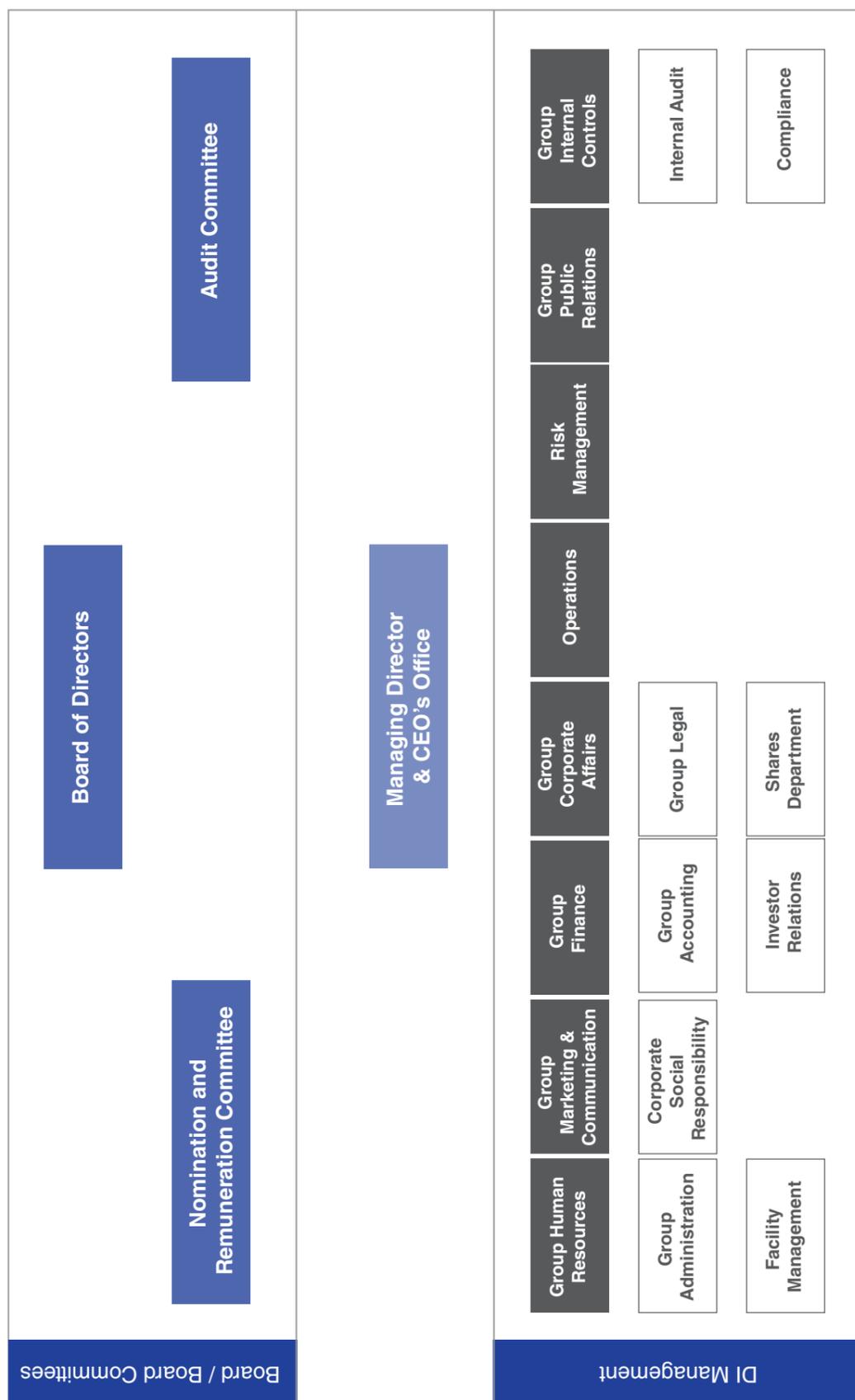
**The powers reserved for the Board of Directors have been explicitly stated in the Board Charter** in compliance with legislations and regulations inter alia the Companies Law 2/2015 and its amendments, the Articles of Association of the Company and SCA's Chairman's Resolution No. 7/2016. **The Managing Director & CEO and the Executive Management have been appointed and detailed Job descriptions are provided. None of the Executive Management have a fixed term contract.** The Executive Management is given the freedom and responsibility to run the day to day operations, and secure Board approvals for major decisions or investments.

