

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial
information

30 June 2015

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial information

30 June 2015

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

The Shareholders
Dubai Investments PJSC

Introduction

We have reviewed the accompanying 30 June 2015 condensed consolidated interim financial information of Dubai Investments PJSC ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2015;
- the condensed consolidated statement of profit or loss for the three month and six month period ended 30 June 2015;
- the condensed consolidated statement of other comprehensive income for the three month and six month period ended 30 June 2015;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2015;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2015; and
- notes to the interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2015 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Muhammad Tariq
Registration No. 793
Dubai, United Arab Emirates
Date: 29 JUL 2015

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of profit or loss for the six month period ended 30 June (unaudited)

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
Sale of goods		233,231	300,453	466,483	578,364
Rental income		187,429	151,246	352,626	294,326
Contract revenue		89,953	80,249	217,952	144,906
Sale of properties		7,558	27,948	21,126	82,737
Gain on fair valuation of investment properties	9	-	-	-	79,861
Gain/(loss) on fair valuation of investments		40,888	(38,417)	20,137	40,828
Gain on sale of investment properties		13,995	16,248	13,995	27,685
Gain on sale of investments – (net)		13,044	3,056	15,020	11,737
Share of profit from equity accounted investees		31,137	2,421	37,558	10,468
Dividend income		4,536	5,618	19,970	15,985
(Loss)/gain on disposal of controlling interest in subsidiaries and fair value gain on retained investment	20	(4,833)	471,929	(4,833)	471,929
Total income		616,938	1,020,751	1,160,034	1,758,826
Direct operating costs	6	(343,753)	(370,056)	(529,198)	(732,588)
Administrative and general expenses	7	(95,586)	(87,073)	(168,316)	(189,004)
Finance expenses		(11,926)	(48,658)	(39,296)	(70,482)
Finance income		15,202	9,869	30,767	14,029
Other income	20	35,228	26,038	47,418	32,001
Profit for the period		216,103	550,871	501,409	812,782
Profit attributable to:					
Owners of the Company		223,438	540,534	505,621	805,524
Non-controlling interests		(7,335)	10,337	(4,212)	7,258
Profit for the period		216,103	550,871	501,409	812,782
Earnings per share					
Basic earnings per share (AED)	15	0.06	0.13	0.12	0.20

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

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

	Three month period ended		Six month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	AED 000	AED 000	AED 000	AED 000
Profit for the period	216,103	550,871	501,409	812,782
Other comprehensive income:				
Items that will never be reclassified to profit or loss				
Net change in fair value of investments at fair value through other comprehensive income (OCI)	(11,009)	(18,318)	(11,009)	(18,318)
Total other comprehensive income for the period	(11,009)	(18,318)	(11,009)	(18,318)
Total comprehensive income for the period	205,094	532,553	490,400	794,464
Owners of the Company	216,088	522,216	498,271	787,206
Non-controlling interests	(10,994)	10,337	(7,871)	7,258
Total comprehensive income for the period	205,094	532,553	490,400	794,464

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial information.

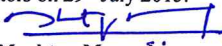
Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of financial position (unaudited)

