

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial
information

30 June 2016

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial information

30 June 2016

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



KPMG Lower Gulf Limited
Level 12, IT Plaza
P.O.Box 341145
Dubai Silicon Oasis, Dubai
United Arab Emirates
Tel. +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
www.ae-kpmg.com

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

The Shareholders
Dubai Investments PJSC

Introduction

We have reviewed the accompanying 30 June 2016 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 profit or loss for the three month and six month period ended 30 June 2016;
- the condensed consolidated statement of comprehensive income for the three month and six month period ended 30 June 2016;
- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2016;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2016; and
- notes to the condensed consolidated 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.



Dubai Investments PJSC
*Independent Auditors' Report on Review of Condensed
Consolidated Interim Financial Information*
30 June 2016

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

A handwritten signature in blue ink, appearing to read 'Munther Dajani', with a long horizontal stroke extending to the right.

KPMG Lower Gulf Limited
Munther Dajani

Registration No. 268
Dubai, United Arab Emirates

31 July 2016

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	
		2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Sale of goods		226,697	233,231	449,827	466,483
Rental income		217,194	187,429	424,215	352,626
Contract revenue		138,116	89,953	235,503	217,952
Sale of properties		-	7,558	1,425	21,126
Gain on fair valuation of investment properties	10	86,139	-	86,139	-
(Loss)/gain on fair valuation of investments		(27,144)	40,888	(27,828)	20,137
Gain on sale of investment properties		6,210	13,995	6,210	13,995
(Loss)/gain on sale of investments – (net)		(712)	13,044	(2,346)	15,020
Share of profit from equity accounted investees		6,454	31,137	7,246	37,558
Dividend income		3,997	4,536	4,609	19,970
Gain/(loss) on disposal of subsidiaries	23	-	(4,833)	186,632	(4,833)
Total income		656,951	616,938	1,371,632	1,160,034
Direct operating costs	6	(375,434)	(343,753)	(714,669)	(529,198)
Administrative and general expenses	7	(97,890)	(95,586)	(185,217)	(168,316)
Finance expenses		(22,890)	(11,926)	(44,200)	(39,296)
Finance income		13,908	15,202	33,902	30,767
Other income	8	36,619	35,228	41,428	47,418
Profit for the period		211,264	216,103	502,876	501,409
Profit attributable to:					
Owners of the Company		218,362	223,438	515,910	505,621
Non-controlling interests		(7,098)	(7,335)	(13,034)	(4,212)
Profit for the period		211,264	216,103	502,876	501,409
Earnings per share					
Basic earnings per share (AED)	16	0.05	0.06	0.13	0.12

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

Dubai Investments PJSC and its subsidiaries

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

	Three month period ended		Six month period ended	
	30 June		30 June	
	2016	2015	2016	2015
	AED 000	AED 000	AED 000	AED 000
Profit for the period	211,264	216,103	502,876	501,409
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)	(1,399)	(11,009)	(42,438)	(11,009)
	-----	-----	-----	-----
Total other comprehensive income for the period	(1,399)	(11,009)	(42,438)	(11,009)
	-----	-----	-----	-----
Total comprehensive income for the period	209,865	205,094	460,438	490,400
	=====	=====	=====	=====
Attributable to:				
Owners of the Company	216,963	216,088	478,069	498,271
Non-controlling interests	(7,098)	(10,994)	(17,631)	(7,871)
	-----	-----	-----	-----
Total comprehensive income for the period	209,865	205,094	460,438	490,400
	=====	=====	=====	=====

