

**Dubai Investments PJSC  
and its subsidiaries**

Consolidated financial statements  
*31 December 2015*

# Dubai Investments PJSC and its subsidiaries

## Consolidated financial statements

*31 December 2015*

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## Directors' Report

The Board of Directors ("the Board") of Dubai Investments PJSC ("the Company") is pleased to present their report along with the audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2015.

### Principal Activities

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

### Financial Performance

The Group has reported net profit attributable to the shareholders of the Company of AED 1,109.8 million for the year ended 31 December 2015 as compared to AED 1,342.7 million in the previous year.

The net profit has increased by AED 239.1 million over the previous year if the one-off gain of AED 472 million in 2014 on disposal of controlling interest in a wholly owned subsidiary Globalpharma LLC (including fair value gain on retained interest) is excluded.

Economic conditions have been challenging since the last quarter of 2015, primarily due to decline in oil prices. The Group, however, managed to increase profitability due to the diversified and resilient nature of its businesses.

Total assets of the Group stands at AED 15.3 billion as of 31 December 2015 (2014: AED 14.5 billion).

### Proposed Dividend

In line with its commitment to provide enhanced returns to shareholders, the Directors propose to distribute cash dividend of 12% to the shareholders of the Company.

### Proposed Appropriations

The Directors propose the following appropriations from the Company's retained earnings:

	AED'000
- Transfer to legal reserve	115,026
- Transfer to general reserve	113,158
- Proposed cash dividend	485,945
- Directors' fees	8,000
	<u>812,129</u>

## Directors' Report *(continued)*

### Outlook 2016

The beginning of year 2016 has been challenging and there was a significant drop in regional and international financial markets. However, conditions are improving gradually and the Group believes that there would be a progressive pick-up in market during the year.

The Group is committed to diversify into the healthcare and education sectors and enhance its geographical footprint to benefit from significant growth in these areas. The Group will continue to target new opportunities, with a focus on increasing its asset base, strengthening bottom line and improving operational efficiency.

The fundamentals of the UAE economy are strong, and diversification is increasing the country's resilience to macroeconomic risks. Infrastructure development will be a key factor this year as it is expected that EXPO 2020 related projects will be mobilized towards the end of this year.

### Directors

The Board of Directors comprises:

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

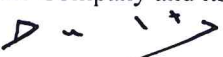
### Auditors

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2015. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

### Acknowledgements

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

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

  
On behalf of the Board  
**Hussain Mahyoob Sultan**  
Vice Chairman  
Dated: 15 March 2016



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## **Independent auditors' report**

The shareholders

Dubai Investments PJSC

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Dubai Investments PJSC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
- v) as disclosed in notes 14, 15 and 39 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2015;
- vi) note 37 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2015.



*KPMG Lower Gulf Limited*  
Muhammad Tariq  
Registration No: 793  
Dubai, United Arab Emirates  
Date: 15 March 2016

# Dubai Investments PJSC and its subsidiaries

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

	<i>Note</i>	<b>2015</b> <b>AED'000</b>	2014 AED'000
Sale of goods and services		<b>925,583</b>	1,074,068
Rental income		<b>740,325</b>	612,416
Contract revenue		<b>416,570</b>	468,431
Sale of properties		<b>23,031</b>	101,484
Gain on fair valuation of investment properties	<i>12</i>	<b>559,262</b>	345,786
(Loss)/gain on fair valuation of investments	<i>14</i>	<b>(81,985)</b>	10,471
Gain on sale of investment properties		-	74,043
Gain on sale of investments - (net)		<b>12,630</b>	14,430
Share of profit from equity accounted investees'	<i>15</i>	<b>59,832</b>	36,773
Dividend income		<b>21,250</b>	17,272
(Loss)/gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	<i>39</i>	<b>(4,833)</b>	471,929
<b>Total income</b>		<b>2,671,665</b>	3,227,103
Direct operating costs	<i>6</i>	<b>(1,201,152)</b>	(1,469,676)
Administrative and general expenses	<i>7</i>	<b>(400,737)</b>	(402,085)
Finance expenses	<i>8</i>	<b>(104,763)</b>	(119,648)
Finance income	<i>8</i>	<b>69,569</b>	73,900
Other income	<i>9</i>	<b>70,600</b>	51,618
<b>Profit for the year</b>		<b>1,105,182</b>	1,361,212
<b>Profit attributable to:</b>			
Owners of the Company		<b>1,109,836</b>	1,342,680
Non-controlling interests		<b>(4,654)</b>	18,532
<b>Profit for the year</b>		<b>1,105,182</b>	1,361,212
<b>Earnings per share</b>			
Basic earnings per share (AED)	<i>33</i>	<b>0.27</b>	0.33

The notes set out on pages 11 to 58 form part of these consolidated financial statements.

The independent auditor's report is set out on pages 3 and 4.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of comprehensive income for the year ended 31 December

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
<b>Profit for the year</b>	<b>1,105,182</b>	1,361,212
<b>Other comprehensive income:</b>		
<i>Items that will never be reclassified to profit or loss</i>		
Net change in fair value of investments at fair value through other comprehensive income (OCI) (refer note 14 (c))	<b>(51,098)</b>	(23,535)
	-----	-----
<b>Total other comprehensive income for the year</b>	<b>(51,098)</b>	(23,535)
	-----	-----
<b>Total comprehensive income for the year</b>	<b>1,054,084</b>	1,337,677
	=====	=====
<b>Attributable to:</b>		
Owners of the Company	<b>1,066,716</b>	1,319,145
Non-controlling interests	<b>(12,632)</b>	18,532
	-----	-----
<b>Total comprehensive income for the year</b>	<b>1,054,084</b>	1,337,677
	=====	=====

The notes set out on pages 11 to 58 form part of these consolidated financial statements.

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# Dubai Investments PJSC and its subsidiaries


## Consolidated statement of financial position

	Note	31 December 2015 AED 000	31 December 2014 AED 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment and biological assets	10	1,367,073	1,518,929
Goodwill and intangible assets	11	102,313	109,429
Investment properties	12	4,990,408	4,098,639
Development properties	13	-	-
Investments at fair value through other comprehensive income	14	387,400	380,764
Investment in equity accounted investees'	15	874,709	935,110
Rent receivable	16	48,878	57,649
Finance lease receivable	17	129,019	145,087
Inventories	18	1,457,540	1,234,463
Trade receivables	19	218,901	198,581
Other receivables	20	84,909	98,107
<b>Total non-current assets</b>		<b>9,661,150</b>	<b>8,776,758</b>
<b>Current assets</b>			
Inventories	18	749,141	744,363
Investments at fair value through profit or loss	14	1,688,287	1,725,125
Trade receivables	19	1,169,542	1,227,718
Due from related parties and other receivables	20	485,155	902,424
Cash at bank and in hand	21	1,500,855	1,148,296
<b>Total current assets</b>		<b>5,592,980</b>	<b>5,747,926</b>
<b>Total assets</b>		<b>15,254,130</b>	<b>14,524,684</b>
<b>Equity</b>			
Share capital	26	4,049,541	3,820,322
Share premium	26	46	46
Capital reserve	27	25,502	25,502
Legal reserve	28	890,756	775,730
General reserve	28	1,174,719	1,061,561
Revaluation reserve	29	67,000	67,000
Fair value reserve	30	(191,097)	(147,977)
Proposed dividend/bonus	31	485,945	687,658
Proposed directors' fees	32	8,000	8,000
Retained earnings		4,201,404	3,807,468
<b>Equity attributable to Owners of the Company</b>		<b>10,711,816</b>	<b>10,105,310</b>
<b>Non-controlling interests</b>	38	487,567	432,520
<b>Total equity</b>		<b>11,199,383</b>	<b>10,537,830</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	22	430,166	351,834
Sukuk notes	23	1,101,600	1,101,600
Other payables	25	54,680	128,142
<b>Total non-current liabilities</b>		<b>1,586,446</b>	<b>1,581,576</b>
<b>Current liabilities</b>			
Bank borrowings	24	1,222,858	1,255,999
Trade and other payables	25	1,245,443	1,149,279
<b>Total current liabilities</b>		<b>2,468,301</b>	<b>2,405,278</b>
<b>Total liabilities</b>		<b>4,054,747</b>	<b>3,986,854</b>
<b>Total equity and liabilities</b>		<b>15,254,130</b>	<b>14,524,684</b>

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 15 March 2016.

The notes set out on pages 11 to 58 form part of these consolidated financial statements.