		30 June 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 June 2014 AED 000 (Unaudited)
	<i>Note</i>			
Non-current assets				
Property, plant and equipment and biological assets	8	1,442,857	1,518,929	1,565,226
Goodwill and intangible assets		103,041	109,429	109,830
Investment properties	9	4,308,677	4,098,639	4,285,992
Development properties		8,145	-	7,454
Investments at fair value through other comprehensive income	10	437,965	380,764	404,351
Investment in equity accounted investees'	20	855,924	935,110	915,343
Rent receivable		82,249	57,649	41,358
Finance lease receivable		75,809	145,087	144,738
Inventories	11	1,516,169	1,234,463	1,198,882
Trade receivables	12	195,650	198,581	212,084
Other receivables		95,547	98,107	94,209
Total non-current assets		9,122,033	8,776,758	8,979,467
Current assets				
Inventories	11	745,235	744,363	740,386
Investments at fair value through profit or loss	10	1,779,567	1,725,125	874,571
Trade receivables	12	1,325,835	1,227,718	1,320,120
Due from related parties and other receivables		595,236	902,424	841,784
Cash at bank and in hand	14	1,198,518	1,148,296	751,278
Total current assets		5,644,391	5,747,926	4,528,139
Total assets		14,766,424	14,524,684	13,507,606
Equity				
Share capital		4,049,541	3,820,322	3,820,322
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		775,730	775,730	620,444
General reserve		1,061,561	1,061,561	915,881
Revaluation reserve		67,000	67,000	67,000
Fair value reserve		(155,327)	(147,977)	(142,760)
Proposed dividend/ bonus shares	18	-	687,658	-
Proposed directors' fee	18	-	8,000	-
Retained earnings		4,319,318	3,807,468	4,266,936
Equity attributable to owners of the Company		10,143,371	10,105,310	9,573,371
Non-controlling interests		500,788	432,520	422,672
Total equity		10,644,159	10,537,830	9,996,043
Liabilities				
Non-current liabilities				
Long-term bank borrowings	16	370,415	351,834	415,685
Sukuk notes	17	1,101,600	1,101,600	1,101,600
Long-term other payables		136,858	128,142	123,420
Total non-current liabilities		1,608,873	1,581,576	1,640,705
Current liabilities				
Bank borrowings	16	1,123,306	1,255,999	573,046
Trade, related parties and other payables		1,390,086	1,149,279	1,297,812
Total current liabilities		2,513,392	2,405,278	1,870,858
Total liabilities		4,122,265	3,986,854	3,511,563
Total equity and liabilities		14,766,424	14,524,684	13,507,606

The condensed consolidated interim financial information was authorized for issue on behalf of the Board of Directors on 29th July 2015.


Khalid Jassim Kalban
MD & CEO


Mushtaq Masood
Group CFO

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial information.

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

	Six month period ended 30 June	
	2015	2014
	AED 000	AED 000
Cash flows from operating activities		
Profit for the period	501,409	812,782
<i>Adjustments for:</i>		
Depreciation	51,781	54,952
Amortization of intangible assets	739	1,721
Impairment loss on property, plant and equipment	2,000	-
Gain on disposal of property, plant & equipment	(3,200)	(68)
Gain on sale of investments – (net)	(15,020)	(11,737)
Gain on fair valuation of investment properties	-	(79,861)
Gain on sale of investment properties	(13,995)	(27,685)
Share of profit from equity accounted investees	(37,558)	(10,468)
Gain on fair valuation of investments	(20,137)	(40,828)
Loss/(gain) on disposal of controlling interest in subsidiaries and fair value gain on retained investment	4,833	(471,929)
Reversal of provision for write down of inventories to net realizable value	(178,000)	-
Bargain purchase gain (refer note 20)	(27,613)	-
	-----	-----
Operating profit before changes in working capital	265,239	226,879
<i>Changes in:</i>		
- investment at fair value through profit or loss and at fair value through OCI	82,745	(193,296)
- trade and other receivables	312,071	(10,934)
- inventories	(28,501)	31,598
- trade and other payables	(15,150)	273,721
Proceeds from sale of investment properties	-	114,592
Net movement in equity accounted investees	23,529	4,130
Directors' fee paid	(8,000)	(6,000)
	-----	-----
Net cash from operating activities	631,933	440,690
	-----	-----
Cash flows from investing activities		
Cash acquired upon acquisition of controlling/non-controlling interests - net of consideration paid (refer notes 19 and 20)	12,134	-
Net movement in investment and development properties	8,001	(7,454)
Acquisition of property, plant and equipment	(29,000)	(21,545)
Proceeds from disposal of property, plant and equipment	32,765	2,358
Net additions to intangible assets	-	(2,308)
Proceeds from disposal of subsidiaries	32,757	-
	-----	-----
Net cash generated from/(used in) investing activities	56,657	(28,949)
	-----	-----
Cash flows from financing activities		
Net movement in bank borrowings and payables	(240,912)	(971,786)
Proceeds from Sukuk notes issue (refer note 17)	-	1,101,600
Net movement in non-controlling interests	(2,850)	-
Dividend paid	(458,439)	(249,928)
Net movement in deposits under lien	12,753	(4,411)
	-----	-----
Net cash used in financing activities	(689,448)	(124,525)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(858)	287,216
Cash and cash equivalents at 1 January	835,698	122,768
	-----	-----
Cash and cash equivalents at 30 June	834,840	409,984
	-----	-----
<i>Cash and cash equivalents comprise following:</i>		
Cash in hand, current and call accounts with banks	853,076	365,979
Short term deposits with banks (excluding those under lien)	327,771	317,216
Bank overdrafts, trust receipt loans and bills discounted	(346,007)	(273,211)
	-----	-----
	834,840	409,984
	=====	=====