**(g) Transactions with Related Parties (Stakeholders)**

Transactions between DI and its subsidiaries, which are related parties, have been eliminated on consolidation and are not stated in this disclosure. **Significant transactions between DI and its joint ventures and associates, all of which are at arms' length, and identified in the audited financial statements are tabulated below.**

Particulars	Associates 2016 AED '000	Joint Ventures 2016 AED '000
<b>Land and other lease charges</b>		
- <i>Emicool</i>	-	3,399
- <i>Global Pharma</i>	1,192	-
- <i>Dubai International Driving Centre</i>	-	1,999

Additionally, DI's Corporate Governance Manual outlines the Code of Conduct and Conflict of Interest Policy developed in conformity with regulatory and professional codes. Any situation and/or circumstance wherein advantages may be presented to one or more of the Board of Directors, either by way of opportunities or for monetary and non-monetary benefits will be subject to the Conflict of Interest Policy. The Policy requires full disclosure of any conflict before or at the time the conflict is identified, and in limited circumstances may require shareholder approval.



**(i) Executive Management**

Executive Management is provided with responsibilities to accomplish the Company's goals, objectives and targets by implementing strategic decisions which are recommended to and approved by the Board. The Executive Management is responsible inter alia for:

- Creating and maintaining effective and efficient legal, organizational and governance structures;
- Arranging and deploying the resources required to achieve the strategies;
- Adequate planning, internal control and risk management systems that assess risks on an integrated cross-functional basis; and,
- Succession planning that formalizes the process of identifying, training and placing of successors in key positions in the Company.

The Managing Director & CEO and the Executive Management are entrusted to provide the Chairman, Board of Directors and its Committees with sufficient documented information in due time to ensure informed decisions are taken and for efficient performance of tasks and responsibilities.

**Managing Director & CEO**

The Managing Director & CEO has been appointed by the Board of Directors to oversee the day to day operations of the Company and to effectively execute its plans and strategies to achieve its vision, mission and strategic initiatives. The Managing Director & CEO reports to and is accountable to the Board of Directors. The Managing Director & CEO is responsible inter alia for:

- Delivering the Company's strategic and operational plans as approved by the Board of Directors;
- Escalating transactions outside of his delegated authority to the Board of Directors for due decision making;
- Ensuring compliance with the Company's policies and with the applicable laws and regulations; and,
- Providing direction and guidance to the Executive Management.

**Executive Management**

The Executive Management of the Company is stable and have been working in their respective positions for the last several years. The Executive Management personnel are listed below:

- General Manager/Chief Risk Officer \*
- Group Chief Financial Officer
- Chief Operating Officer\*
- Chief Corporate Affairs Officer
- Chief Internal Controls Officer \*\*
- Chief Human Resources and Administration Officer
- Group Marketing & Communications Manager
- Group Public Relations Manager

**Notes:** \*subsidiaries operations  
 \*\*administrative reporting to MD & CEO with functional reporting to the Audit Committee

Remuneration paid by the Company to Executive Management in 2016 is tabulated below:

Sr. No.	Designation	Date of Appointment	Total Annual Salary Paid (AED)*	Total Annual Bonus Paid (AED)**	Any Other Cash or Non Cash Rewards in 2016 or which shall be due in the future
1	Managing Director & Chief Executive Officer	July 01, 1995	4,129,888	4,500,000	***
2	General Manager/ Chief Risk Officer	Mar 01, 1998	2,152,310	1,000,000	***
3	Group Chief Financial Officer	Jan 02, 2008	1,095,058	424,000	***
4	Chief Operating Officer	Sept 9, 2015	1,449,500	0	***
5	Chief Corporate Affairs Officer	May 01, 2005	971,446	350,000	***
6	Chief Internal Controls Officer	Oct 03, 2005	983,114	350,000	***
7	Chief Human Resources and Administration Officer	Nov 01, 2012	868,100	295,000	***
8	Group Marketing & Communication Manager	Oct 01, 2004	701,635	180,000	***
9	Group Public Relations Manager	Sept 01, 2004	584,120	145,000	***