The notes set out on pages 9 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 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Non-current assets				
Property, plant and equipment and biological assets	9	1,339,541	1,367,073	1,442,857
Goodwill and intangible assets		101,390	102,313	103,041
Investment properties	10	6,039,451	4,990,408	4,316,822
Investments at fair value through other comprehensive income	11	296,933	387,400	437,965
Investment in equity accounted investees	21	620,489	874,709	855,924
Rent receivable		34,285	48,878	82,249
Finance lease receivable		20,010	129,019	75,809
Inventories	12	1,795,299	1,457,540	1,516,169
Trade receivables		219,698	218,901	195,650
Other receivables		66,086	84,909	95,547
Total non-current assets		10,533,182	9,661,150	9,122,033
Current assets				
Inventories	12	438,740	749,141	745,235
Investments at fair value through profit or loss	11	1,700,648	1,688,287	1,779,567
Trade receivables	13	1,205,161	1,169,542	1,325,835
Due from related parties and other receivables		616,770	485,155	595,236
Cash at bank and in hand	15	1,116,108	1,500,855	1,198,518
Assets held for sale	23	89,682	-	-
Total current assets		5,167,109	5,592,980	5,644,391
Total assets		15,700,291	15,254,130	14,766,424
Equity				
Share capital		4,049,541	4,049,541	4,049,541
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		890,756	890,756	775,730
General reserve		1,174,719	1,174,719	1,061,561
Revaluation reserve	24	22,000	67,000	67,000
Fair value reserve		(228,938)	(191,097)	(155,327)
Proposed dividend	19	-	485,945	-
Proposed directors' fee	19	-	8,000	-
Retained earnings		4,761,917	4,201,404	4,319,318
Equity attributable to owners of the Company		10,695,543	10,711,816	10,143,371
Non-controlling interests		603,975	487,567	500,788
Total equity		11,299,518	11,199,383	10,644,159
Liabilities				
Non-current liabilities				
Long-term bank borrowings	17	483,777	430,166	370,415
Sukuk notes	18	1,101,600	1,101,600	1,101,600
Other payables		64,276	54,680	136,858
Total non-current liabilities		1,649,653	1,586,446	1,608,873
Current liabilities				
Bank borrowings	17	1,339,643	1,222,858	1,123,306
Trade, related parties and other payables		1,375,804	1,245,443	1,390,086
Liabilities held for sale	23	35,673	-	-
Total current liabilities		2,751,120	2,468,301	2,513,392
Total liabilities		4,400,773	4,054,747	4,122,265
Total equity and liabilities		15,700,291	15,254,130	14,766,424

The condensed consolidated interim financial information was authorized for issue on behalf of the Board of Directors on 31 July 2016.


Khalid Jassim Kalban
MD & CEO


Mushtaq Masood
Group CFO

The notes set out on pages 9 to 18 form part of these condensed consolidated interim financial 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	
	2016	2015
	AED 000	AED 000
Cash flows from operating activities		
Profit for the period	502,876	501,409
<i>Adjustments for:</i>		
Depreciation	56,511	51,781
Amortization of intangible assets	923	739
Impairment loss on property, plant and equipment	-	2,000
Loss/(gain) on disposal of property, plant & equipment	464	(3,200)
Gain on fair valuation of existing interest prior to acquisition of a subsidiary (refer note 21)	(7,275)	-
Loss/(gain) on sale of investments – (net)	2,346	(15,020)
Gain on fair valuation of investment properties	(86,139)	-
Gain on sale of investment properties	(6,210)	(13,995)
Share of profit from equity accounted investees	(7,246)	(37,558)
Loss/(gain) on fair valuation of investments	27,828	(20,137)
(Gain)/loss on disposal of subsidiaries	(186,632)	4,833
Reversal of provision for write down of inventories to net realizable value	-	(178,000)
Bargain purchase gain	-	(27,613)
	-----	-----
Operating profit before changes in working capital	297,446	265,239
<i>Changes in:</i>		
- investment at fair value through profit or loss and at fair value through OCI	10,091	82,745
- trade and other receivables	60,482	312,071
- inventories	(43,895)	(28,501)
- trade and other payables	(2,697)	(15,150)
Directors' fee paid	(8,000)	(8,000)
	-----	-----
Net cash from operating activities	313,427	608,404
	-----	-----
Cash flows from investing activities		
Consideration paid for acquisition of controlling/non-controlling interests - net of cash acquired (refer notes 20 and 21)	(70,564)	12,134
Net movement in investment and development properties	(230,811)	8,001
Acquisition of property, plant and equipment	(30,358)	(29,000)
Proceeds from disposal of property, plant and equipment	4,919	32,765
Proceeds from disposal of subsidiaries (refer note 23)	-	32,757
	-----	-----
Net cash (used in)/ generated from investing activities	(326,814)	56,657
	-----	-----
Cash flows from financing activities		
Net movement in bank borrowings and payables	11,676	(240,912)
Net movement in non-controlling interests	(13,472)	(2,850)
Net movement in investments in associates	21,697	23,529
Dividend paid	(485,945)	(458,439)
Net movement in deposits under lien	119	12,753
	-----	-----
Net cash used in financing activities	(465,925)	(665,919)
	-----	-----
Net decrease in cash and cash equivalents	(479,312)	(858)
Cash and cash equivalents at 1 January	1,178,491	835,698
	-----	-----
Cash and cash equivalents at 30 June	699,179	834,840
	-----	-----
<i>Cash and cash equivalents comprise following:</i>		
Cash in hand, current and call accounts with banks	411,942	853,076
Short term deposits with banks (excluding those under lien)	684,176	327,771
Bank overdrafts, trust receipt loans and bills discounted	(396,939)	(346,007)
	-----	-----
	699,179	834,840
	=====	=====