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of changes in equity

for the six month period ended 30 June (unaudited)

	-----Equity attributable to owners of the Company-----											Non-controlling interests	Total	AED 000
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend	Proposed directors' fee	Retained earnings	Sub total			
Balance at 1 January 2014	3,570,395	46	25,502	622,480	915,881	67,000	(124,442)	428,447	6,000	3,530,784	9,042,093	415,414	9,457,507	
Profit for the period	-	-	-	-	-	-	-	-	-	805,524	805,524	7,258	812,782	
Other comprehensive income														
Net change in fair value of investments at fair value through other comprehensive income (OCI)	-	-	-	-	-	-	(18,318)	-	-	-	(18,318)	-	(18,318)	
Total other comprehensive income for the period	-	-	-	-	-	-	(18,318)	-	-	-	(18,318)	-	(18,318)	
Total comprehensive income for the period	-	-	-	-	-	-	(18,318)	-	-	805,524	787,206	7,258	794,464	
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners														
Dividend paid	-	-	-	-	-	-	-	(249,928)	-	-	(249,928)	-	(249,928)	
Bonus shares issued	249,927	-	-	-	-	-	-	(178,519)	-	(71,408)	-	-	-	
Total contributions by and distribution to owners	249,927	-	-	-	-	-	-	(428,447)	-	(71,408)	(249,928)	-	(249,928)	
Changes in ownership interests in subsidiaries														
On disposal of controlling interest in a subsidiary (refer note 20)	-	-	-	(2,036)	-	-	-	-	-	2,036	-	-	-	
Total change in ownership interest in subsidiaries	-	-	-	(2,036)	-	-	-	-	-	2,036	-	-	-	
Total transactions with owners	249,927	-	-	(2,036)	-	-	-	(428,447)	-	(69,372)	(249,928)	-	(249,928)	
Other movements														
Directors' fee paid	-	-	-	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)	
Total other movements	-	-	-	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)	
Balance at 30 June 2014	3,820,322	46	25,502	620,444	915,881	67,000	(142,760)	-	-	4,266,936	9,573,371	422,672	9,996,043	

Dubai Investments PJSC and its subsidiaries

Condensed consolidated statement of changes in equity (continued)

for the six month period ended 30 June (unaudited)

	Equity attributable to owners of the Company											Non-controlling interests	Total	AED 000
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend	Proposed directors' fee	Retained earnings	Sub total			
Balance at 1 January 2015	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	
Profit for the period	-	-	-	-	-	-	-	-	-	505,621	505,621	(4,212)	501,409	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net change in fair value of investments at fair value through other comprehensive income (OCI)	-	-	-	-	-	-	(7,350)	-	-	-	(7,350)	(3,659)	(11,009)	
Total other comprehensive income for the period	-	-	-	-	-	-	(7,350)	-	-	-	(7,350)	(3,659)	(11,009)	
Total comprehensive income for the period	-	-	-	-	-	-	(7,350)	-	-	505,621	498,271	(7,871)	490,400	
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners														
Dividend paid	-	-	-	-	-	-	-	(458,439)	-	-	(458,439)	-	(458,439)	
Bonus shares issued	229,219	-	-	-	-	-	-	(229,219)	-	-	-	-	-	
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,874)	(7,874)	
Total contributions by and distribution to owners	229,219	-	-	-	-	-	-	(687,658)	-	-	(458,439)	(7,874)	(466,313)	
Changes in ownership interests in subsidiaries														
On acquisitions and disposals of subsidiaries (refer note 20)	-	-	-	-	-	-	-	-	-	-	-	103,489	103,489	
On acquisitions of non-controlling interests (refer note 19)	-	-	-	-	-	-	-	-	-	6,229	6,229	(19,476)	(13,247)	
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	6,229	6,229	84,013	90,242	
Total transactions with owners	229,219	-	-	-	-	-	-	(687,658)	-	6,229	(452,210)	76,139	(376,071)	
Other movements														
Directors' fee paid	-	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)	
Total other movements	-	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)	
Balance at 30 June 2015	4,049,541	46	25,502	775,730	1,061,561	67,000	(155,327)	-	-	4,319,318	10,143,371	500,788	10,644,159	

