

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial statements

30 September 2020

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial statements

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Review report on condensed consolidated interim financial statements to the board of directors and shareholders of Dubai Investments PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Investments PJSC (the 'Company') and its subsidiaries (together the 'Group') as at 30 September 2020 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter – valuation of investment properties

We draw attention to note 4 and note 10 to the condensed consolidated interim financial statements which describes the use of estimates and judgements by management in determining the fair valuation of investment properties. Our review conclusion is not modified with respect to this matter.

PricewaterhouseCoopers
2 November 2020



Mohamed ElBorno
Registered Auditor Number 946
Dubai, United Arab Emirates

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss

		Three month period ended 30 September		Nine month period ended 30 September	
	Note	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Sale of goods and services		423,207	398,591	1,022,603	1,084,573
Rental income		211,971	217,361	643,941	680,616
Contract revenue		51,537	52,319	140,945	146,918
Sale of properties		12,183	8,754	37,426	35,868
Gain/(loss) on fair valuation of investments		41,579	16,102	(24,259)	60,083
Gain/(loss) on sale of investments	20	14,949	(562)	16,180	3,171
Gain on fair valuation of investment properties	10	-	-	59,737	52,251
Gain on sale of investment properties		15,946	-	15,946	14,142
Dividend income		5,005	9,865	14,376	24,260
Share of loss from equity accounted investees		(8,039)	(11,131)	(21,403)	(43,967)
Gain on fair valuation of existing interest prior to acquisition of controlling stake	19	-	-	-	11,506
Bargain purchase gain	19	-	-	-	52,324
Total income		768,338	691,299	1,905,492	2,121,745
Cost of sales	6	(457,261)	(445,481)	(1,095,712)	(1,236,262)
Administrative and general expenses	7	(100,573)	(101,093)	(315,974)	(299,140)
Finance expenses		(92,158)	(65,355)	(237,832)	(220,653)
Net impairment losses on financial and contract assets		(1,981)	(290)	(10,493)	(983)
Finance income		9,268	14,001	25,701	33,853
Other income	8	79,253	5,783	120,457	34,576
Profit for the period		204,886	98,864	391,639	433,136
Profit attributable to:					
Owners of the Company		213,067	105,491	418,069	458,734
Non-controlling interests		(8,181)	(6,627)	(26,430)	(25,598)
Profit for the period		204,886	98,864	391,639	433,136
Earnings per share					
Basic and diluted earnings per share (AED)	15	0.05	0.03	0.10	0.11

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

	Three month period ended 30 September		Nine month period ended 30 September	
	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Profit for the period	204,886	98,864	391,639	433,136
Other comprehensive income ('OCI'):				
Items that will not be reclassified to profit or loss				
Net change in fair value of investments at fair value through OCI	(37,902)	(7)	(41,751)	(69)
Total other comprehensive profit/(loss) for the period	(37,902)	(7)	(41,751)	(69)
Total comprehensive income for the period	166,984	98,857	349,888	433,067
Attributable to:				
Owners of the Company	178,641	105,484	381,331	458,665
Non-controlling interests	(11,657)	(6,627)	(31,443)	(25,598)
Total comprehensive income for the period	166,984	98,857	349,888	433,067