The notes set out on pages 9 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
	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 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													
<i>Contributions by and distributions to owners</i>													
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)
<i>Changes in ownership interests</i>													
On acquisitions and disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	103,489	103,489
On acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	-	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

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												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	Non-controlling interests	Total
Balance at 1 January 2016	4,049,541	46	25,502	890,756	1,174,719	67,000	(191,097)	485,945	8,000	4,201,404	10,711,816	487,567	11,199,383
Profit for the period	-	-	-	-	-	-	-	-	-	515,910	515,910	(13,034)	502,876
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(37,841)	-	-	-	(37,841)	(4,597)	(42,438)
Total other comprehensive income for the period	-	-	-	-	-	-	(37,841)	-	-	-	(37,841)	(4,597)	(42,438)
Total comprehensive income for the period	-	-	-	-	-	-	(37,841)	-	-	515,910	478,069	(17,631)	460,438
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Dividend paid	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	-	(485,945)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(450)	(450)
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(485,945)	-	-	(485,945)	(450)	(486,395)
Changes in ownership interests													
On acquisition by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(9,496)	(9,496)
On acquisitions of non-controlling interests (note 20)	-	-	-	-	-	-	-	-	-	(397)	(397)	(4,962)	(5,359)
On acquisition of a subsidiary (note 21)	-	-	-	-	-	-	-	-	-	-	-	147,877	147,877
Introduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,070	1,070
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(397)	(397)	134,489	134,092
Total transactions with owners	-	-	-	-	-	-	-	(485,945)	-	(397)	(486,342)	134,039	(352,303)
Other movements													
Directors' fee paid	-	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)
Others (refer note 24)	-	-	-	-	-	(45,000)	-	-	-	45,000	-	-	-
Total other movements	-	-	-	-	-	(45,000)	-	-	(8,000)	45,000	(8,000)	-	(8,000)
Balance at 30 June 2016	4,049,541	46	25,502	890,756	1,174,719	22,000	(228,938)	-	-	4,761,917	10,695,543	603,975	11,299,518

The notes set out on pages 9 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 2016 (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 2016 (“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 financial investments.

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 2015.

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 2015.

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 2015. 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 2015.

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 2015.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*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 2015.

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 2016</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	391,103	1,052,480	257,065	1,700,648
Financial assets at fair value through other comprehensive income	716	-	296,217	296,933
	----- 391,819 =====	----- 1,052,480 =====	----- 553,282 =====	----- 1,997,581 =====
 <i>31 December 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	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 =====

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*unaudited*)

5. Financial instruments (*continued*)

Reconciliation of Level 3 fair value measurements of financial assets

	2016 AED'000	2015 AED'000
As at 1 January	633,155	542,553
Additions upon business combination	-	75,276
Purchased during the period	10,245	58,172
Redeemed/sold during the period	(47,680)	(36,242)
Loss included in OCI		
- Net change in fair value (unrealized)	(42,438)	(11,009)
Gain included in gain on fair valuation of investments		
- Net change in fair value (unrealized)	-	4,079
Transfer out of Level 3 on acquisition	-	(2,320)
	-----	-----
As at 30 June	<u>553,282</u>	<u>630,509</u>

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

Valuation techniques

The fair values of Level 3 financial instruments have been determined on the same basis and assumptions as for the year ended 31 December 2015.