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial information.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2015 (unaudited)

1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. This condensed consolidated interim financial information as at and for the six month period ended 30 June 2015 (“the current period”) comprises the financial information 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 investing in bonds, funds and equity securities.

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

2. Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

3. Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

Financial assets and liabilities

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014. These are disclosed in detail under notes 2 and 3 in the Group’s consolidated financial statements as at and for the year ended 31 December 2014.

4. Use of estimates and judgments

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

The significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2015 (unaudited)

5. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

Valuation of financial instruments

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

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

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

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

<i>30 June 2015</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	428,578	1,137,975	213,014	1,779,567
Financial assets at fair value through other comprehensive income	20,470	-	417,495	437,965
	449,048	1,137,975	630,509	2,217,532
<i>31 December 2014</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	419,067	1,144,269	161,789	1,725,125
Financial assets at fair value through other comprehensive income	-	-	380,764	380,764
	419,067	1,144,269	542,553	2,105,889

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2015 (unaudited)

5. Financial instruments (*continued*)

Reconciliation of Level 3 fair value measurements of financial assets

	2015 AED'000	2014 AED'000
As at 1 January	542,553	560,138
Additions upon business combination (refer note 20)	75,276	-
Purchased during the period	58,172	
Redeemed/sold during the period	(36,242)	(916)
Loss included in OCI		
Net change in fair value (unrealized)	(11,009)	(18,318)
Gain included in gain on fair valuation of investments		
- Net change in fair value (unrealized)	4,079	4,263
Transfer out of Level 3 on acquisition of Al Mal Capital PSC (refer note 20)	(2,320)	-
	-----	-----
As at 30 June	630,509 =====	545,167 =====

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

Valuation techniques

The fair values of Level 3 financial instruments have been determined on the same basis and assumptions as for the year ended 31 December 2014.

6. Direct operating costs

	Three month period ended 30 June		Six month period ended 30 June	
	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
<i>These include:</i>				
Materials consumed	197,336	178,441	411,375	377,663
Cost of properties sold	5,294	22,651	14,625	67,767
Staff costs	42,477	37,837	82,801	74,355
Depreciation	18,430	20,438	37,495	40,290
Reversal of provision for write down of inventories to net realizable value (refer note 11)	-	-	(178,000)	-
	=====	=====	=====	=====

7. Administrative and general expenses

	Three month period ended 30 June		Six month period ended 30 June	
	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
<i>These include:</i>				
Staff costs	49,095	51,851	97,085	101,403
Selling and marketing expenses	13,681	18,709	21,042	37,820
Depreciation	7,301	7,296	14,279	14,662
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2015 (unaudited)

8. Property, plant and equipment and biological assets

During the six month period ended 30 June 2015, the Group's additions to assets amounted to AED 29 million (*six month period ended 30 June 2014: AED 21.55 million*).

9. Investment properties

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

As at 31 December 2014, the Group had obtained valuation of the entire development by an independent registered valuer who carried out the valuation in accordance with the RICS appraisal and valuation manual issued using discounted cash flow model after taking into consideration the cash flows resulting from the 20% share of the net realized profits due to the Government of Dubai starting February 2009.

During the six month period ended 30 June 2014, the Group had recorded a fair valuation gain of AED 79.9 million on a property where the exit price valuation changed significantly.