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

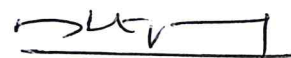
		30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 September 2019 AED'000 (Reviewed)
	Note			
Non-current assets				
Property, plant and equipment	9	3,746,581	3,752,083	3,628,469
Right-of-use-assets	9	482,393	269,651	283,654
Goodwill and intangible assets		506,406	520,430	525,797
Investment properties	10	8,808,165	8,705,078	8,483,310
Investments at fair value through other comprehensive income	11	78,902	120,653	121,760
Other financial assets at fair value through profit or loss		57,284	59,848	-
Investments in equity accounted investees		110,094	129,436	140,813
Rent receivable		61,395	46,195	51,254
Finance lease receivable		817	858	1,310
Inventories	12	273,424	269,784	267,411
Trade receivables		77,797	29,644	52,537
Other receivables		47,102	31,542	31,092
Total non-current assets		14,250,360	13,935,202	13,587,407
Current assets				
Inventories	12	2,738,252	2,670,642	2,628,720
Investments at fair value through profit or loss	11	1,360,100	1,440,242	1,406,851
Trade receivables		1,577,391	1,404,792	1,399,969
Other receivables		665,054	657,089	739,740
Short-term deposits with banks	14	139,559	90,924	56,848
Cash and cash equivalents	14	771,525	758,314	816,100
Total current assets		7,251,881	7,022,003	7,048,228
Total assets		21,502,241	20,957,205	20,635,635
Equity				
Share capital		4,252,018	4,252,018	4,252,018
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		1,176,846	1,176,846	1,078,710
General reserve		1,435,654	1,435,654	1,345,510
Revaluation reserve		-	-	22,000
Fair value reserve		(180,908)	(144,170)	(144,216)
Proposed dividend	17	-	425,202	-
Proposed directors' fee	17	-	10,500	-
Retained earnings		5,215,480	4,794,534	5,198,011
Equity attributable to owners of the Company		11,924,638	11,976,132	11,777,581
Non-controlling interests		203,164	229,973	328,321
Total equity		12,127,802	12,206,105	12,105,902
Liabilities				
Non-current liabilities				
Bank borrowings	16	5,071,904	4,643,401	4,680,745
Lease liabilities		454,513	232,679	241,714
Other payables		213,670	200,637	191,215
Total non-current liabilities		5,740,087	5,076,717	5,113,674
Current liabilities				
Bank borrowings	16	1,679,021	1,582,214	1,557,928
Lease liabilities		44,689	39,934	38,623
Trade and other payables		1,910,642	2,052,235	1,819,508
Total current liabilities		3,634,352	3,674,383	3,416,059
Total liabilities		9,374,439	8,751,100	8,529,733
Total equity and liabilities		21,502,241	20,957,205	20,635,635

To the best of our knowledge, the condensed consolidated interim financial statements are prepared in all material respects, in accordance with IAS 34.

These condensed consolidated interim financial statements were approved by the Board of Directors on 2 November 2020 and were signed on its behalf by:



Khalid Jassim Kalban
Vice – Chairman and Chief Executive Officer



Mushtaq Masood
Group Chief Financial Officer

The notes set out on pages 8 to 19 form part of these condensed consolidated interim financial statements

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of cash flows

		Nine month period ended 30 September	
		2020	2019
		AED'000	AED'000
Note		(Reviewed)	(Reviewed)
Cash flows from operating activities			
	Profit for the period	391,639	433,136
	<i>Adjustments for:</i>		
	Depreciation	170,654	163,213
	Amortization of intangible assets	15,354	12,960
	Loss/(gain) on disposal of property, plant and equipment	49	(381)
	Gain on fair valuation of investment properties	(59,737)	(52,251)
	Gain on sale of investment properties	(15,946)	(14,142)
	Gain on sale of investments – (net)	(16,180)	(3,171)
	Share of loss from equity accounted investees	21,403	43,967
	Loss/(gain) on fair valuation of investments	24,259	(60,083)
19	Gain on fair valuation of existing interest prior to acquisition of a controlling stake	-	(11,506)
19	Bargain purchase gain	-	(52,324)
	Finance income	(25,701)	(33,853)
	Finance expense/profit on sukuk notes	237,832	220,653
	Operating profit before changes in working capital	743,626	646,218
	<i>Changes in:</i>		
	- investment at fair value through profit or loss	57,757	106,521
	- trade and other receivables	(164,514)	(242,305)
	- inventories	(71,250)	(232,470)
	- trade and other payables	(126,751)	23,551
17	- directors' fee paid	(10,500)	(10,500)
	Net cash generated from operating activities	428,368	291,015
	Consideration paid for acquisition of controlling interest - net of cash acquired	-	(115,467)
	Consideration paid for acquisition of non-controlling interest	(5,145)	(3,503)
	Net cash received on disposal of subsidiary	1,002	-
	Additions to investment properties	(135,281)	(176,493)
	Proceeds from disposal of investment properties	39,731	-
	Acquisition of property, plant and equipment	(127,487)	(280,084)
	Proceeds from disposal of property, plant and equipment	1,056	799
	Net additions to intangible assets	(1,330)	(249)
	Finance income received	25,701	33,853
	Net movement in equity accounted investees	(2,061)	(32,669)
	Net cash used in investing activities	(203,814)	(573,813)
	Cash flows from financing activities		
	Proceeds from bank borrowings	1,384,229	3,245,994
	Repayment of bank borrowings	(712,645)	(1,326,369)
	Repayment of sukuk notes	-	(1,101,600)
	Principal elements of lease payments	(24,984)	(36,417)
	Net movement in non-controlling interests	-	360
17	Dividend paid	(425,202)	(425,202)
	Net movement in short term deposits	(48,635)	77,575
	Finance expense	(237,832)	(220,653)
	Net cash (used in)/generated from financing activities	(65,069)	213,688
	Net increase/(decrease) in cash and cash equivalents	159,485	(69,110)
14	Cash and cash equivalents at 1 January	245,291	343,016
	Cash and cash equivalents at 30 September	404,776	273,906
	<i>Cash and cash equivalents comprise following:</i>		
14	Cash in hand, current and call accounts with banks	637,010	565,483
14	Short term deposits with banks (excluding those under lien)	134,515	250,617
	Bank overdrafts, trust receipt loans and bills discounted	(366,749)	(542,194)
		404,776	273,906