Note:

\* Includes allowances, general pension and social security

\*\* Paid in 2016 pertaining to 2015

\*\*\* Bonuses for the year 2016 have not been declared as of the date of this Report

#### 4 External Auditors

KPMG in the UAE is a member firm of KPMG International which was established in 1973. KPMG International is a global network of professional member firms providing Audit, Tax and Advisory services, which operates in 155 countries. KPMG UAE now comprises of more than 750 staff members, including 50 plus partners, across offices in Dubai, Abu Dhabi and Sharjah.

KPMG was re-appointed as the Company's external auditor by the Shareholders at their Annual General Meeting for the year 2016. KPMG has been re-appointed as external auditor at each AGM since 1996 i.e. **20 years since first appointment as External Auditor.**

**AED 408,100 was paid to KPMG for the audit and quarterly review of the consolidated financial statements of DI.**

Name of Auditing Office	KPMG
Number of years spent as External Accounts Auditor for the Company	20 years
Total fees for auditing the Financial Statements of the Company for the Year 2016 (Dirhams)	AED 408,100
Fees and costs of the other special services other than auditing of the Financial Statements of the Company for the Year 2016 (Dirhams) if any, if no fees and charges were paid, state that explicitly	AED Nil
Details and nature of the other rendered services (if any) and if no other services were provided, state that explicitly	Not applicable
Statement showing the other services performed by an External Auditor other than the External Accounts Auditor of the Company and which rendered during the Year 2016 (if any) or else explicitly state that there is no other independent auditor	Not applicable

Additionally, KPMG has been appointed as external auditors by DI's subsidiaries for which fees have been agreed separately by the relevant subsidiaries. Similarly, fees for audit by other external auditing firms have been agreed separately by the relevant DI Subsidiaries.

#### 5 Audit Committee

**All members of the Audit Committee are Non-Executive and Independent.**

The Audit Committee is tasked by the Board to review the Internal Controls System on a quarterly basis and its Charter is compliant with the requirements of SCA's Chairman's Resolution No. 7/2016.

Continuous evaluation and monitoring of the Internal Control System is the key activity of Audit Committee and is demonstrated by the fact that 5 (five) Audit Committee meetings were held during 2016.

**Mr. Hussain Mahyoob Sultan Al Junaidy was nominated as the financial expert on the Audit Committee in line with SCA requirements and also serves as the Chairman of the Audit Committee.** Notably, the Audit Committee has unrestricted access to the records of the Company and can seek expert advice if required.

The **Roles and Responsibilities of the Audit Committee** inter alia include:

- Review the annual and quarterly Financial Statements;
- Review the effectiveness of the Internal Control Over Financial Reporting;
- Review any insider, affiliated or related party transactions and ensure that rules for the conduct and approval of these are complied with;
- Review the efficiency and effectiveness of the Company's Internal Control System; and,
- Review the adequacy of insurance coverage and legal dispute status.

The Audit Committee convened on March 15<sup>th</sup>, April 27<sup>th</sup>, July 31<sup>st</sup>, October 31<sup>st</sup> and December 29<sup>th</sup>, 2016.

**Additionally, the Audit Committee has met the external auditors in 2016 to review audit findings and matters for attention of the Board.**

Following table summarizes the membership and attendance of the Audit Committee during 2016:

S.No.	Name	Title	Meetings : 5
1	Mr. Hussain Mahyoob Sultan Al Junaidy	Chairman	5
2	Mr. Ali Fardan Ali Al Fardan	Member	4
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Member	5

## 6 Nomination & Remuneration Committee

**All members of the Nomination & Remuneration Committee are Non-Executive and Independent.**

The key objective of the Nomination and Remuneration Committee is to develop and review annually the ongoing suitability of the Company's policy for remuneration and benefits for the Company's Board of Directors, Executive Management and employees and to ensure that the remuneration and benefits granted are reasonable and aligned with the Company's performance.