  
Hussain Mahyoob Sultan  
Vice Chairman

  
Ali Fardan Al Fardan  
Director

  
Khalid Jassim Bin Kalban  
MD & CEO

The independent auditor's report is set out on pages 3 and 4.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of cash flows

for the year ended 31 December

	2015 AED'000	2014 AED'000
<b>Cash flows from operating activities</b>		
Profit for the year	1,105,182	1,361,212
<i>Adjustments for:</i>		
Depreciation	107,123	108,518
Impairment loss on property, plant and equipment	11,721	6,380
Amortization of intangible assets	1,471	2,487
Gain on disposal of property, plant and equipment	(5,461)	(1,430)
Gain on sale of investments - (net)	(12,630)	(14,430)
Gain on fair valuation of investment properties	(559,262)	(345,786)
Gain on sale of investment properties	-	(74,043)
Share of profit from equity accounted investees'	(59,832)	(36,773)
Loss/ (gain) on fair valuation of investments	81,985	(10,471)
Loss/ (gain) on disposal of controlling interest in a subsidiary and fair value gain on retained investment	4,833	(471,929)
Reversal for write down of inventories to net realizable value (refer note 6)	(178,000)	(23,760)
Bargain purchase gain (refer note 39b)	(27,613)	-
	-----	-----
<b>Operating profit before changes in working capital</b>	469,517	499,975
Changes in:		
- investments at fair value through profit or loss and at fair value through OCI	76,490	(319,858)
- trade and other receivables	545,986	34,589
- inventories	(44,978)	15,801
- trade and other payables	(160,278)	125,188
Proceeds from sale of investment properties (net of finance lease receivables)	-	263,843
Net movement in equity accounted investees'	35,000	10,668
Proceeds from disposal of controlling interests in subsidiaries (refer note 39c)	32,757	352,146
Directors' fee paid	(8,000)	(6,000)
	-----	-----
<b>Net cash from operating activities</b>	946,494	976,352
	-----	-----
<b>Cash flows from investing activities</b>		
Cash acquired upon acquisition of controlling interests- net of consideration paid (refer note 39b)	53,599	-
Consideration paid for acquisition of non – controlling interest (refer note 39d)	(40,000)	-
Net movement in investment and development properties	(19,530)	(22,527)
Acquisition of property, plant and equipment	(70,788)	(42,699)
Proceeds from disposal of property, plant and equipment	50,632	11,195
Net additions to intangible assets	-	(2,673)
	-----	-----
<b>Net cash used in investing activities</b>	(26,087)	(56,704)
	-----	-----
<b>Cash flows from financing activities</b>		
Net movement in bank borrowings and payables	(120,038)	(1,090,248)
Proceeds from Sukuk notes (refer note 23)	-	1,101,600
Net movement in non-controlling interests	(9,418)	(1,426)
Dividend paid	(458,439)	(249,928)
Net movement in deposits under lien	10,281	33,284
	-----	-----
<b>Net cash used in financing activities</b>	(577,614)	(206,718)
	-----	-----
<b>Net increase in cash and cash equivalents</b>	342,793	712,930
Cash and cash equivalents at 1 January	835,698	122,768
	-----	-----
Cash and cash equivalents at 31 December	1,178,491	835,698
	-----	-----
<b>Cash and cash equivalents comprise following:</b>		
Cash in hand, current and call account with banks – refer note 21	483,013	316,266
Short term deposits with banks (excluding those under lien) – refer note 21	997,733	801,640
Bank overdraft, trust receipt loans and bills discounted – refer note 24	(302,255)	(282,208)
	-----	-----
	1,178,491	835,698
	=====	=====

The notes set out on pages 11 to 58 form part of these consolidated financial statements.

The independent auditor's report is set out on page 3 and 4.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of changes in equity

for the year ended 31 December

	-----Equity attributable to Owners of the Company-----											Non-controlling interests	AED '000 Total
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend/bonus	Proposed directors' fees	Retained earnings	Sub total		
<b>Balance at 1 January 2014</b>	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
<b>Total comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	1,342,680	1,342,680	18,532	1,361,212
<b>Other comprehensive income</b>													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(23,535)	-	-	-	(23,535)	-	(23,535)
Total other comprehensive income for the year	-	-	-	-	-	-	(23,535)	-	-	-	(23,535)	-	(23,535)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(23,535)	-	-	1,342,680	1,319,145	18,532	1,337,677
<b>Transactions with owners, recorded directly in equity</b>													
<i>Contributions by and distributions to owners</i>													
Dividend paid	-	-	-	-	-	-	-	(249,928)	-	-	(249,928)	-	(249,928)
Bonus shares issued	249,927	-	-	-	-	-	-	(178,519)	-	(71,408)	-	-	-
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,426)	(1,426)
Proposed dividend/bonus	-	-	-	-	-	-	-	687,658	-	(687,658)	-	-	-
Transfer to reserves	-	-	-	155,286	145,680	-	-	-	-	(300,966)	-	-	-
<b>Total contributions by and distribution to owners</b>	249,927	-	-	155,286	145,680	-	-	259,211	-	(1,060,032)	(249,928)	(1,426)	(251,354)
<b>Changes in ownership interests in subsidiaries</b>													
On disposal of controlling interest in a subsidiary	-	-	-	(2,036)	-	-	-	-	-	2,036	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	(2,036)	-	-	-	-	-	2,036	-	-	-
<b>Total transactions with owners</b>	249,927	-	-	153,250	145,680	-	-	259,211	-	(1,057,996)	(249,928)	(1,426)	(251,354)
<b>Other movements</b>													
Directors' fees paid	-	-	-	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Proposed directors' fee	-	-	-	-	-	-	-	-	8,000	(8,000)	-	-	-
<b>Total other movements</b>	-	-	-	-	-	-	-	-	2,000	(8,000)	(6,000)	-	(6,000)
<b>Balance at 31 December 2014</b>	3,820,322	46	25,502	775,730	1,061,561	67,000	(147,977)	687,658	8,000	3,807,468	10,105,310	432,520	10,537,830

Dubai Investments PJSC and its subsidiaries  
Consolidated statement of changes in equity (*continued*)  
for the year ended 31 December

	-----Equity attributable to Owners of the Company-----											Non- controlling interests	AED '000  Total
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Reval- uation reserve	Fair value reserve	Proposed dividend/ bonus	Proposed directors' fees	Retained earnings	Sub total		
<b>Balance at 1 January 2015</b>	<b>3,820,322</b>	<b>46</b>	<b>25,502</b>	<b>775,730</b>	<b>1,061,561</b>	<b>67,000</b>	<b>(147,977)</b>	<b>687,658</b>	<b>8,000</b>	<b>3,807,468</b>	<b>10,105,310</b>	<b>432,520</b>	<b>10,537,830</b>
<b>Total comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	1,109,836	1,109,836	(4,654)	1,105,182
<b>Other comprehensive income</b>													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(43,120)	-	-	-	(43,120)	(7,978)	(51,098)
Total other comprehensive income for the year	-	-	-	-	-	-	(43,120)	-	-	-	(43,120)	(7,978)	(51,098)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,120)</b>	<b>-</b>	<b>-</b>	<b>1,109,836</b>	<b>1,066,716</b>	<b>(12,632)</b>	<b>1,054,084</b>
<b>Transactions with owners, recorded directly in equity</b>													
<i>Contributions by and distributions to owners</i>													
Dividend paid	-	-	-	-	-	-	-	(458,439)	-	-	(458,439)	-	(458,439)
Bonus shares issued (refer note 26)	229,219	-	-	-	-	-	-	(229,219)	-	-	-	-	-
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,418)	(9,418)
Proposed dividend/bonus	-	-	-	-	-	-	-	485,945	-	(485,945)	-	-	-
Transfer to reserves	-	-	-	115,026	113,158	-	-	-	-	(228,184)	-	-	-
Total contributions by and distributions to owners	229,219	-	-	115,026	113,158	-	-	(201,713)	-	(714,129)	(458,439)	(9,418)	(467,857)
<i>Changes in ownership interests in subsidiaries</i>													
On acquisitions and disposals of subsidiaries (refer note 39b and 39c)	-	-	-	-	-	-	-	-	-	-	-	103,489	103,489
On acquisitions of non-controlling interests (refer note 39d)	-	-	-	-	-	-	-	-	-	6,229	6,229	(26,392)	(20,163)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	6,229	6,229	77,097	83,326
<b>Total transactions with owners</b>	<b>229,219</b>	<b>-</b>	<b>-</b>	<b>115,026</b>	<b>113,158</b>	<b>-</b>	<b>-</b>	<b>(201,713)</b>	<b>-</b>	<b>(707,900)</b>	<b>(452,210)</b>	<b>67,679</b>	<b>(384,531)</b>
<b>Other movements</b>													
Directors' fees paid	-	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)
Proposed directors' fee	-	-	-	-	-	-	-	-	8,000	(8,000)	-	-	-
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>-</b>	<b>(8,000)</b>
<b>Balance at 31 December 2015</b>	<b>4,049,541</b>	<b>46</b>	<b>25,502</b>	<b>890,756</b>	<b>1,174,719</b>	<b>67,000</b>	<b>(191,097)</b>	<b>485,945</b>	<b>8,000</b>	<b>4,201,404</b>	<b>10,711,816</b>	<b>487,567</b>	<b>11,199,383</b>

The notes set out on pages 11 to 58 form part of these consolidated financial statements.

# Dubai Investments PJSC and its subsidiaries

## Notes

*(forming part of the consolidated financial statements)*

### 1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16th July 1995. The consolidated financial statements for the year ended 31 December 2015 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 ventures.

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

At 31 December 2015 the Company had approximately 18,198 shareholders *(2014: 18,965)*.

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

### 2. Basis of preparation

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and the requirements of UAE Federal Law No. (2) of 2015.

UAE Federal Law No. (2) of 2015 being the Commercial Companies Law (“UAE Companies Law of 2015”) was issued on 1 April 2015 and has come into force on 1 July 2015. Companies are allowed to ensure compliance with the new UAE Companies Law of 2015 by 30 June 2016 as per the transitional provisions contained therein.

#### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following which are measured at fair value:

- land;
- biological assets;
- investment properties;
- investments at fair value through other comprehensive income;
- investments at fair value through profit or loss; and
- derivative financial instruments

#### Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirate Dirham (“AED”), which is the Company’s functional currency. All financial information presented in AED has been rounded to the nearest thousand, unless otherwise indicated.

#### Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements or that have a significant risk of resulting in a material adjustment within the next financial year are discussed in note 40.

# Dubai Investments PJSC and its subsidiaries

Notes (*continued*)

## 2. Basis of preparation (*continued*)

### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values is included in the following notes:

- Note 12 – Investment properties;
- Note 14 – Financial investments; and
- Note 39 – Business combinations

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities. Adjustments have been made, wherever necessary, to align accounting policies of the subsidiaries with the Group.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

### **Basis of consolidation**

#### *Business combinations*

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any gain on bargain purchase is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any goodwill that arises is tested annually for impairment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as an equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Non-controlling interests*

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in non-controlling interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost. Subsequently, the retained interest is accounted for as an associate or as a joint venture or as a financial asset depending on the level of influence retained.

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

## 3. Significant accounting policies *(continued)*

### **Basis of consolidation** *(continued)*

#### *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby, the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases, after adjustments to align the accounting policies of the Group.

#### *Transactions eliminated on consolidation*

Material intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### **Revenue**

#### *Goods and properties sold*

Revenue from sale of goods and properties in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of the revenue can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Properties leased for several decades, wherein, the present value of the residual value at the inception of the lease is estimated to be negligible are accounted for as finance leases (i.e treated as sold) at the lease inception date, even if at the end of the lease term title will not pass to lessees.

#### *Contract revenue*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed and in some cases by comparing the cost incurred to date with the total estimated costs of completion. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.



# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

### Revenue (continued)

#### *Services rendered*

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date.

#### *Rental income*

Rental income from properties on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

#### *Dividend income*

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

### Government grant

Government grant is initially recognized at fair value when there is a reasonable assurance that:

- (a) the Group will comply with the conditions associated to them; and
- (b) the grants will be received.

Government grant that compensates the Group for expenses incurred are recognized in profit or loss on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. An unconditional government grant in the form of non depreciable, non-monetary assets is recognized in profit or loss when the grant becomes receivable.

### Finance income and expense

Finance income comprises interest income, unwinding of the discount on financial assets measured at amortized cost and reversal of impairment loss on trade receivable. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Finance expenses comprise interest expenses on borrowings, profit on sukuk notes, net foreign exchange loss, losses on derivative financial instruments, impairment loss on trade receivables and other financial assets and bank charges. Interest is payable on current facilities from banks and overdrafts and term loans obtained from banks at commercial rates.

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized as expense in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed. Capitalization of borrowing costs is suspended during extended period in which the active development of a qualifying asset has ceased.

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

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

### Property, plant and equipment and biological assets

#### *Recognition and measurement*

Except for land which is carried at a revalued amount and biological assets which are carried at fair value, the Group's property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in the revaluation reserve directly in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the comprehensive income relating to the specific property, with any remaining loss recognized immediately in profit or loss.

#### *Subsequent costs*

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of day-to-day servicing of property, plant and equipment is expensed as incurred.

#### *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	<b>Life (years)</b>
Buildings	15-33
Plant and equipment	3-22
Office equipment and furniture	3-10
Motor vehicles	3-7

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

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

#### *Biological assets*

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

#### **Leased assets**

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

#### **Intangible assets**

##### **Goodwill**

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see above policy on business combinations. Goodwill attributable to investment in associates and joint ventures is shown as part of the carrying value of investment in equity accounted investees'.

##### *Subsequent measurement*

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

##### **Other intangible assets**

Other intangible assets including technical know-how, product distribution rights, patents and trademarks that have finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. These are amortized as per management's estimate of their useful life, which is between 5 to 10 years.

##### *Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### **Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Where the Group provides ancillary services to the co-occupants of a property, it treats such a property as investment property if the services are a relatively insignificant component in the arrangement as a whole.

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

## 3. Significant accounting policies *(continued)*

### **Investment properties** *(continued)*

An investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein are recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

The fair value adjustments on investment properties are included in profit or loss as investment returns in the period in which these gains or losses arise. In determining the carrying amount of investment properties, the Group does not double count assets or liabilities that have already been recognized as separate assets or liabilities.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

### **Inventories**

Inventories comprise finished goods, raw materials, work-in-progress, spares and properties under development/ held for sale.

#### *Finished goods, raw materials, work-in-progress and spares*

Inventories are measured at lower of cost and net realizable value. The cost of raw materials and spares are based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Finished goods are stated at cost of raw material and also include an appropriate proportion of overheads based on normal operating capacity. Work-in-progress is stated at cost of raw materials and directly attributable overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

#### *Properties under development/held for sale*

Properties under development/held for sale are classified as inventories and stated at the lower of cost and net realizable value. Cost includes the aggregate cost of development, borrowing costs capitalized and other direct expenses. Net realizable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions and the anticipated costs to completion.

The amount of any write down of properties under development/held for sale is recognized as an expense in the period the write down or loss occurs. Any reversal of write down arising from an increase in net realizable value is recognized in profit or loss in the period in which the increase occurs.

### **Construction work-in-progress**

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at contract cost incurred plus profits recognized to date less progress billings and less recognized losses. Construction work-in-progress is presented as part of other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as part of other payables in the statement of financial position.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

### Financial instruments

#### *Non-derivative financial assets*

The Group initially recognizes financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either amortized cost or fair value.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction when substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Group is recognized as a separate asset or liability.

#### *Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets measured at amortized cost comprise trade receivables, due from related parties, other receivables, cash and cash equivalents, rent receivables and finance lease receivables.

#### *Financial assets measured at fair value*

Financial assets other than those classified as financial assets measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income on an instrument by instrument basis. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss and no impairments are recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances and fixed deposits (with maturity of less than three months). Bank overdrafts, trust receipts and bills discounted that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### *Non-derivative financial liabilities*

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

Non-derivative financial liabilities comprise loans and borrowings, sukuk notes and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

## 3. Significant accounting policies *(continued)*

### Financial instruments *(continued)*

#### *Derivative financial instruments*

The Group uses derivative financial instruments to economically hedge its foreign currency and interest rate exposures. At the reporting date, derivatives are marked to market and changes therein are recognized in profit or loss as the Group does not apply hedge accounting.

#### **Foreign currency**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

##### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the average exchange rates for current year. Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in joint venture or an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### **Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expenses.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

### Impairment

#### *Non-derivative financial assets*

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlated with defaults, adverse changes in the payment status of borrower or issuer, the disappearance of an active market for a security, or observable data indicating that there is a measurable decrease in expected cash flows for a group of financial assets.

#### *Financial assets measured at amortized cost*

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found individually not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the related amount are written off. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Equity-accounted investees'*

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

#### *Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of the Group's non-financial assets (other than biological assets, investment properties, development properties and inventories) to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite useful lives or that are not available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's. Goodwill arising from business combination is allocated to CGU or group of CGU's that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

### Impairment (continued)

#### Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses, other than in respect of goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### Staff terminal benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with Federal Labour Law No.7 of 1999 for pension and social security, employers are required to contribute 12.5% of the 'contribution calculated on salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculated on salary' to the scheme. The Group's contribution is recognized as an expense in profit or loss as incurred. The employees and employers' contribution, to the extent remaining unpaid at the reporting date, has been shown under other liabilities.

### Leases

#### As lessee – operating lease

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

#### As lessee – finance lease

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.



# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 3. Significant accounting policies (continued)

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

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

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

### Earnings per share

The Group presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Weighted average number of shares outstanding is retrospectively adjusted to include the effect of any increase in the number of shares without a corresponding change in resources.

### Segment reporting

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 4. Standards issued but not yet effective

A number of new International Financial Reporting Standards (IFRS) and amendments to standards have been issued, but are currently not effective. The standards which are expected to have a significant impact on the consolidated financial statements are the following:

### *IFRS 15 Revenue from Contracts with Customers*

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

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

### *IFRS 16 Leases*

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted provided IFRS 15 revenue from contracts with customers is also applied by the Group.

The Group is currently in the process of assessing the potential impact on its consolidated financial statements resulting from the application of these new standards.

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

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

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

1. Accounting for Acquisitions of Interest in Joint Operations (Amendments to IFRS 11).
2. Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
3. Equity Method in separate financial statements (Amendments to IAS 27)
4. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
5. Annual Improvements to IFRSs 2012- 2014 Cycle- various standards.
6. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
7. Disclosure Initiative (Amendments to IAS 1)

## 5. Financial risk management

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Group's risk management function which is responsible for developing and monitoring the Group's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, due from related parties and other receivables, finance lease receivables, rent receivables, investments in debt securities and cash at bank.

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

## 5. Financial risk management *(continued)*

### **Credit risk** *(continued)*

*Trade receivables, finance lease receivables, rent receivables due from related parties and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk. Subsidiaries operating in the property segment sell its properties subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Advances are received at the time of signing of lease terms and all construction, renovation or any kind of work to be carried out at the leased premises needs prior approval from the Group. Furthermore, lease cannot be transferred to another tenant without prior approval of the Group. The risk of default in installment is thereby mitigated as the customer (tenant) has incurred significant capital expenditure on the leased premises which can be taken over by the Group in the event of default.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and also taking into consideration the current economic factors.