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity

	-----Equity attributable to owners of the Company-----											Non-	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	controlling interest	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2019 – as originally reported	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(153,281)	425,202	10,500	4,909,632	11,915,839	369,466	12,285,305
Impact of change in accounting policy related to capitalisation of borrowing cost	-	-	-	-	-	-	-	-	-	(154,432)	(154,432)	(12,406)	(166,838)
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	(3,678)	(3,678)	-	(3,678)
Adjusted balance at 1 January 2019	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(153,281)	425,202	10,500	4,751,522	11,757,729	357,060	12,114,789
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	458,734	458,734	(25,598)	433,136
Profit for the period	-	-	-	-	-	-	-	-	-	458,734	458,734	(25,598)	433,136
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	9,134	-	-	(9,134)	-	-	-
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(69)	-	-	-	(69)	-	(69)
Total other comprehensive income for the period	-	-	-	-	-	-	9,065	-	-	(9,134)	(69)	-	(69)
Total comprehensive income for the period	-	-	-	-	-	-	9,065	-	-	449,600	458,665	(25,598)	433,067
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Contributions by and distributions to owners</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,840)	(1,840)
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	(1,840)	(427,042)
Changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	-
On acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(3,111)	(3,111)	(392)	(3,503)
Reduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(909)	(909)
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(3,111)	(3,111)	(1,301)	(4,412)
Total transactions with owners	-	-	-	-	-	-	-	(425,202)	-	(3,111)	(428,313)	(3,141)	(431,454)
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors' fee paid	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 September 2019	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(144,216)	-	-	5,198,011	11,777,581	328,321	12,105,902

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity

	Share capital AED'000	Share premium AED'000	Capital reserve AED'000	Legal reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Proposed dividend AED'000	Proposed Directors fee AED'000	Retained earnings AED'000	Sub total AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 1 January 2020	4,252,018	46	25,502	1,176,846	1,435,654	(144,170)	425,202	10,500	4,794,534	11,976,132	229,973	12,206,105
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	418,069	418,069	(26,430)	391,639
Other comprehensive income												
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	(36,738)	-	-	-	(36,738)	(5,013)	(41,751)
Total other comprehensive income for the period	-	-	-	-	-	(36,738)	-	-	-	(36,738)	(5,013)	(41,751)
Total comprehensive income for the period	-	-	-	-	-	(36,738)	-	-	418,069	381,331	(31,443)	349,888
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Dividend paid	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Total contributions by and distribution to owners	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Changes in ownership interests												
Acquisition of non- controlling interest (refer note 19 (i))	-	-	-	-	-	-	-	-	2,877	2,877	(8,022)	(5,145)
Dilution of stake in subsidiary (refer note 20)	-	-	-	-	-	-	-	-	-	-	12,656	12,656
Total transactions with owners	-	-	-	-	-	-	(425,202)	-	2,877	(422,325)	4,634	(417,691)
Other movements												
Directors' fee paid	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 September 2020	4,252,018	46	25,502	1,176,846	1,435,654	(180,908)	-	-	5,215,480	11,924,638	203,164	12,127,802

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020

1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16 July 1995. These condensed consolidated interim financial statements as at and for the nine month period ended 30 September 2020 (“the current period”) comprise the financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and joint arrangements.