**Mr. Ali Fardan Ali Al Fardan serves as the Chairman of the Nomination and Remuneration Committee.**

The **Roles and Responsibilities of the Nomination & Remuneration Committee** inter alia include:

- Verify the independence of the Board members by means of a Declaration of Independence form which was completed and signed by each independent member;
- Review the Board members' remuneration policy;
- Review and approve the Human Resources policies with respect to promotions, employee benefits and employee performance evaluation;
- Verify that the remunerations and benefits granted to the Executive Management are reasonable and in line with DI's performance; and
- Determine DI's needs for competencies at the Executive Management and employee level, the basis for choosing them, as well as the employee training policy.

The Nomination and Remuneration Committee were convened on March 15th as well as on December 29<sup>th</sup> 2016.

- Following table summarizes the membership and attendance of the Nomination and Remuneration Committee during 2016:

S.No.	Name	Title	Meetings : 2
1	Mr. Ali Fardan Ali Al Fardan	Chairman	2
2	Mr. Hussain Mahyoob Sultan Al Junaidy	Member	2
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Member	2

## 7 Committee for Management and Supervision of Insiders Trading

Pursuant to the requirements laid down in SCA's Chairman's Resolution 7/2016, **DI is in the process of finalizing the composition and the roles and responsibilities of the Insider Trading Supervision Committee** to regulate transactions and holdings of DI shares by Board members and Employees. The Charter detailing the composition, roles and responsibilities of the Insider Trading Supervision ('ITS') Committee will be submitted for final approval in the forthcoming Board Meeting. Following approval of the Charter by the Board, the ITS Committee shall be convened and work towards full implementation of the requirements of the applicable laws and regulations.

In this context, it may be noted that, **DI has already developed and implemented a robust Insider Trading policy for its Board Members and Employees.** Both, the Board Members and Employees are regarded as 'Insiders' and required to comply with specific requirements stated in its Corporate Governance Manual including an Annual Declaration. Such requirements are communicated to the Board Members annually and to Employees through the Employee On-boarding programme at the time of joining DI.

## 8 Internal Control System

**The Board acknowledges its responsibility for reviewing the Internal Control System** and is pleased to confirm to its stakeholders that in line with Article 50 of SCA's Chairman's Resolution No. 7/2016, **the Board has conducted its annual review of the efficiency of the Internal Control System of DI and its subsidiaries.**

The Audit Committee is responsible for monitoring the Internal Control System and updating the Board on a quarterly basis in addition to the annual review undertaken by the Board.

The Internal Control System comprises of three primary functions namely Group Internal Audit, Risk Management and Compliance. Additionally, Executive Management comprising the General Manager-DI, Group CFO and Group Company Secretary have additional responsibilities assigned under the remit of the Internal Control System and detailed in the Corporate Governance Manual of DI.

The Chief Internal Controls Officer reports to the Audit Committee and administratively reports to the Managing Director & CEO. He is responsible for the Group Internal Audit and Compliance functions of DI. **The Chief Internal Controls Officer of DI is Mr. Saderuddin Panakkat, a Chartered Accountant and an MBA holder, appointed on October 03, 2005, and he is supported by Mr. Mohamed El Sahwi, a Certified Management Accountant, who was appointed as the Compliance Officer on September 06, 2015.**

Depending on the nature of the issues and the significance of risks confronted by DI, as well as their impact on the financial statements, the various stakeholders of the Internal Control System perform the necessary analysis and discuss with the Audit Committee and relevant personnel to confirm whether a disclosure is necessary in the financial statements. **The Chief Internal Controls Officer and the Chief Risk Officer submit their observations and report to the Audit Committee which in turn discusses with the Executive Management and provides its recommendations to the Board of Directors to take necessary decisions.** When deemed necessary the Audit Committee requests other member of the Executive Management for their input in resolving significant and material issues. **No material Internal Control breaches were recorded during 2016.**