Included in the investment properties is a plot of land received by a subsidiary as grant from the Government of Fujairah. The fair value of this plot of land as at 31 December 2014 was determined by an external, independent valuation company amounting to AED 175 million. During the current period, the Government of Fujairah has advised the change of site for the granted land and allocated a new plot of land. The new plot of land is located in the vicinity of the existing plot and has similar dimensions. The management is evaluating if any changes to the project design are required based on the revised location.

10. Investments

	30 June 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 June 2014 AED 000 (Unaudited)
Investments at fair value through profit or loss:			
- held for trading quoted equity securities	431,621	419,067	362,237
- unquoted equity securities, funds and bonds	1,347,946	1,306,058	512,334
	-----	-----	-----
(i)	1,779,567	1,725,125	874,571
	=====	=====	=====
Investments at fair value through other comprehensive income:			
- unquoted equity securities	437,965	380,764	404,351
	-----	-----	-----
(ii)	437,965	380,764	404,351
	=====	=====	=====
<i>Geographical distribution of investments</i>			
UAE	874,250	817,346	511,977
Other GCC countries	460,228	401,487	314,612
Other countries	883,054	887,056	452,333
	-----	-----	-----
(i)+(ii)	2,217,532	2,105,889	1,278,922
	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2015 (*unaudited*)

11. Inventories

Inventories at 30 June 2015 include properties under development for sale in the ordinary course of business amounting to AED 1,516 million (*31 December 2014: AED 1,234 million*) and represent costs 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 these properties as long term based on completion/future development plans.

During the period ended 30 June 2015, the management based on review of the net realizable value of properties under development for sale has reversed a provision of AED 178 million created in the earlier years. The net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Where discounted cash flows have been used to estimate net realizable values, the cash flows have been estimated by the management based on the latest information available.

12. Trade receivables

Trade receivables as at 30 June 2015 include an amount of AED 222 million (*31 December 2014: 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 the subsidiary’s favor. The customer had filed an appeal with the Dubai Court of Appeal. During the current period, the Group and the customer have commenced negotiations for an out-of-court settlement and discussions are currently ongoing. At the initial stage, both parties have agreed for an adjournment of the current legal proceedings. Also refer note 21.

Based on the recent developments, judgement received from Dubai Court of First Instance and legal advice obtained by the subsidiary, management believes that the balance is fully recoverable.

13. Related party transactions

Significant related party transactions during the period were as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
Compensation to key management personnel is as follows:				
- Short term benefits	2,995	3,267	7,185	6,406
- Post employee benefits	32	32	64	64
	===	===	===	===

Dubai Investments PJSC and its subsidiaries

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

for the six month period ended 30 June 2015 (unaudited)

14. Cash at bank and in hand

	30 June 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 June 2014 AED 000 (Unaudited)
Cash in hand	1,903	1,873	1,843
Cash at bank within UAE (current accounts)	835,709	308,567	357,476
Cash at bank outside UAE – GCC Countries (current accounts)	15,464	5,826	6,660
Short term deposits (including deposits of AED 17.67 million (31 December 2014: 30.38 million) under lien with banks)	345,442	832,030	385,299
	1,198,518	1,148,296	751,278

15. Basic earnings per share

	Three months period ended 30 June		Six months period ended 30 June	
	2015	2014	2015	2014
Net profit attributable to owners of the Company (AED'000)	223,438	540,534	505,621	805,524
Weighted average number of shares outstanding ('000s) (refer note 18 (i))	4,049,541	4,049,541	4,049,541	4,049,541

16. Bank borrowings

Repayment periods in respect of bank borrowings vary from three to seven years and these borrowings are secured by a combination of corporate guarantees and mortgages over certain inventories, trade receivables, property, plant and equipment, investment at fair value through profit or loss, investment properties and assignment of insurance policies over certain assets of the Group. Where there is a corporate guarantee provided by the Company, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