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

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

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* issued by International Accounting Standard Board (“IASB”). The condensed consolidated interim financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019. In addition, results for the period from 1 January 2020 to 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

3. Significant accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its recent annual audited consolidated financial statements as at and for the year ended 31 December 2019 except as mentioned below:

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

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Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

3. Significant accounting policies (continued)

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

These amendments and interpretations do not have significant impact on the condensed consolidated interim financial statements.

4. Use of estimates and judgments

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

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2019 except for the re-assessment of significant judgements, estimates and assumptions in relation to fair value of investment properties mainly arising as a result of the COVID - 19.

The existence of COVID-19 was confirmed in early 2020 and was subsequently declared a pandemic by the World Health Organisation. This necessitated global travel restrictions and lockdown measures in most countries of the world including the United Arab Emirates, between April and May 2020. Due to the unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started to gradually ease the lock down restrictions.

The nature and reliability of information available to management to support the making of a fair value accounting estimate vary widely, and thereby affect the degree of estimation uncertainty associated with that fair value (refer note 10 (iii)).

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Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

4. Use of estimates and judgments (continued)

The Group has determined that significant changes are not required as of 30 September 2020 in the key judgements and estimates that were applied as of 31 December 2019, mainly as a result of the long term nature of some of the leasing contracts, offers received and sale agreements in respect of certain investment properties. However, due to estimation uncertainty especially given the impact of COVID-19 and lack of data in the market, the Group has disclosed the key assumptions which are subject to estimate uncertainty (refer note 10 (v)) and the impact of the variation in key assumptions on the fair valuation of investment properties (refer note 10 (vi)).

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 2019.

– 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.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

5. Financial instruments (continued)

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 categorised:

<i>30 September 2020</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	178,748	792,801	388,551	1,360,100
Financial assets at fair value through other comprehensive income	574	-	78,328	78,902
	179,322	792,801	466,879	1,439,002
<i>31 December 2019</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	183,092	853,567	403,583	1,440,242
Financial assets at fair value through other comprehensive income	619	-	120,034	120,653
	183,711	853,567	523,617	1,560,895

– Reconciliation of Level 3 fair value measurements of financial assets

	2020 AED'000	2019 AED'000
As at 1 January	523,617	512,684
Purchased during the period	36,052	2,204
Redeemed/sold during the period	(40,326)	(18,411)
Loss included in OCI		
- Net change in fair value (unrealized)	(41,751)	-
Loss recorded in profit and loss		
- Net change in fair value (unrealized)	(10,713)	14,430
As at 30 September	466,879	510,907

There were no transfers between Level 1, Level 2 and Level 3 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 2019.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

6. Cost of sales

	Three month period ended 30 September		Nine month period ended 30 September	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Materials consumed	289,606	251,593	621,796	684,974
Depreciation and amortisation	56,184	49,442	152,198	143,852
Staff costs	33,546	37,282	101,722	107,213
Share of Government of Dubai in the realised profits of a subsidiary	26,688	25,970	82,266	80,852
Cost of properties sold	11,361	6,333	34,858	31,008
Infrastructure and development works cost sharing with Road and Transport Authority ("RTA")	7,270	7,270	21,810	21,810

7. Administrative and general expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Staff costs	59,783	61,566	181,323	186,954
Selling and marketing expenses	7,916	10,328	28,400	32,754
Depreciation and amortisation	10,096	8,657	33,810	32,321

8. Other income

Other income mainly includes compensation agreed and forfeiture of advance rent upon cancellation of leases, income from leased operations, management fees, advertisement and miscellaneous income.

9. Property, plant and equipment and right-of-use assets

During the nine month period ended 30 September 2020, the Group's additions to property, plant and equipment amounted to AED 127.5 million (year ended 31 December 2019: AED 444.3 million).