*Investments in debt securities*

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have credible market reputation. The Group's management does not expect any counterparty to fail to meet its obligations.

*Cash at bank*

Cash is placed with local and international banks of good repute.

*Guarantees*

The Company's policy is to provide financial guarantees to its subsidiaries, joint ventures and associates in proportion to its holding. In the event, financial guarantee is issued in excess of the Company's proportionate holding; usually undertaking/indemnities are obtained from the other partners.

### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of cash and cash equivalents and other liquid investments at an amount in excess of expected cash outflows on financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

## 5. Financial risk management *(continued)*

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives in order to manage market risks however, the Group does not apply hedge accounting.

### Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United State Dollar ("USD") and Euro. The Group does not face any foreign currency risk on transactions denominated in USD as AED is pegged to USD.

The Group manages its exposure in foreign currency exchange rates by the use of derivative instruments. The Group economically hedges, as appropriate, its foreign currency exposure in respect of trade receivables and trade payables. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group policy is to ensure that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rate when necessary to address short term imbalances.

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the net finance cost of the Group.

Financial assets and liabilities that are subject to fair value risk are the ones with fixed interest rate. Financial assets and liabilities that are subject to cash flow rate risk are the ones with floating interest rate.

The Group hedged its exposure to certain floating rate long term loans by entering into structured interest rate swaps with banks. During the year, the interest rate swaps have been settled. There is no outstanding interest rate swap as at 31 December 2015 (2014: AED 50.6 million).

Sukuk notes amounting to USD 300 million issued by a Group's subsidiary in 2014 (maturing in February 2019) carries fixed interest rate of 4.291% p.a.

The long-term loans attract varying rates of interest, which are, in general, varied with reference to the base lending rates of the banks at regular intervals.

### Other market price risk

Price risk arises from marketable securities measured at fair value. Management of the Group monitors the mix of debt and equity securities in investments portfolio to maximize investment returns, which is the primary goal of the Group's investment strategy. In accordance with this strategy certain investments are designated as fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 5. Financial risk management (continued)

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as profit for the year attributable to equity holders of the Company divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages of security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries have various borrowing arrangements with banks, some of which require it to maintain net worth, leverage and debt equity ratios.

## 6. Direct operating costs

	2015 AED'000	2014 AED'000
<i>These include:</i>		
Materials consumed	824,365	920,174
Cost of properties sold	16,491	80,155
Factory overheads (excluding depreciation)	160,153	151,037
Staff costs	139,250	164,384
Depreciation and amortization	79,143	81,003
Share of Government of Dubai in the realized profits of a subsidiary (refer note 12)	95,458	93,933
Reversal for write down of inventories to net realizable value (refer note 18)	(178,000)	(23,760)
	=====	=====

## 7. Administrative and general expenses

	2015 AED'000	2014 AED'000
<i>These include:</i>		
Staff costs	208,063	195,239
Selling and marketing expenses	44,284	55,022
Depreciation, impairment and amortization	41,172	36,382
	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 8. Finance income and expenses

	2015 AED'000	2014 AED'000
Interest income	57,662	30,642
Unwinding of discount on financial assets measured at amortized cost	2,638	12,230
Reversal of impairment loss on trade receivables	8,592	31,028
Foreign exchange gain – net	677	-
	-----	-----
Finance income	<u>69,569</u>	<u>73,900</u>
Interest expense/profit on sukuk notes	(74,368)	(91,878)
Foreign exchange loss - net	-	(558)
Change in fair value of derivative financial instruments	(520)	(465)
Impairment loss on trade receivables	(17,781)	(18,184)
Impairment loss on other financial assets	(3,585)	-
Bank charges	(8,509)	(8,563)
	-----	-----
Finance expenses	<u>(104,763)</u>	<u>(119,648)</u>

## 9. Other income

	2015 AED'000	2014 AED'000
<i>These include:</i>		
Bargain purchase gain (refer note 39 b))	27,613	-
Gain on transfer of leasehold rights	13,995	7,550
Income from leased operations	6,178	7,974
Gain on disposal of property, plant and equipment	5,461	1,430
Sale of scrap	3,348	5,043
Penalty charges for late/default in payments from customers	3,183	7,774
	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

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

	Land and buildings AED'000	Biological assets AED'000	Plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
<b>Cost/valuation</b>							
At 1 January 2014	926,487	24,829	1,422,981	64,990	41,457	74,210	2,554,954
Additions	2,389	7,051	17,591	3,663	3,249	8,756	42,699
Disposals/transfers and write-offs	(944)	(5,846)	(28,480)	(7,413)	(4,033)	(1,494)	(48,210)
On disposal of a subsidiary (refer note 39c)	(20,211)	-	(45,099)	(1,261)	(120)	(16,166)	(82,857)
<b>At 31 December 2014</b>	<b>907,721</b>	<b>26,034</b>	<b>1,366,993</b>	<b>59,979</b>	<b>40,553</b>	<b>65,306</b>	<b>2,466,586</b>
At 1 January 2015	907,721	26,034	1,366,993	59,979	40,553	65,306	2,466,586
Additions	1,101	7,316	26,163	5,404	2,886	27,918	70,788
Disposals/transfers and write-offs	(5,918)	(8,545)	(58,092)	-	(3,785)	(18,830)	(95,170)
On acquisition of subsidiaries (refer note 39(b))	15,318	-	-	8,905	73	-	24,296
On disposal of subsidiaries (refer note 39(c))	(19,707)	-	(21,759)	(3,510)	(2,988)	(4,014)	(51,978)
Transfer to investment properties (refer note 12)	(39,416)	-	-	-	-	(10,591)	(50,007)
<b>At 31 December 2015</b>	<b>859,099</b>	<b>24,805</b>	<b>1,313,305</b>	<b>70,778</b>	<b>36,739</b>	<b>59,789</b>	<b>2,364,515</b>
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2014	212,284	-	607,348	61,697	33,386	484	915,199
Charge for the year	30,468	-	69,795	5,377	2,878	-	108,518
Impairment loss	-	-	6,380	-	-	-	6,380
On disposals and write-offs	(944)	-	(26,898)	(7,313)	(3,290)	-	(38,445)
On disposal of subsidiary	(13,099)	-	(29,488)	(805)	(119)	(484)	(43,995)
<b>At 31 December 2014</b>	<b>228,709</b>	<b>-</b>	<b>627,137</b>	<b>58,956</b>	<b>32,855</b>	<b>-</b>	<b>947,657</b>
At 1 January 2015	228,709	-	627,137	58,956	32,855	-	947,657
Charge for the year	33,119	-	66,839	4,924	2,241	-	107,123
Impairment loss	-	-	1,013	-	-	10,708	11,721
On disposals and write-offs	(4,334)	-	(42,004)	-	(3,661)	-	(49,999)
On acquisition of subsidiaries (refer note 39(b))	9,224	-	-	6,888	38	-	16,150
On disposal of subsidiaries (refer note 39(c))	(4,675)	-	(12,068)	(3,279)	(2,019)	-	(22,041)
Transfer to investment properties (refer note 12)	(13,169)	-	-	-	-	-	(13,169)
<b>At 31 December 2015</b>	<b>248,874</b>	<b>-</b>	<b>640,917</b>	<b>67,489</b>	<b>29,454</b>	<b>10,708</b>	<b>997,442</b>
<b>Net book value</b>							
At 31 December 2014	679,012	26,034	739,856	1,023	7,698	65,306	1,518,929
<b>At 31 December 2015</b>	<b>610,225</b>	<b>24,805</b>	<b>672,388</b>	<b>3,289</b>	<b>7,285</b>	<b>49,081</b>	<b>1,367,073</b>

# Dubai Investments PJSC and its subsidiaries

Notes *(continued)*

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

- (i) The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at nominal value by the Group. These plots of land were earlier revalued by a professional firm of independent property valuers. As the market value of these plots of land was higher than the carrying value as at those dates, a revaluation surplus arose which had been credited to non-distributable revaluation reserve (refer note 29).
- (ii) Capital work in progress mainly represents cost incurred by a subsidiary for expanding its manufacturing facilities. During the year, management of the subsidiary decided to temporarily put the expansion of manufacturing facility on hold. Based on review of the carrying values, an impairment loss of AED 10.7 million has been recorded in the current year.
- (iii) Buildings, plant and machinery with a net book value of AED 887 million (*2014: AED 858 million*) are mortgaged as security against term loans obtained from banks. In certain instances, the insurance over buildings and plant and machinery is also assigned in favor of the banks against facilities availed.
- (iv) During the current year, the Group, due to change of use, reclassified a building, including capital work in progress relating to the building, with a carrying value of AED 36.8 million to investment properties (refer note 12).



# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 11. Goodwill and intangible assets

	<i>AED'000</i>			
	<b>Goodwill</b>	<b>Technical know-how, product distribution rights, patent and trade mark</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Cost</b>				
As at 1 January 2014	127,234	53,905	17,941	199,080
Additions	-	2,188	485	2,673
On disposal of a subsidiary (refer note 39(c))	-	(46,152)	-	(46,152)
	-----	-----	-----	-----
As at 31 December 2014	127,234	9,941	18,426	155,601
	-----	-----	-----	-----
As at 1 January 2015	127,234	9,941	18,426	155,601
On acquisition of subsidiaries (refer note 39(b))	3,658	-	-	3,658
On disposal of subsidiaries (refer note 39(c))	(6,807)	(2,496)	-	(9,303)
	-----	-----	-----	-----
<b>As at 31 December 2015</b>	<b>124,085</b>	<b>7,445</b>	<b>18,426</b>	<b>149,956</b>
	-----	-----	-----	-----
<b>Accumulated amortization and impairment losses</b>				
At 1 January 2014	(28,802)	(30,206)	(9,970)	(68,978)
Amortization	-	(2,093)	(394)	(2,487)
On disposal of a subsidiary (refer note 39(c))	-	25,293	-	25,293
	-----	-----	-----	-----
As at 31 December 2014	(28,802)	(7,006)	(10,364)	(46,172)
	-----	-----	-----	-----
At 1 January 2015	(28,802)	(7,006)	(10,364)	(46,172)
Amortization	-	(359)	(1,112)	(1,471)
	-----	-----	-----	-----
<b>As at 31 December 2015</b>	<b>(28,802)</b>	<b>(7,365)</b>	<b>(11,476)</b>	<b>(47,643)</b>
	-----	-----	-----	-----
<b>Carrying amount</b>				
31 December 2014	98,432	2,935	8,062	109,429
	=====	=====	=====	=====
<b>31 December 2015</b>	<b>95,283</b>	<b>80</b>	<b>6,950</b>	<b>102,313</b>
	=====	=====	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 12. Investment properties

	2015 AED'000	2014 AED'000
At 1 January	4,098,639	4,293,038
Additions	5,100	-
Transferred from development properties (refer note 13)	14,430	22,527
On acquisition of subsidiaries (refer note 39b)	204,939	-
Sale of investment properties*	-	(562,712)
Transfer from property, plant and equipment (refer note 10)	36,838	-
Transfer from inventories (refer note (e) below)	71,200	-
Gain on fair valuation	559,262	345,786
	-----	-----
At 31 December	4,990,408	4,098,639
	=====	=====

- \* For the year 2014, sale of investment properties includes an amount of AED 397 million relating to the long-term lease of logistics facilities constructed in Dubai Investments Park by a subsidiary in 2014 and an amount of AED 143 million relating to the long term leases of land. These leases are accounted for as finance leases (i.e. treated as sold) as the present value of the residual interest at the end of the lease term is estimated to be negligible.

*Included in investment properties are mainly the following:*

- (a) 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 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. The valuation has resulted in a fair valuation gain of AED 369 million due to significant change in expected net cash flows as per the terms of lease contracts with tenants.

Since, valuation of all completed phases by independent registered valuer is based on future net cash flows, the amount of rent accrued on the straight line basis as per IAS 17 has been eliminated. Similarly, the unearned rent received in advance and recognized liabilities for 20% share of the Government of Dubai at the valuation date have been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the consolidated financial statements is as follows:

	2015 AED'000	2014 AED'000
Fair valuation of completed phases and ancillary facilities as per independent registered valuation reports	3,714,833	3,379,800
Less: adjustment for rent receivable for completed phases	(48,878)	(57,649)
Add: adjustment for unearned rent for completed phases**	135,592	97,312
Add: adjustment for recognized liabilities (included in other payable and accrued expenses (refer notes 6 and 25))	95,458	93,933
	-----	-----
	3,897,005	3,513,396
	=====	=====

\*\* Unearned rent represents receipt of lease rentals in advance from some of the tenants.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 12. Investment properties (continued)

Included in investment properties are mainly the following (continued):

- (a) Significant unobservable inputs in the fair value measurement mainly includes: market rental growth (in line with contracts entered with tenants), rent-free periods (1 year on new leases) and risk adjusted discount rate (average of 7.5%).

The estimated fair value would increase/decrease based on changes in the significant unobservable inputs.

- (b) a plot of land in Dubai, which was gifted to the Company by the Government of Dubai. The Company constructed an office cum residential building in 2001 on the gifted land and this has been fully let out. The fair valuation of this property at the reporting date has been determined by an external independent valuation company amounting to AED 86 million based on income multiple approach and discounted net cash flows resulting in a fair valuation gain of AED 12 million.

- (c) labor camps and warehouses leased to third parties under operating leases. The fair valuation of these labor camps and warehouses at the reporting date has been determined by an external, independent valuation company amounting to AED 629.7 million based on income multiple approach and discounted net cash flows resulting in a fair valuation gain of AED 94 million.

Significant unobservable inputs in the fair value measurements of (b) and (c) above mainly includes: market rental growth (in the range of 3% - 5%), occupancy rate (ranges from 75% - 95%), rent-free periods (6 months - 1 year on new leases) and risk adjusted discount rate (range of 6.5% - 10%).

- (d) A plot of land was received by a subsidiary as a 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 year, the Government of Fujairah advised the change of site for the granted land and allocated a new comparatively larger plot of land in the vicinity of the earlier plot. The fair valuation of the new plot of land has been 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 market valuation approach which amounted to AED 260 million and accordingly fair valuation gain of AED 85 million has been recorded in the current year.

- (e) During the current year, the Group, due to change of use, reclassified a property with a value of AED 71.2 million from inventories to investment properties.

### Fair value hierarchy

The fair value of investment properties is classified under level 3 fair value hierarchy.

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
Balance at 1 January	<b>4,098,639</b>	4,293,038
Additions	<b>5,100</b>	-
Transfers from property, plant and equipment, development properties and inventories	<b>122,468</b>	22,527
Sale of investment properties	-	(562,712)
On acquisition of subsidiaries	<b>204,939</b>	-
Changes in fair value (unrealized)	<b>559,262</b>	345,786
	-----	-----
Balance at 31 December	<b>4,990,408</b>	4,098,639
	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 13. Development properties

	2015 AED'000	2014 AED'000
Addition	14,430	22,527
Transferred to investment properties (refer note 12)	(14,430)	(22,527)
	-----	-----
At 31 December	-	-
	=====	=====

## 14. Financial investments

	2015 AED'000	2014 AED'000
(i) Investments at fair value through other comprehensive income - refer note 14 (a)		
- equity securities	387,400	380,764
	-----	-----
	387,400	380,764
	=====	=====
(ii) Investments at fair value through profit or loss refer note 14 (b)		
- held for trading quoted equity securities	379,447	419,067
- unquoted equity securities, funds, bonds and sukuku	1,308,840	1,306,058
	-----	-----
	1,688,287	1,725,125
	=====	=====
	2015 AED'000	2014 AED'000
<b>Geographical distribution of investments:</b>		
UAE	818,719	817,346
Other GCC countries	468,634	401,487
Other countries	788,334	887,056
	-----	-----
(i) + (ii)	2,075,687	2,105,889
	=====	=====

Investments in unquoted equity securities, funds and bonds with a fair value of AED 778 million (2014: AED 864 million) are pledged in favor of banks against borrowings availed (refer note 24).

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 14. Financial investments (continued)

### *Sensitivity analysis – equity price risk*

The Group's investments in quoted equity securities are listed on the Dubai Financial Market (DFM), Nasdaq Dubai, Abu Dhabi Securities Market (ADSM), Saudi Stock Exchange (Tadawul) and Khartoum Stock Exchange (Sudan). For such investments classified as at fair value through profit or loss, a 10 % increase/(decrease) in all of these stock exchanges at the reporting date would have increased profit/(decreased profit) by AED 43.74 million (2014: AED 15.84 million).

#### (a) *Investments at fair value through other comprehensive income*

The major investments under this category are:

*Thuraya Satellite Telecommunications Company (Thuraya) (unquoted equity security):*

The Company was a founder shareholder in this project and holds 5.39% of the equity of Thuraya.

*First Energy Bank (unquoted equity security):*

The Group holds 5% shareholding in First Energy Bank, which is a Sharia'a compliant bank based in the Kingdom of Bahrain focused on investment, financing and service needs of the energy sector.

*Islamic Bank of Asia (unquoted equity security):*

The Company holds 5% shareholding in Islamic Bank of Asia, Singapore. The bank started its commercial operations in May 2007.

*Takaful Re Limited (unquoted equity security):*

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

#### (b) *Investments at fair value through profit or loss*

The major investments in unquoted equity securities, funds, sukuks and bonds are:

*Bonds and managed funds:*

The Company invested USD 260.3 million in diversified fixed income bonds portfolio and USD 21.4 million in managed equity funds by utilizing related leverage facility of USD 202.7 million. These bonds have counterparty credit rating of investment grade and the portfolio has an average maturity of 2 years.

*Energy City Navi Mumbai Investment Company:*

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

*Tunisia Bay Investment Company:*

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

*Others:*

During the year, the Group acquired 15% stake in a company incorporated and registered in Kingdom of Saudi Arabia. The principal activities of the investee is specialized electromechanical contracting.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 14. Financial investments (continued)

### (c) Measurement of fair values

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

Level 1: Quoted market price (unadjusted) in an active market. The fair values are based on market price at the valuation date. The Group's investment in held for trading quoted equity securities are classified in this category.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less active; broker quotes; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. The Group's investment in structured funds, sukuk and bonds are classified in this category.

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

In certain cases, the valuation is also determined based on fund manager valuation reports and project progress reports. The Group's investment in unquoted equity securities and funds are classified in this category. Generally, a change in underlying comparative data used for estimating fair value is accompanied by change in the fair value.