17. Sukuk notes

In February 2014, a subsidiary of the Company namely Dubai Investments Park Development Company LLC ("DIPDC") issued 5 year Sukuk certificates maturing in February 2019 for USD 300 million (equivalent to AED 1,101.6 million). The sukuk program is structured as a Wakala and is listed on NASDAQ Dubai and Irish Stock Exchanges. The terms of the arrangement include transfer of certain identified assets (the Wakala assets) of DIPDC to a Special Purpose Vehicle, DIP Sukuk Ltd. (the Issuer), formed for the issuance of sukuk certificates. In substance, the Wakala assets remain in control of DIPDC and shall continue to be serviced by DIPDC. In case of any shortfall in cash flows, DIPDC have provided an undertaking to make good on such shortfall to the sukuk certificate holders. The sukuk certificate holders have no recourse to the assets. These sukuk certificates bear a fixed profit rate of 4.291% p.a. payable semi-annually. The Issuer will service the profit from returns generated from the Wakala assets. The proceeds of the Sukuk notes were partially utilized to settle the outstanding bank loans of DIPDC amounting to AED 710 million.

Dubai Investments PJSC and its subsidiaries

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

for the six month period ended 30 June 2015 (unaudited)

18. Proposed dividend and directors' fees

- (i) At the Annual General Meeting held on 8 April 2015, the shareholders approved 12% cash dividend and issue of 6% bonus shares as proposed by the Board of Directors. Weighted average number of shares outstanding has been retrospectively adjusted to include the 6% bonus shares approved in the aforesaid AGM for the purpose of calculation of earnings per share.
- (ii) At the Annual General Meeting held on 8 April 2015, the shareholders approved the proposed Directors' fees amounting to AED 8 million for the year ended 31 December 2014.

19. Acquisition of non-controlling interests

- a) In the current period, the Group reached a settlement with a minority shareholder of a subsidiary viz; Edible Oil Company (Dubai) LLC ("EOCD"), whereby, the Group acquired additional 19% stake in EOCD at nil consideration and received an amount of AED 28 million towards settlement of all outstanding dues from the minority shareholder in relation to EOCD. Accordingly, an amount of AED 28 million received has been credited against the amount receivable from the minority shareholder for its share of losses allocated in the earlier years. Upon acquisition of the additional 19% interest, EOCD is now a 100% subsidiary of the Group.
- b) In the current period, the Group acquired additional 20.12% stake in its existing subsidiary Emirates Float Glass LLC ("EFG"). Upon acquisition of additional interest, the Group shareholding in EFG has increased to 87.43%.

20. Acquisitions and disposals of subsidiaries

Acquisitions

- a) With effect from 1 May 2015, the Group acquired 59.66% stake in Al Mal Capital PSC ("Al Mal"). Together with the existing 1.2% shareholding, the Company now holds 60.86% stake in Al Mal and therefore Al Mal is now a subsidiary of the Group.
- b) With effect from 11 June 2015, the Group acquired the balance 50% interest in its existing jointly controlled entity, Al Mujamma Real Estate LLC ("Al Mujamma") from the joint venture partner. Upon acquisition of additional interest, Al Mujamma is now a 100% subsidiary of the Group.

Dubai Investments PJSC and its subsidiaries

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

for the six month period ended 30 June 2015 (unaudited)

20. Acquisitions and disposals of subsidiaries (*continued*)

The acquisition had the following effect on the consolidated financial statements on the date of acquisition:

Entity acquired	Al Mal Capital PSC	Al Mujamma Real Estate Company LLC	Total
% acquired	59.66%	50%	
	AED'000	AED'000	AED'000
Non-current assets	175,903	285,674	461,577
Current assets	449,428	52,811	502,239
Non-current liabilities	-	(56,242)	(56,242)
Current liabilities	(390,566)	(17,330)	(407,896)
	-----	-----	-----
Net assets acquired	234,765	264,913	499,678
Purchase consideration – (A)			237,993
Add: carrying value of existing interest			139,820

Total consideration			377,813
Less: Group's share of net assets acquired			(401,768)

Net Bargain Purchase Gain			(23,955)
			=====
<i>Classified as:</i>			
Goodwill			3,658
Bargain Purchase Gain recognized in profit or loss as other income			(27,613)
			=====
Cash acquired (B)			291,592