Additions to right-of-use assets includes an amount of AED 215.1 million, which has arisen because of an amendment in the agreement for the lease of a sewage water treatment plant in Dubai Investments Park. The Group has accordingly remeasured the lease liability at the effective date of the modification of the agreement and made a corresponding adjustment to the right-of-use assets.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

10. Investment properties

Included in investment properties are mainly the following:

	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 September 2019 AED'000 (Reviewed)
Infrastructure and ancillary facilities	5,087,079	4,977,608	5,131,599
Plots of land for future development	1,586,302	1,693,522	944,649
Residential, retail and commercial facilities	1,505,432	1,388,918	1,751,132
Labor camps and warehouses	629,352	645,030	655,930
	8,808,165	8,705,078	8,483,310

- i) The valuation basis and assumptions used for valuation of investments properties remains largely consistent with the methodology adopted as at 31 December 2019.
- ii) During the period, the Group has obtained fair valuation of infrastructure and ancillary facilities leased to third parties built on the land (number 598-0100 and 597-0100 located in Jebel Ali Industrial Area). The valuation was carried out by an independent registered third party valuer ("the Valuer") in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS") using an income approach. The fair valuation gain of AED 100 million (nine month period ended 30 September 2019: fair valuation gain of AED 65 million) has arisen due to additional leasable area allocated by relevant authorities in the current period and changes in the contractual and expected net cash flows based on the terms of lease contracts with tenants.
- iii) For the remaining investment properties, the Group has reassessed the fair values using assumptions derived by management and recorded a fair valuation loss of AED 40 million during the nine month period ended 30 September 2020 due to changes in the market conditions as a result of the impact of COVID – 19.
- iv) During the nine month period ended 30 September 2020, additions to investment properties amounted to AED 135.3 million (year ended 31 December 2019: AED 316 million). Furthermore, during the nine month period ended 30 September 2020, disposals of investment properties amounted to AED 91.9 million (year ended 31 December 2019: AED 38 million).
- v) Key assumption and the significant unobservable inputs used in the fair value measurement are as follows:

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

10. Investment properties (continued)

Type of property	Key assumptions
Infrastructure and ancillary facilities	Future market rental cash inflows, outgoing expenses and discount rates.
Plots of land for future development	Market sales rates
Residential, retail and commercial facilities	Future market rental cash inflows, capitalisation yield rates, market sales rates and discount rates.
Labor camps and warehouses	Future market rental cash inflows, capitalization yield rates and outgoing expenses.

- vi) The Group also conducted a sensitivity analysis on the following significant unobservable inputs included in the above fair valuations, keeping all other variables constant:

Future market rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 482 million higher/AED 487 million lower respectively, with all other variables remaining constant.
Capitalisation yield rates	based on the actual location, size and quality of the properties and taking into account market data at the valuation date. If capitalisation yield rates were 1% higher/lower, the valuation would have been AED 135 million lower or AED 162 million higher respectively, with all other variables remaining constant.
Market sales rates	based on the estimated selling price of comparable properties and taking into account the market data at the date of valuation. If the market sales rate were 10% higher/lower the valuation would have been AED 165 million higher/lower.
Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows. If discount rates were 1% higher/lower, the valuation would have been AED 671 million lower or AED 642 million higher respectively, with all other variables remaining constant.
Outgoing expenses	including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 198 million lower or AED 171 million higher respectively, with all other variables remaining constant.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

11. Financial investments

	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 September 2019 AED'000 (Reviewed)
Investments at fair value through other comprehensive income:			
- Equity securities (i)	78,902	120,653	121,760
Investments at fair value through profit or loss:			
- Held for trading quoted equity securities	204,654	205,467	209,429
- Unquoted equity securities, funds, bonds and sukuk	1,155,446	1,234,775	1,197,422
(ii)	1,360,100	1,440,242	1,406,851
<i>Geographical distribution of investments</i>			
UAE	622,672	741,514	765,779
Other GCC countries	313,330	370,688	372,066
Other countries	503,000	448,693	390,766
(i)+(ii)	1,439,002	1,560,895	1,528,611

12. Inventories

Inventories at 30 September 2020 include properties held for development and sale in the ordinary course of business amounting to AED 2,734 million (31 December 2019: AED 2,677 million) and represent costs of land and expenditure incurred towards the development of properties for subsequent sale. The Group intends to develop/has developed these properties for sale and has classified these properties as long term or short term based on completion/future development plans.