6. Direct operating costs

	Three month period ended 30 June		Six month period ended 30 June	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
<i>These include:</i>				
Materials consumed	211,872	197,336	385,207	411,375
Cost of properties sold	-	5,294	1,184	14,625
Staff costs	37,790	42,477	80,395	82,801
Factory overheads (excluding depreciation)	38,565	35,943	77,024	74,072
Depreciation	21,334	18,430	39,927	37,495
Share of Government of Dubai in the realized profits of a subsidiary (refer note 10)	29,852	25,276	56,151	48,120
Reversal of provision for write down of inventories to net realizable value (refer note 12)	-	-	-	(178,000)
	=====	=====	=====	=====

7. Administrative and general expenses

	Three month period ended 30 June		Six month period ended 30 June	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
<i>These include:</i>				
Staff costs	51,951	49,095	102,547	97,085
Selling and marketing expenses	12,610	13,681	21,089	21,042
Depreciation	9,630	7,308	16,584	14,286
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*unaudited*)

8. Other income

It includes gain on fair valuation of existing interest prior to acquisition of a subsidiary of AED 7.3 million (refer note 21) (*six months period ended 30 June 2015: bargain purchase gain of AED 27.6 million*) and insurance claim of AED 8 million.

9. Property, plant and equipment and biological assets

During the six month period ended 30 June 2016, the Group's additions to assets amounted to AED 30.36 million (*six month period ended 30 June 2015: AED 29 million*). Furthermore, assets with net book value of AED 97.40 million have been disposed/reclassified as held for sale at 30 June 2016 (also refer note 23).

10. Investment properties

These mainly include infrastructure and ancillary facilities leased to third parties 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 2015, the Group has obtained fair values of all phases. The valuation was carried out by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using a discounted 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 commencing February 2009.

During the current period, the management based on a change of use of the properties from sale to leases to third parties, have reclassified inventories with a carrying value of AED 301.9 million to investment properties. Accordingly, the difference between the carrying value and fair value of properties amounting to AED 86.1 million has been recognized in the consolidated statement of profit and loss. Furthermore, the Group acquired properties amounting to AED 242.9 million during the current period.

Also refer note 21 and 23.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*unaudited*)

11. Investments

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Investments at fair value through other comprehensive income:			
- unquoted equity securities	296,933	387,400	437,965
	-----	-----	-----
(i)	296,933	387,400	437,965
	=====	=====	=====
Investments at fair value through profit or loss:			
- held for trading quoted equity securities	391,103	379,447	431,621
- unquoted equity securities, funds, bonds and sukuks	1,309,545	1,308,840	1,347,946
	-----	-----	-----
(ii)	1,700,648	1,688,287	1,779,567
	=====	=====	=====
 <i>Geographical distribution of investments</i>			
UAE	864,896	818,719	874,250
Other GCC countries	414,066	468,634	460,228
Other countries	718,619	788,334	883,054
	-----	-----	-----
(i)+(ii)	1,997,581	2,075,687	2,217,532
	=====	=====	=====

12. Inventories

Inventories at 30 June 2016 include properties under development for sale in the ordinary course of business amounting to AED 1,795 million (*31 December 2015: AED 1,458 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.

Also refer note 10 and 21.

During the period ended 30 June 2015, the management based on a review of the net realizable value of properties under development for sale 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.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*unaudited*)

13. Trade receivables

Trade receivables as at 30 June 2016 include an amount of AED 222 million (*31 December 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 the subsidiary’s favor. The customer filed an appeal with the Dubai Court of Appeal.

The Company and the customer has agreed an out-of-court settlement and established a joint venture entity namely Palisades Development Company LLC for the purposes of management and administration of a project to be 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 22.

14. Related party transactions

Significant related party transactions during the period were as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Land and other lease charges	1,000	4,211	4,700	8,422
Compensation to key management personnel:				
Short term benefits	4,316	2,995	8,016	7,185
Post-employment benefits	104	32	205	64
	====	====	====	====

15. Cash at bank and in hand

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Cash in hand	1,890	1,517	1,903
Cash at bank within UAE (current accounts)	371,103	396,269	822,023
Cash at bank outside UAE – GCC Countries (current accounts)	8,262	24,505	13,044
Cash at bank outside UAE – Other countries (current accounts)	30,687	60,722	16,106
Short term deposits (including deposits of AED 19.99 million (<i>31 December 2015: 20.11 million</i>) under lien with banks)	704,166	1,017,842	345,442
	----- 1,116,108 =====	----- 1,500,855 =====	----- 1,198,518 =====

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*unaudited*)

16. Basic earnings per share

	Three months period ended		Six months period ended	
	30 June		30 June	
	2016	2015	2016	2015
Net profit attributable to owners of the Company (AED'000)	218,362	223,438	515,910	505,621
Weighted average number of shares outstanding ('000s)	4,049,541	4,049,541	4,049,541	4,049,541
	=====	=====	=====	=====

17. Bank borrowings

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

18. Sukuk notes

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

19. Proposed dividend and directors' fee

- (i) At the Annual General Meeting held on 13 April 2016, the shareholders approved 12% cash dividend as proposed by the Board of Directors which was paid during the current period.
- (ii) At the Annual General Meeting held on 13 April 2016, the shareholders approved the proposed Directors' fees amounting to AED 8 million for the year ended 31 December 2015 which was paid during the current period.