The Group has reviewed the fair value of investments classified as fair value through profit or loss and accordingly, a loss of AED 81.99 million has been recorded in profit or loss during the current year (2014: gain of AED 10.47 million)

The Group has reviewed the fair value of investments in unquoted equity securities classified as fair value through other comprehensive income and accordingly, a loss of AED 51.10 million has been recorded in other comprehensive income during the current year (2014: AED 23.54 million).

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

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

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 14. Financial investments (continued)

(c) Measurement of fair values (continued)

31 December 2014	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 =====

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

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

	2015 AED'000	2014 AED'000
As at 1 January	542,553	560,138
Additions upon acquisition of a subsidiary (refer note 39b)	75,276	-
Purchased during the year	103,684	22,140
Redeemed/ sold during the year	(38,305)	(19,290)
Transfer out of Level 3 on acquisition of majority stake in a subsidiary (refer note 39b)	(2,320)	-
<b>Loss recorded in OCI</b>		
- Net change in fair value (unrealized)	(51,098)	(23,535)
<b>Gain recorded in profit or loss</b>		
- Net change in fair value (unrealized)	3,365	3,100
As at 31 December	----- 633,155 =====	----- 542,553 =====

### Sensitivity analysis

Since the valuation of Level 3 investments is based on various unobservable inputs, the potential impact on the valuation due to effects of changes in these inputs cannot be estimated with precision.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 15. Investment in equity accounted investees'

	2015 AED'000	2014 AED'000
Investment in joint ventures (refer (i) below)	619,532	726,115
Investment in associates (refer (ii) below and note 39 (c))	255,177	208,995
	-----	-----
Total investment in equity accounted investees'	874,709	935,110
	=====	=====

### (i) Joint ventures

The following are the investment in joint ventures held by the Group as at 31 December 2015:

#### **Emirates District Cooling LLC (Emicool)**

Emicool is a joint venture between the Company and Union Properties PJSC. The principal activity of this entity is to distribute and sell chilled water for use in district cooling systems. The Company owns 50% equity in this entity.

#### **Properties Investment LLC**

Properties Investment LLC is a joint venture between the Company and Union Properties PJSC. The principal activities of the entity are property investment, development, sale and related activities. The Company owns 50% equity in this entity.

#### **QDI Sport Management Company LLC (QDI)**

QDI is a joint venture between the Group and Al Qudra Sports Management LLC. The principal activities of the joint venture are to engage in sports clubs and facilities management and other sports related activities. The Group effectively owns 50% equity in this entity.

#### **Dubai International Driving Center LLC**

This is a limited liability company registered in the UAE, the principal activities of the entity are to impart, train and teach driving skills and to provide services of auto general repairing, vehicle maintenance and related services. The Group effectively owns 37% equity in this entity.

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

This is a limited liability company registered in the UAE, the principal activities of the entity is real estate development. The Group effectively owns 37% equity in this entity.

#### **Palisades Development Company LLC**

This is a limited liability company registered in the UAE formed during the current year. The principal activities of the entity is management and administration of a project to be undertaken on the plot of land located in Dubai Investments Park. Also refer note 19.



# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 15. Investment in equity accounted investees' (continued)

### (i) Joint ventures (continued)

The following table summarizes the financial information of joint ventures as included in their own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in joint ventures.

	2015 AED'000	2014 AED'000
Non-current assets	2,171,899	2,401,130
Current assets	357,468	400,656
Non-current liabilities	(949,786)	(914,076)
Current liabilities	(365,068)	(460,030)
	-----	-----
Net assets (100%)	1,214,513	1,427,680
	-----	-----
Group's share of net assets	607,257	713,840
Goodwill	12,275	12,275
	-----	-----
<b>Carrying amount of interest in joint ventures</b>	<b>619,532</b>	<b>726,115</b>
	=====	=====
Income	482,304	482,774
Expenses	(352,546)	(406,194)
	-----	-----
Profit for the year (100%)	129,758	76,580
	-----	-----
Group's share of profit	64,879	38,290
Group's share of other comprehensive income	-	-
	-----	-----
<b>Group's share of total comprehensive income</b>	<b>64,879</b>	<b>38,290</b>
	=====	=====
Dividends received by the Group	35,000	1,500
	=====	=====

During the year ended 31 December 2015, a joint venture entity of the Group recorded a fair valuation gain on its investment properties amounting to AED 39.7 million (2014: AED 1 million).

### (ii) Associates

The following are the investment in associates held by the Group as at 31 December 2015:

Associate	2015 %	2014 %
Globalpharma LLC	34	34
Emirates Rolling Mill ("Emiroll") LLC	30	-
KCH Healthcare LLC	26.75	-
Mojavi 4 Limited (*)	40	-
Mojavi 9 Limited (*)	55	-
Mojavi 10 Limited (*)	36	-
Mojavi 11 Limited (*)	55	-
Mojavi 12 Limited (*)	55	-
Mojavi 13 Limited (*)	55	-
Mojavi 15 Limited (*)	55	-
Mojavi 20 Limited (*)	25	-
Al Mal MENA Income Fund	19	-

\* Percentage ownership reflects the direct ownership through subsidiaries and is not the effective ownership of the Group.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 15. Investment in equity accounted investees' (continued)

### (ii) Associates (continued)

The following table summarizes the financial information of associates, adjusted for fair value adjustments at recognition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associates as at 31 December 2015.

	<b>2015</b>	<b>2014</b>
	<b>AED'000</b>	<b>AED'000</b>
Non-current assets	<b>211,993</b>	67,327
Current assets	<b>116,806</b>	58,823
Current liabilities	<b>(68,113)</b>	(28,365)
	-----	-----
Net assets (100%)	<b>260,686</b>	97,785
	-----	-----
Group's share of net assets	<b>79,429</b>	33,247
Fair value adjustment of retained interest upon initial recognition (refer note 39(c))	<b>175,748</b>	175,748
	-----	-----
<b>Carrying amount of interest in associates</b>	<b>255,177</b>	208,995
	=====	=====
Financial results for the reporting period:		
Income	<b>110,438</b>	45,381
Expenses	<b>(125,348)</b>	(49,842)
	-----	-----
Loss for the year (100%)	<b>(14,910)</b>	(4,461)
	-----	-----
Group's share of loss	<b>(5,047)</b>	(1,517)
Group's share of other comprehensive income	-	-
	-----	-----
<b>Group's share of total comprehensive income</b>	<b>(5,047)</b>	(1,517)
	=====	=====

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

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
<b>At 1 January</b>	<b>935,110</b>	701,068
Group's share of profit for the year	<b>59,832</b>	36,773
Dividends received	<b>(35,000)</b>	(1,500)
Return of share capital	-	(9,168)
Carrying value of retained interest on disposal of a subsidiary including fair valuation gain	-	207,937
On acquisition of controlling interest in an equity accounted investee (refer note 39b)	<b>(137,612)</b>	-
On acquisition of a subsidiary (refer note 39b)	<b>36,329</b>	-
Investment made during the year	<b>16,050</b>	-
	-----	-----
<b>At 31 December</b>	<b>874,709</b>	935,110
	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 16. Rent receivable

Rent receivable represents the differential between the amount billed to tenants and the amount recognized as rental income on a straight line basis over the term of the lease, including the option to renew the lease at the end of the initial lease term, as required by IAS 17 – Leases. The difference principally arises due to an initial rent free period allowed and the rent increase agreed after the expiry of the initial term of the lease. Rent received in advance from lessees is netted off in determining the net rent receivable as at the reporting date.

## 17. Finance lease receivable

The Group has the following interest in finance leases:

	2015 AED'000	2014 AED'000
Gross investment	159,169	543,846
Unearned finance income	(13,247)	(14,082)
	-----	-----
Net investment	145,922	529,764
Less: amount due in less than one year classified under other receivables (refer note 20)	(16,903)	(384,677)
	-----	-----
Non-current portion	129,019	145,087
	=====	=====

The finance leases receivable by the Group are as follows:

	Minimum lease payments			Minimum lease payments		
	2015 AED'000	Interest 2015 AED'000	Principal 2015 AED'000	2014 AED'000	Interest 2014 AED'000	Principal 2014 AED'000
Less than one year	17,456	553	16,903	384,677	-	384,677
Between one and five years	141,713	12,694	129,019	159,169	14,082	145,087
	-----	-----	-----	-----	-----	-----
	159,169	13,247	145,922	543,846	14,082	529,764
	=====	=====	=====	=====	=====	=====

The Group's interest in finance leases represents lease of land let out on long term leases, whereby, the present value of the residual interest at the end of the lease term is estimated to be negligible. These leases are therefore accounted for as finance leases under IAS 17 *Leases*. The terms of payment range from 2 to 5 years. No contingent rent is receivable.

Included in the non-current portion of the finance lease receivable is an amount of AED 122 million receivable from a related party (2014: AED 122 million).

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 18. Inventories

	2015 AED'000	2014 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	176,374	203,052
Finished goods	59,799	45,355
Goods in transit	3,396	8,412
Properties under development/ held for sale (net of provision for write down to net realizable value)	1,967,112	1,722,007
	<u>2,206,681</u>	<u>1,978,826</u>
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(1,457,540)	(1,234,463)
	<u>749,141</u>	<u>744,363</u>
Inventories carried at net realizable value	<u>91,236</u>	<u>1,234,463</u>

As at 31 December 2015, the Group is carrying a provision of AED 16 million (2014: AED 194 million) against properties under development for sale. During the current year, the management based on a review of the net realizable value of properties under development for sale has reversed a provision of AED 178 million (2014: AED 23.76 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 value, the cash flows have been estimated by the management based on the latest information available.