## 9 Violations Committed

To the best of the knowledge of the Board and the Executive Management, **no material violations were committed during 2016.**

## 10 Contribution towards Society and Environment

DI keeps sustainability at the core of its business model and is committed to the cause. During 2016, DI implemented a new Sustainability Strategy linked to its business and aimed at creating positive benefits to its stakeholders. The Sustainability Strategy engages DI and its subsidiaries and is designed to play a responsible role and create social and economic value to the wider community and the environment.

**During the year, Dubai Investments undertook and supported more than 45 initiatives, with a total contribution of approximately AED 1.29 Million,** which included a wide array of community, workplace and environmental programs. Dubai Investments' support included organizing, promoting, supporting and participating in activities that foster the community spirit.

### Community development activities

**During the year, Dubai Investments undertook a total of 38 (thirty eight) initiatives underscoring the Company's philosophy to play a proactive role in the community's development by nurturing the citizens and fostering progress.**

- Notable efforts by Dubai Investments in community development included support to Abu Dhabi Autism Centre and Dubai Autism Centre with glass materials used for the construction of their premises, support in setting up the training room at Dubai Autism Centre, besides assistance to various organizations to lend a helping hand to the disabled and underprivileged. Dubai Investments also contributed through Red Crescent to distribute meals in refugee camps in Jordan and supported the lesser fortunate by extending financial assistance for academic support. The Company also continued its support to Al Noor Centre, Rashid Centre for Disabled, Dubai Cares, Beit Al Khair Society, Dubai Club for Disabled and Smile on the Face initiative for laborers. **Total contribution to these initiatives amounted to approximately AED 879,000.**

- As part of its commitment to preserve the UAE's rich heritage, culture and promotion of national events, Dubai Investments actively participated in the UAE National Day and Mother of the Nation activities as also initiative to support the Arabic Language, with **contribution of AED 35,000**.
- Dubai Investments also organized health awareness campaigns, besides supporting initiatives on Breast Cancer, Cervical Cancer, Diabetes, Education and Autism. The Company also organized Steps Challenge for the employees of Dubai Investments and its subsidiaries to encourage them to lead a healthy life. **Total contribution to the awareness campaigns was approximately AED 90,000**.
- For the fifth year in a row, Dubai Investments partnered with Dubai Health Authority to organize a Blood Donation Camp for its Employees.

#### Environment related activities

In order to ensure a sustainable future, Dubai Investments undertook 8 (eight) initiatives during the year to significantly reduce its carbon footprint – both at DI level as well as its subsidiaries through eco-friendly initiatives.

- The initiatives by Dubai Investments included Smart Sustainability Week – a four-day exhibition on how smart technologies can provide solutions to a sustainable future. This was part of the Company's Sustainability Strategy, in line with Dubai Government's plans to become one of the top 10 sustainable cities in the world by 2020.
- Major initiatives undertaken by Dubai Investments included the Green Race that monitored the utility bills of the employees over one year through installation of specific energy saving devices at their residences, supporting the activities of Emirates Environmental Group, initiatives such as Car Free Day, Earth Hour, World Environment Day and taking up recycling activities and awareness drives within Dubai Investments Park. **Total contribution in cash amounted to approximately AED286,000**.