20. Acquisition of non-controlling interests

During the current period, the Company acquired additional 2.40% 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 63.26%.

Dubai Investments PJSC and its subsidiaries

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

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

21. Acquisition of a subsidiary

With effect from 12 April 2016, the Group acquired additional 20% in its existing jointly controlled entity, Properties Investments 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 Investments LLC
% 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)

Fair value of net assets acquired	492,919
	=====
Purchase consideration – (A)	98,000
Add: carrying value of existing interest	239,769

Total consideration	337,769
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

Net cash outflow (A) – (B)	(65,205)
	=====

22. Contingent liabilities

Corporate guarantee issued to commercial banks for credit facilities granted to equity accounted investees' amounts 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 13, 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 for the purposes of management and administration of a project to be 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 13.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the six month period ended 30 June 2016 (*unaudited*)

23. Gain on disposal of subsidiaries and assets held for sale

During the current period, the Group reached an agreement with related authorities to relocate the operations of Marmum Dairy Farm LLC and its distribution arm United Sales Partners LLC ("the Subsidiaries") within an agreed timeframe and return the plot of land. Accordingly, the authorities agreed to a compensation comprising value of land, plant and equipment and loss of profits. The compensation amount has been settled by a land of equivalent value which has been recorded under investment properties. Furthermore, assets and liabilities of the Subsidiaries have been classified as held for sale and carried at the lower of the carrying amounts and fair value less cost to sell.

24. Revaluation reserve

With reference to note 23, the related revaluation reserve for land amounting to AED 45 million has been credited directly to retained earnings.

25. Capital commitments

As at 30 June 2016, the Group has contractual capital commitments amounting to AED 46 million (*31 December 2015: AED 31 million*) mainly relating to new projects/investments.

26. 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, bonds, funds, structured products and shares held for trading purposes.
- Property* : the development of real estate projects for rentals and sale of developed property units.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment revenue and profit as management believes that profit is the most relevant factor in evaluating the 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 2016 (unaudited)

26. Segment reporting *(continued)*

Information about reportable segments

AED'000

<i>Business Segments</i>	Manufacturing and contracting		Investments		Property		Total	
	Six months period ended		Six months period ended		Six months period ended		Six months period ended	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	686,965	712,671	(19,320)	55,571	431,216	396,625	1,098,861	1,164,867
Gain on fair valuation of investments properties	-	-	-	-	86,139	-	86,139	-
Gain/(loss) on disposal of subsidiaries	186,632	(4,833)	-	-	-	-	186,632	(4,833)
Total income	873,597	707,838	(19,320)	55,571	517,355	396,625	1,371,632	1,160,034
Direct operating costs	(590,571)	(595,118)	-	-	(124,098)	(112,080)	(714,669)	(707,198)
Administrative and general expenses	(115,257)	(110,831)	(43,453)	(43,613)	(26,507)	(13,872)	(185,217)	(168,316)
Reversal for write down of inventories to net realizable value	-	-	-	-	-	178,000	-	178,000
Finance expenses	(18,267)	(17,703)	(7,690)	(3,987)	(18,243)	(17,606)	(44,200)	(39,296)
Finance income and other income	16,927	11,951	34,112	27,151	24,291	39,083	75,330	78,185
Profit for the period	166,429	(3,863)	(36,351)	35,122	372,798	470,150	502,876	501,409
Profit attributable to:								
Owners of the Company	175,133	1,213	(33,574)	34,258	374,351	470,150	515,910	505,621
Non – controlling interests	(8,704)	(5,076)	(2,777)	864	(1,553)	-	(13,034)	(4,212)
Profit for the period	166,429	(3,863)	(36,351)	35,122	372,798	470,150	502,876	501,409
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Assets	3,103,599	3,000,778	3,016,379	3,409,948	9,580,313	8,843,404	15,700,291	15,254,130
Liabilities	1,336,522	1,311,570	1,008,977	1,059,422	2,055,274	1,683,755	4,400,773	4,054,747

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