Net realisable value ("NRV") estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. The Group has considered whether there are any indicators, such as comparable market transactions giving rise to lower sales values, to show that the estimated NRV for properties held for development and sale are less than the carrying values. Based on their assessment, management have considered the market sales rates to continue to be largely consistent as per the external valuations performed as at 31 December 2019, which was determined based on the sales comparison approach and indicative pricing studies.

13. Related party transactions

Significant related party transactions during the period were as follows:

	Three month period ended 30 September 2020		Nine month period ended 30 September 2020	
	AED'000	AED'000	AED'000	AED'000
Compensation to key management personnel:				
Short term benefits	6,966	7,044	20,898	21,132
Post-employment benefits	122	115	364	346

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

14. Short-term deposits with banks and cash and cash equivalents

	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 September 2019 AED'000 (Reviewed)
Short term deposits with banks:			
Short term deposits with banks having maturity of more than 3 months	27,136	1,045	-
Short term deposits within UAE under lien with banks	112,423	89,879	56,848
	139,559	90,924	56,848
Cash and cash equivalents:			
Cash in hand	4,796	1,252	2,364
Cash at bank within UAE (current accounts)	605,172	489,995	500,040
Cash at bank outside UAE – GCC Countries (current accounts)	4,587	4,660	2,069
Cash at bank outside UAE – Other countries (current accounts)	22,455	49,766	61,010
Short term deposits within UAE having maturity of less than 3 months	134,515	212,641	250,617
	771,525	758,314	816,100

15. Basic and diluted earnings per share

	Three month period ended 30 September 2020		Nine month period ended 30 September 2020	
	2020	2019	2020	2019
Profit attributable to Owners of the Company (AED'000)	213,067	105,491	418,069	458,734
Weighted average number of shares outstanding ('000s)	4,252,018	4,252,018	4,252,018	4,252,018
Basic and diluted earnings per share (AED)	0.05	0.03	0.10	0.11

16. Bank borrowings

The terms of the bank borrowings vary from three to ten years. These are secured by a combination of the Company's corporate guarantee, mortgages over certain investment properties, inventories, trade receivables, property, plant and equipment, assignment of receivables and insurance policies over assets of the Group and lien on bank deposits. The interest rate of majority of the bank borrowings range between 0.45% to 3.5% over relevant EIBOR/LIBOR p.a. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

During the prior period, a subsidiary of the Company, namely Dubai Investment Park Development Company LLC ("DIPDC"), obtained bilateral term loan facilities of USD 500 million from local financial institutions. Terms of these borrowings vary from three to five years. The term loan proceeds were partially used to repay the USD 300 million Sukuk notes which matured in February 2019.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the nine month period ended 30 September 2020 (continued)

17. Proposed dividend and directors' fee

- (i) At the Annual General Meeting held on 3 June 2020, the shareholders approved 10% cash dividend proposed by the Board of Directors. The dividend amounting to AED 425 million was paid during the current period.
- (ii) At the Annual General Meeting held on 3 June 2020, the shareholders approved the proposed Directors' fee amounting to AED 10.5 million for the year ended 31 December 2019, which was paid during the current period.

18. Commitments

	30 September 2020 AED'000	31 December 2019 AED'000
Capital commitments – contracted and committed	919,638	1,169,658

Commitments mainly include the following:

- Value of construction contracts awarded to contractors for real estate projects under development.
- DIPDC has signed an agreement with RTA to share in the cost of infrastructure and development works of the adjoining areas. Total outstanding commitment as at 30 September 2020 amounts to AED 262 million (31 December 2019: AED 276.5 million) which will be invoiced and paid until 2029.

19. Acquisition of additional equity shares

- (i) During the current year, the Company acquired an additional 49% equity interest in its existing subsidiary Emirates Extruded Polystyrene LLC. Post-acquisition of additional interest, the Company's shareholding in Emirates Extruded Polystyrene has increased to 100%.
- (ii) On 7 March 2019, the Group acquired the additional 66% interest in its existing associate entity, Globalpharma Co. LLC ("Globalpharma"). The gain on fair valuation of the existing interest prior to the acquisition of the controlling stake of AED 11.5 million and the bargain purchase gain of AED 52.3 million was recognized during the nine-month period ended 30 September 2019.
- (iii) During the previous year, the Group acquired additional 24.30% equity interest in its existing subsidiary Lumi Glass Industries LLC. Upon acquisition, Lumi Glass Industries LLC has become 100% subsidiary of the Group.