## 11 General Information

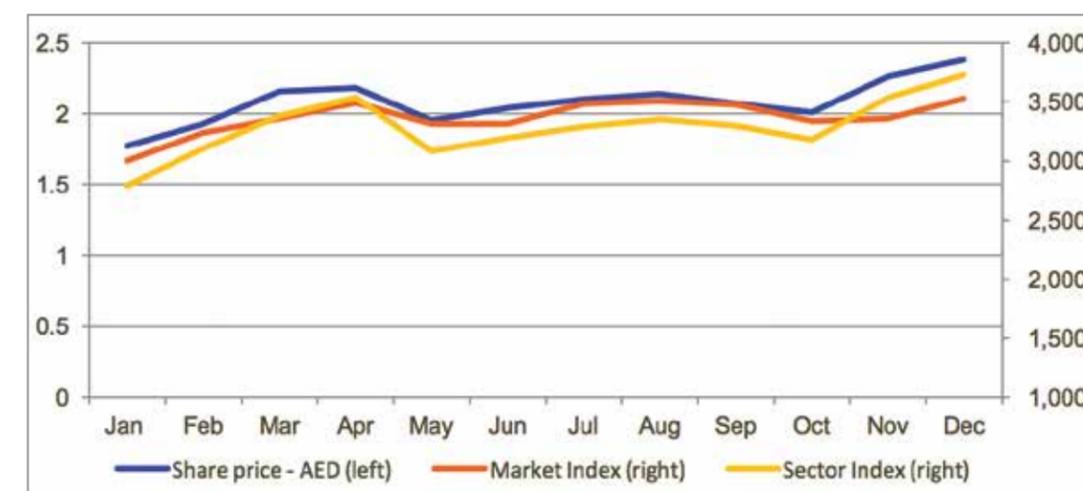
### (a) Share Price Movement

The Company's (Maximum and Minimum) Share Price at the end of each month for the fiscal year ending on December 31, 2016 is given below:

Month	Closing price at the end of the month	Maximum price during the month	Minimum price	Market Index	Sector Index
January	1.77	2.02	1.48	2,998	2,790
February	1.93	1.97	1.60	3,240	3,106
March	2.16	2.25	1.93	3,356	3,382
April	2.18	2.49	2.12	3,492	3,534
May	1.95	2.18	1.86	3,314	3,084
June	2.04	2.08	1.88	3,311	3,194
July	2.10	2.21	2.00	3,484	3,289
August	2.14	2.23	2.02	3,504	3,348
September	2.07	2.17	2.05	3,474	3,299
October	2.01	2.08	1.91	3,332	3,179
November	2.26	2.29	1.90	3,361	3,540
December	2.38	2.41	2.26	3,531	3,730

### (b) Comparative Share Price Performance

The graph depicted below indicates the performance of the **Company Closing Share Price** for 2016 against the **DFM General Index** and the **Index of Financial Investment Sector** for 2016.



### (c) Statement of Shareholders' Equity

As on December 31, 2016, **4,049,542,462 shares were held by 17,537 shareholders**. The shareholder mix is depicted in the Table below.

Classification	% of Ownership				
	Individuals	Companies	Governments & Institution	Banks	Total %
Local	49.3104	15.2867	18.4397	0.6499	83.6867
GCC	3.7261	2.3027	0.0578	0.0779	6.1645
Arab	2.7602	0.1569	0.0000	0.0147	2.9318
Foreign	1.2919	5.7465	0.0109	0.1679	7.2172
<b>Total</b>	<b>57.0886</b>	<b>23.4928</b>	<b>18.5084</b>	<b>0.9104</b>	<b>100</b>

### (d) Shareholders who own 5% or more is depicted in the Table below.

S. No.	Name	Number of owned shares	Percentage of the owned shares from the Company's capital
1	Investment Corporation of Dubai	467,252,736	11.54%
2	Al Fardan Real Estate	246,000,000	6.07%
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	206,290,798	5.09%

### (e) Distribution of shareholders is depicted in the Table below.

S.No.	Ownership of the Shares (Share)	Number of Shareholders	Number of the Owned Shares	Percentage of the Shares owned in the Capital
1	Less than 50,000	13,284	235,683,481	5.90
2	From 50,000 till 500,000	3,606	493,111,875	12.17
3	From 500,000 till 5,000,000	544	802,028,664	19.80
4	More than 5,000,000	103	2,518,718,442	62.20
	<b>Total</b>	<b>17,537</b>	<b>4,049,542,462</b>	<b>100</b>

**(f) Investor Relations**

For the purposes of Article 35 of SCA's Chairman's Resolution 7/2016, the officer in charge of investors' relations and shareholder communications for the Company is **Mr. Maher Rabah**.