Net cash inflow (A) – (B)			53,599
			=====

Disposal of subsidiaries

On 5 May 2015, the Group disposed its entire 51% shareholding in International Rubber Company LLC along with its 100% subsidiary Techno Rubber Company. The disposal had the following effect on the consolidated financial statements at the date of disposal:

Carrying values of assets/liabilities at the date of disposal	AED'000
Non-current assets	37,434
Current assets	66,730
Current liabilities	(36,436)

Net assets	67,728
Less: Non-controlling interests	(33,187)

Group's share of net assets disposed	34,541
Goodwill related to entities disposed	6,807

Consideration agreed	41,348
	(36,515)

Loss on disposal of subsidiaries	(4,833)
	=====

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2015 (unaudited)

20. Acquisitions and disposals of subsidiaries (*continued*)

Disposal of subsidiaries (continued)

During the previous period, on 26 June 2014, the Group sold 66% interest (“the controlling interest”) in its wholly owned subsidiary Globalpharma Company LLC and recorded a gain of AED 471.93 million on the transaction. The gain comprises of realized gain on disposal of controlling interest in a subsidiary of AED 296.18 million and fair valuation gain on retained interest of AED 175.75 million.

21. Contingent liabilities

The Company has issued corporate guarantees to commercial banks for loans and advances granted to joint ventures amounting to AED Nil (*31 December 2014: AED 10.6 million*). As the Group follows equity accounting for joint ventures, the borrowings against which these corporate guarantees have been issued are not included in the condensed consolidated statement of financial position.

With reference to the legal proceedings initiated by the subsidiary against a customer as mentioned in Note 12, the customer filed an application to the Dubai Court of First Instance alleging that the subsidiary had 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 had 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.

During the period, the Group and the customer have commenced negotiations for an out-of-court settlement and discussions are currently ongoing. At the initial stage, both parties have agreed for an adjournment of the current legal proceedings.

Based upon a formal legal advice that the subsidiary has received, the subsidiary believes that the customer claims are entirely without merit and that it has meritorious defenses to each of the customer’s claims. The subsidiary considers the customer claims to be frivolous and a delaying tactic employed by the customer as a result of the judgment issued by the Dubai Court of First Instance against the customer as stated in note 12.

22. Capital commitments

As at 30 June 2015, the Group has contractual capital commitments amounting to AED 21.1 million (*31 December 2014: AED 25.6 million*) mainly relating to new projects/investments.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2015 (unaudited)

23. Segment reporting

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

- Manufacturing and contracting* : manufacture and sale of materials used in building construction projects, executing construction contracts, production, pharmaceuticals, production and distribution of dairy products, aluminum extruded products and laboratory furniture.
- Investments* : strategic minority investments in startup ventures and IPO's, bonds, funds and shares held for trading purposes.
- Property* : the development of real estate projects for rentals and sale of developed property units.

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

Dubai Investments PJSC and its subsidiaries

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

for the six month period ended 30 June 2015 (unaudited)

23. Segment reporting (*continued*)

Information about reportable segments

AED'000

<i>Business Segments</i>	Manufacturing and contracting		Investments		Property		Total	
	Six month period ended 30 June		Six month period ended 30 June		Six month period ended 30 June		Six month period ended 30 June	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	707,838	752,939	55,571	526,435	396,625	399,591	1,160,034	1,678,965
Finance income and other income	11,951	22,706	27,151	5,411	39,083	17,913	78,185	46,030
Finance expenses	(17,703)	(44,097)	(3,987)	(2,675)	(17,606)	(23,710)	(39,296)	(70,482)
Gain on fair valuation of investment properties	-	-	-	-	-	79,861	-	79,861
Reportable segment profit	1,213	(16,977)	34,258	517,524	470,150	304,977	505,621	805,524
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Reportable segment assets	3,052,852	2,930,006	3,353,867	3,289,174	8,359,705	8,305,504	14,766,424	14,524,684
Reportable segment liabilities	1,245,465	1,336,732	926,143	956,107	1,950,657	1,694,015	4,122,265	3,986,854

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