20. Disposal of controlling interest in a subsidiary

During the current period, the Group disposed of part of its interest in existing subsidiary, Emirates Insolaire LLC resulting in a loss of control. Post disposal, Emirates Insolaire LLC has been classified as an associate of the Group. The disposal resulted in a net gain of AED 14.3 million which is included under gain on sale of investments.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2020 (continued)

21. Subsequent events

Subsequent to 30 September 2020, the Group acquired additional 22.22% equity interest in its existing subsidiary, Masharie LLC. Upon acquisition of additional interest, the Group interest in Masharie LLC has increased to 97.85%.

22. Segment reporting

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

<i>Property</i>	development of real estate for sale and leasing
<i>Manufacturing, contracting and services</i>	manufacture and sale of materials used in construction projects, executing construction contracts, production of raw and architectural glass, cooling services, production, aluminum extruded products, laboratory furniture, healthcare and education
<i>Investments</i>	strategic minority investments in associates, investment banking, asset management and financial investments

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

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the nine month period ended 30 September 2020 (continued)

22. Segment reporting (continued)

Information about reportable segments

<i>Business Segments</i>	Property		Manufacturing, contracting and services		Investments		Total	
	Nine month period		Nine month period		Nine month period		Nine month period	
	30 September		ended 30 September		ended 30 September		ended 30 September	
	2020	2019	2020	2019	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Sales of goods and services (at a point of time)	16,938	28,169	996,840	1,045,964	8,825	10,440	1,022,603	1,084,573
Rental income	643,941	680,616	-	-	-	-	643,941	680,616
Contract revenue (over time)	-	-	140,945	146,918	-	-	140,945	146,918
Sale of properties (over time)	37,426	35,868	-	-	-	-	37,426	35,868
(Loss)/gain on fair valuation of investment	-	-	-	-	(24,259)	60,083	(24,259)	60,083
Gain on sale of investments	-	-	-	-	16,180	3,171	16,180	3,171
Gain on fair valuation of investment properties	59,737	52,251	-	-	-	-	59,737	52,251
Gain on sale of investment properties	15,946	14,142	-	-	-	-	15,946	14,142
Gain on fair valuation of existing interest prior to acquisition of a controlling stake	-	-	-	-	-	11,506	-	11,506
Bargain purchase gain	-	-	-	-	-	52,324	-	52,324
Others	-	-	-	-	(7,027)	(19,707)	(7,027)	(19,707)
Total income	773,988	811,046	1,137,785	1,192,882	(6,281)	117,817	1,905,492	2,121,745
Cost of sales	(184,016)	(276,426)	(911,696)	(959,836)	-	-	(1,095,712)	(1,236,262)
Administrative and general expenses	(60,611)	(54,973)	(182,369)	(173,415)	(72,994)	(70,752)	(315,974)	(299,140)
Finance expenses	(111,980)	(104,013)	(117,617)	(80,079)	(18,728)	(37,544)	(248,325)	(221,636)
Finance income and other income	88,505	12,325	35,251	26,959	22,402	29,145	146,158	68,429
Profit/(loss) for the period	505,886	387,959	(38,646)	6,511	(75,601)	38,666	391,639	433,136
Profit/(loss) attributable to:								
Owners of the Company	510,531	392,868	(21,944)	26,967	(70,518)	38,899	418,069	458,734
Non – controlling interests	(4,645)	(4,909)	(16,702)	(20,456)	(5,083)	(233)	(26,430)	(25,598)
Profit/(loss) for the period	505,886	387,959	(38,646)	6,511	(75,601)	38,666	391,639	433,136
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Assets	13,862,822	13,219,867	5,534,518	5,305,681	2,104,901	2,431,657	21,502,241	20,957,205
Liabilities	4,982,130	4,668,489	3,074,754	2,900,013	1,317,555	1,182,598	9,374,439	8,751,100

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