**A dedicated Investor Relations website - [www.ir.dubaiinvestments.com](http://www.ir.dubaiinvestments.com)** has been launched by DI which is aimed at providing relevant information to shareholders.

As part of DI Management's compliance with investor relations regulations, an Investor Relations Officer has been appointed, and a dedicated Investor Relations site has been developed on the DI website, offering information about the Company.

**Overview:** Quick Company Profile, Latest News, Fact Sheet.

**Dubai Investments Shares:** Smart Chart, Shareholder Structure.

**Results & publications:** Financial Calendar, Earnings Releases, Investor Presentations.

**Corporate Governance:** Board, Executive Management, Corporate Governance Report, Organization Chart, Annual General Meeting.

**Dividend Services:** Unclaimed Dividends, Unclaimed Share Certificates.

**Contact us:** Contact Details, Contact Form.

**Contact details:**

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**(g) Special Resolutions**

There were **two Special Resolutions** proposed to shareholders at the Annual General meeting held on 13th April 2016 and unanimously approved by the shareholders on the same day as follows:

- To consider and approve the draft of amendments to the Company's Memorandum & Article of Association to comply with provisions of Federal Law No. 2 of 2015 concerning Commercial Companies, subject to obtaining regulatory approval.
- To consider and approve the authorized capital and specify its value as the sum of AED 8 Billion (AED Eight Billion), as stipulated in Article (6) of the Articles of Association, which amendment is proposed, and authorize the Board of Directors to increase the capital of the Company without the need for furnishing the same before the General Meeting.

**DI has obtained regulatory approvals from Securities and Commodities Authority and Department of Economic Development in Dubai on the Company's Amended Articles of Association, which will be published in the Official Gazette of the Ministry of Justice, UAE Edition No. 613 of March 2017.**

**Significant Events**

<b>Acquisitions and Investments</b>	<ul style="list-style-type: none"> <li>■ Dubai Investments acquired an additional stake of 20% in Properties Investment LLC</li> <li>■ Dubai Investments acquired an additional stake of 3.90% in Al Mal Capital PSC, increasing its shareholding to 64.76%</li> <li>■ Dubai Investments acquired additional 3.63% stake in Masharie LLC, increasing its shareholding to 75.63%</li> </ul>
<b>Growth and Expansion</b>	<ul style="list-style-type: none"> <li>■ Dubai Investments in joint venture for AED 440 Million aluminium plant in Abu Dhabi</li> <li>■ Dubai Investments unveiled plans to launch education and healthcare funds</li> <li>■ Dubai Investments Park signed agreement for stormwater drainage network</li> <li>■ Dubai Investments Real Estate launched sales of Mirdif Hills project</li> <li>■ Al Mal Capital unveiled new business verticals to enhance market leadership</li> <li>■ MODUL University Dubai inaugurated</li> <li>■ Emicool won contract for AKOYA by DAMAC project</li> <li>■ Lite-Tech opened first-of-its-kind LED fixtures manufacturing unit in GCC</li> </ul>
<b>Recognition and Awards</b>	<ul style="list-style-type: none"> <li>■ Dubai Investments CEO Khalid Bin Kalban won Visionary CEO of Year award</li> <li>■ Dubai Investments won Deal of the Year – UAE award</li> <li>■ Dubai Investments awarded Best Enterprise by Europe Business Assembly</li> <li>■ Emicool won IDEA District Energy Awards in two categories</li> <li>■ Al Mal Capital won two MENAA awards</li> </ul>
<b>Appointments</b>	<ul style="list-style-type: none"> <li>■ Dubai Investments appointed Rashid Al Haji as General Manager of Properties Investment LLC</li> </ul>

**Signed:** Chairman



**Dated:** March 08, 2017

**Seal of Company**