Properties under development for sale represent cost of land and expenditure incurred towards the development of properties for subsequent sale. The Group intends to develop these properties for sale and has classified certain properties as long term based on completion/future development plans.

Inventories amounting to AED 434 million (2014: AED 449 million) are mortgaged against facilities obtained from banks. In certain instances, the insurance over inventories is also assigned in favor of banks.

## 19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 96.58 million (2014: AED 87.38 million). Trade receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

Trade receivables as at 31<sup>st</sup> December 2015 includes an amount of AED 222 million (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 subsidiary's favor. The customer filed an appeal with the Dubai Court of Appeal.

During the current year, the Company and the customer agreed an out-of-court settlement and established a joint venture entity namely Palisades Development Company LLC (refer note 15) for the purposes of management and administration of a project 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 35.

Trade receivables amounting to AED 59 million are assigned against the facilities availed from banks as at 31 December 2015 (2014: AED 111.8 million).

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 20. Due from related parties and other receivables

	2015 AED'000	2014 AED'000
<i>Non - current</i>		
Capital advance	25,696	28,070
Other receivables	59,213	70,037
	-----	-----
	<b>84,909</b>	98,107
	=====	=====
<i>Current</i>		
Other receivables and prepayments (refer (i) below)	326,305	370,421
Current portion of net investment in finance leases (refer note 17)	16,903	384,677
Due from related parties	21,380	12,535
Due from customers for contract work (refer (ii) below)	120,567	134,791
	-----	-----
	<b>485,155</b>	902,424
	=====	=====

(i) Other receivables include retention receivables amounting to AED 91.8 million (2014: AED 87.6 million) and amount receivable from Dubai Electricity and Water Authority of AED 42.5 million (2014: AED 71.3 million) for sub-stations constructed on its behalf in Dubai Investments Park. Other receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

(ii) Movement in construction work-in-progress is as follows:

	2015 AED'000	2014 AED'000
Contract costs incurred	615,053	494,952
Recognized profits less recognized losses	44,043	81,006
	-----	-----
	<b>659,096</b>	575,958
Progress billings	(538,529)	(441,167)
	-----	-----
Due from customers for contract work	120,567	134,791
	=====	=====

## 21. Cash at bank and in hand

	2015 AED'000	2014 AED'000
Cash in hand	1,517	1,873
Cash at bank within UAE (current accounts)	396,269	308,567
Cash at bank outside UAE – GCC Countries (current accounts)	24,505	5,826
Cash at bank outside UAE – Other countries (current accounts)	60,722	-
Short term deposits within UAE (including deposits of AED 20.11 million (2014: AED 30.38 million) under lien with banks)	1,017,842	832,030
	-----	-----
	<b>1,500,855</b>	1,148,296
	=====	=====

## 22. Long-term bank borrowings

The terms of the bank borrowings vary from three to seven years. These are secured by a combination of the Company's corporate guarantee, mortgages over certain inventories, trade receivables, property, plant and equipment, assignment of insurance policies over assets of the Group and lien on bank deposits. The interest rate of majority of the bank borrowings range between 2.25% to 2.75% over EIBOR p.a.. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 23. Sukuk notes

	2015 AED'000	2014 AED'000
Sukuk notes (300,000 notes of USD 1,000 each)	<b>1,101,600</b>	1,101,600
	=====	=====

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

Sukuk notes contains the following covenants which need to be complied with by DIPDC during the full tenure of the notes:

- Negative pledge: Absolute prohibition on assigning security on lease assets;
- Gross debt to EBITDA not to exceed 4x;
- EBITDA to profit not less than 2.5x; and
- Investment properties value not less than AED 3 billion.

## 24. Bank borrowings

	2015 AED'000	2014 AED'000
Bank overdraft, trust receipt loans and bills discounted	<b>302,255</b>	282,208
Short term loans	<b>826,549</b>	801,307
Current portion of long term bank borrowings	<b>94,054</b>	172,484
	-----	-----
	<b>1,222,858</b>	1,255,999
	=====	=====

The bank borrowings are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee, the Company’s liability is mostly restricted to its percentage of equity interest in the borrowing entity.

Short term loans amounting to AED 744.7 million (2014: AED 794.94 million) have been obtained for investments in bonds, funds and structured products and are secured against pledge of those investments in favor of banks (refer note 14).

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 25. Trade and other payables

	2015 AED'000	2014 AED'000
<i>Non-current</i>		
Other payables	54,680	128,142
	=====	=====
<i>Current</i>		
Trade payables	351,077	390,017
Other payables and accrued expenses (refer note (i) below)	894,366	759,262
	-----	-----
	1,245,443	1,149,279
	=====	=====

- (i) Other payables and accrued expenses include an amount of AED 95.46 million (2014: AED 93.93 million) payable to Government of Dubai as their share of realized profit of a subsidiary of the Group; and unearned rent of AED 135.6 million (2014: AED 97.31 million).

## 26. Share capital and share premium

	2015 AED'000	2014 AED'000
<i>Authorized, issued and paid up:</i>		
4,049.5 million shares of AED 1 each (2014: 3,820.3 million shares of AED 1 each)	4,049,541	3,820,322
	=====	=====

Pursuant to the issue of 6% bonus shares as approved by the shareholders in the AGM held on 8 April 2015, the share capital of the Company has increased by 229.21 million shares.

In the year 1998, 5,474 unallocated shares were sold at the prevailing market price to a shareholder, at a premium of AED 46,000.

## 27. Capital reserve

Capital reserve comprises the net gain on sale of the Company's own shares (treasury shares) by a subsidiary of the Company in the earlier years.

## 28. Legal and general reserve

In accordance with the Articles of Association of entities within the Group and Article 103 of the UAE Federal Law No. (2) of 2015, 10% of the profit for the year of the individual entities, to which the law is applicable, is to be transferred to the legal reserve. Such transfer may be discontinued when the legal reserve equals 50% of the paid up share capital of the respective individual entities. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned law.

Further, in accordance with the Articles of Association of certain entities within the Group, 10% of the profit for the year is required to be transferred to a general reserve. However, as per the Articles of Association of these entities, the transfer may be discontinued upon a resolution passed at the Ordinary General Meeting if proposed by the Board of Directors.

Accordingly, the companies within the Group, where applicable, have transferred amounts to legal and general reserve.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 29. Revaluation reserve

The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at a nominal value by the Group. These plots of land were earlier revalued by a professional firm of independent property valuers. As the market value of these two plots of land was higher than the carrying value as at those dates, a revaluation surplus of AED 45 million was credited to a non-distributable revaluation reserve.

In prior years, a plot of land was gifted to the Company by the Government of Dubai (refer note 12(b)) which was recorded as property, plant and equipment at a nominal value. Upon construction of an office cum residential building in 2001 on the gifted land for the purposes of leasing, the land was transferred from property, plant and equipment to investment properties at fair value in prior years. The resulting gain on fair valuation of AED 20 million was credited to a non-distributable revaluation reserve at the time of transfer.

## 30. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments classified as fair value through other comprehensive income.

## 31. Proposed dividend/bonus

For the year 2015, the Board of Directors have proposed a cash dividend of 12% (2014: 12% cash dividend and 6% bonus shares) to the shareholders of the Company.

## 32. Proposed directors' fees

Proposed directors' fees amounting to AED 8 million (2014: AED 8 million), represents remuneration for attendance at meetings and compensation for professional services rendered by the Directors.

## 33. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to Owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	2015	2014
Net profit attributable to Owners of the Company (AED 000)	<b>1,109,836</b>	1,342,680
Weighted average number of shares outstanding (000s)	<b>4,049,541</b>	4,049,541
Basic earnings per share (AED)	<b>0.27</b>	0.33

Weighted average number of shares outstanding has been retrospectively adjusted to include the 6% bonus shares approved in the AGM held on 8 April 2015.

## 34. Commitments

	2015	2014
	AED'000	AED'000
Capital commitments – contracted and committed	<b>31,000</b>	25,577



# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 35. Contingent liabilities

The Company has issued corporate guarantee to commercial bank for credit facilities granted to a joint venture amounting to AED 252.50 million (31 December 2014: AED 10.6 million).

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

During the current year, the Company and the customer agreed an out-of-court settlement and established a joint venture entity namely Palisades Development Company LLC (refer note 15) for the purposes of management and administration of a project 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 19.

## 36. Lease rentals

### Leases as lessor

The Group leases out its investment properties under operating lease. The minimum lease payments receivable under non-cancelable leases are as follows:

	2015 AED'000	2014 AED'000
Less than one year	421,715	377,024
Between one to five years	1,687,522	1,671,165
More than five years	2,202,279	2,397,225
	=====	=====

## 37. Related party transactions

The Group, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard 24. Related party transactions are entered at mutually agreed terms.

The aggregate value of significant transactions with related parties during the year was as follows:

	2015 AED'000	2014 AED'000
Land and other lease charges	14,447	12,104
Sale of property, plant and equipment	14,000	-
	=====	=====
Compensation to key management personnel, including directors is as follows:		
Short-term benefits (including proposed Directors' fees)	23,582	21,112
Post-employment benefits	353	127
	=====	=====

## 38. Non-controlling interests

The Group does not have any individually material non-controlling interests in any of its subsidiaries as at 31 December 2015. Also refer note 39d.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 39. Investment in subsidiaries

### a) Subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2015:

Entity	Incorporated in	Ownership %
Dubai Investments Park Development Co. LLC	UAE	100
Dubai Investment Real Estate Company LLC	UAE	100
Al Taif Investment Company LLC	UAE	60
Dubai Investments Industries LLC	UAE	100
Glass LLC	UAE	100
Masharie LLC	UAE	73.65
Dubai Investments International Limited	UAE	100
Al Mal Capital PSC (refer note (vi) below)	UAE	60.86
(i) Dubai Investment Real Estate Company owns 100% equity interest in a subsidiary, Al Mujamma Real Estate LLC (refer note (vii) below).		
(ii) The following are the investments in subsidiaries held by Dubai Investments Industries LLC as at 31 December 2015:		
Emirates Building Systems Company LLC	UAE	100
The Edible Oil Company (Dubai) LLC (refer note d(i) below)	UAE	100
Marmum Dairy Farm LLC	UAE	100
United Sales Partners LLC	UAE	100
Dubai Cranes and Technical Services LLC	UAE	80
Emirates Extruded Polystyrene LLC	UAE	51
Gaussin Middle East LLC	UAE	51
Techsource LLC	UAE	100
DIID Management DMCC (refer note (viii) below)	UAE	90
(iii) The following are the investments in subsidiaries held by Glass LLC as at 31 December 2015:		
Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC (refer d (ii) below)	UAE	87.43
Saudi American Glass Company Limited	KSA	100
Emirates Insolaire LLC	UAE	51
(iv) The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2015:		
Emirates Extrusion Factory LLC	UAE	100
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Emirates Thermostone Factory LLC	UAE	100
Folcra Beach Industrial Co LLC	UAE	80
Gulf Dynamic Services LLC	UAE	70
Labtech Interiors LLC	UAE	70
Technological Laboratory Furniture - Manufacturers (Labtech) LLC	UAE	70
National Insulated Blocks Industry (Insulite) LLC	UAE	52
White Aluminum Extrusion LLC	UAE	51
Integrated Commercial Investments LLC	UAE	55
Lite Tech Industries LLC	UAE	54
IntlSys LLC	UAE	100

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 39. Investments in subsidiaries (continued)

### a) Subsidiaries (continued)

- (v) The following are the investments in subsidiaries held by Al Mal Capital PSC as at 31 December 2015:

Entity	Incorporated in	Ownership %
Al Mal Real Estate Fund	UAE	54
Al Mal MENA Equity Fund	Bahrain	81
Al Mal Saudi Shariah Equity Fund	UAE	56
Al Mal Capital Partners Fund	UAE	32
Al Fares Private Equity Fund	UAE	31
Al Mal Direct Equity 1 Ltd.	UAE	70
Al Mal Direct Equity 2 Ltd.	UAE	70
Al Mal Special Opportunity I Ltd.	UAE	70
Al Mal Capital (Mauritius) Ltd.	Mauritius	52
Blue Line India Opportunities	Mauritius	51
Pearl India Opportunities	Mauritius	55
Index Global	Cayman Islands	55
Al Mal Capital / Falcon One	Cayman Islands	54
Saqer Investments Limited	Cayman Islands	100
Emerging Equity Ventures	Cayman Islands	100
Al Mal Holdings	British Virgin Islands	100
Al Mal MENA Income Fund	Cayman Islands	100
Al Mal Fund Company BSC	Bahrain	99

Although, Al Mal Capital PSC owns less than 50% of Al Mal Capital Partners Fund and Al Fares Private Equity Fund, these have been consolidated as the investors are not able to remove the fund manager without cause. In addition, the Group is exposed to significant variability in returns from its involvement and has the power and the rights to affect the amounts of its returns.

- (vi) 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 a subsidiary of the Group.
- (vii) With effect from 11 June 2015, the Group acquired the balance 50% interest in its existing joint venture, Al Mujamma Real Estate LLC (“Al Mujamma”) from the other joint venture partner. On acquisition of the additional interest, Al Mujamma is now a 100% subsidiary of the Group.
- (viii) DIID Management DMCC (“DIID”), a subsidiary, is incorporated on 27 December 2015, in Dubai Multi Commodities Centre in the Emirates of Dubai, United Arab Emirates. The Group holds 90% stake in the company.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 39. Investments in subsidiaries (continued)

### b) Acquisition of subsidiaries

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)
	-----	-----	-----
<b>Net assets acquired</b>	234,765	264,913	499,678
Purchase consideration – (A)			237,993
Add: carrying value of existing interest			139,820
			-----
<b>Total consideration</b>			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
			-----
<b>Net cash inflow (A) – (B)</b>			(53,599)
			=====

For the period from the date of acquisition to 31 December 2015, Al Mal and Al Mujamma contributed revenue of AED 91.41 million and a profit of AED 69.69 million to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been higher by AED 20.26 million and consolidated profit for the year would have been higher by AED 8.46 million.

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

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 39. Investments in subsidiaries (continued)

### c) 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.

<b>Carrying values of assets/liabilities at the date of disposal</b>	<b>AED'000</b>
Non-current assets	37,434
Current assets (including cash of AED 3.76 million)	66,730
Current liabilities	(36,436)
	-----
<b>Net assets</b>	<b>67,728</b>
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)
	-----
<b>Loss on disposal of subsidiaries</b>	<b>(4,833)</b>
	=====

During the previous year, 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.

The gain comprises realized gain on disposal of controlling interest amounting to AED 296.18 million and fair valuation gain on retained interest of AED 175.75 million. Subsequently, the retained investment of 34% in the investee has been measured at fair value and accounted for as an investment in an associate.

### d) Acquisition of non-controlling interest

- (i) In the current year, the Group reached a settlement with a minority shareholder of a subsidiary namely, 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.
- (ii) In the current year, 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%.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 40. Accounting estimates and judgments

Management has reviewed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The following are the critical accounting estimates and judgment used by management in the preparation of these consolidated financial statements:

### *Valuation of investment properties*

The Group fair values its investment properties. External, independent valuation companies, having the appropriate recognized professional qualification value majority of the properties annually. Note 12 contains information about the valuation methodology considered by the third party valuation company.

### *Valuation of real estate inventories (properties held for sale and properties under development for sale)*

The Group reviews its inventories to assess any loss on account of diminution in the value of real estate inventories on a regular basis. A significant portion of the Group's inventories comprise property under development for sale. 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.

### *Impairment of goodwill, intangible assets and other assets*

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (refer accounting policy on impairment). Testing for impairment requires management to estimate the recoverable amount of the cash generating unit to which the goodwill is allocated.

Furthermore, intangibles such as technical know-how, product distribution rights, patent, and trademark which have limited useful life and other assets such as property, plant and equipment are tested for impairment whenever there is an indication of impairment. Testing for impairment of these assets requires management to estimate the recoverable amount of the cash generating unit.

### *Contract revenue*

Revenue from contracts is recognized in profit or loss when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from period to period.

### *Contingency provisions in project accruals*

In order to recognize cost of properties sold, management needs to make an estimate of the total cost of the project considering the fact that all the project accounts may not be finalized as at the reporting date. These contingency provisions are initially made as a percentage of the total anticipated project cost and later adjusted based on judgment as the project progresses.

### *Other estimates and judgments*

Management of the Group exercises significant judgment in estimating the recoverability of trade and other receivables.

It is reasonably possible based on existing knowledge that the current assessment and judgments used by management as discussed above, could be subject to material adjustment in the next financial year due to changes in estimates and assumptions underlying such assessments. Should these estimates and underlying assumptions vary, statement of profit or loss and statement of financial position in the following years could be significantly impacted.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 41. Financial instruments

### Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
Investments in bonds, sukuks and structured funds	<b>956,229</b>	1,118,872
Rent receivable	<b>48,878</b>	57,649
Finance lease receivable	<b>129,019</b>	145,087
Trade receivables (net)	<b>1,388,443</b>	1,426,299
Due from related parties and other receivables	<b>495,136</b>	1,000,531
Cash at bank	<b>1,499,338</b>	1,146,423
	-----	-----
Carrying amount	<b>4,517,043</b>	4,894,861
	=====	=====

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

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
Domestic	<b>1,409,198</b>	1,438,547
Other GCC countries	<b>77,339</b>	105,534
Other regions	<b>30,925</b>	27,305
	-----	-----
	<b>1,517,462</b>	1,571,386
	=====	=====

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

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
Contracting	<b>502,184</b>	522,243
Real estate	<b>503,621</b>	438,838
Others	<b>511,657</b>	610,305
	-----	-----
	<b>1,517,462</b>	1,571,386
	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 41. Financial instruments (continued)

### Credit risk (continued)

The age of trade receivables at the reporting date was:

	<b>2015</b>	<b>2015</b>	2014	2014
	<b>Gross</b>	<b>Impairment</b>	Gross	Impairment
	<b>AED'000</b>	<b>AED'000</b>	AED'000	AED'000
Current 0 - 30 days	<b>238,640</b>	-	278,980	-
31 - 90 days	<b>258,406</b>	-	172,786	-
91 - 180 days	<b>138,526</b>	<b>(155)</b>	161,164	(275)
180 - 365 days	<b>146,606</b>	<b>(2,803)</b>	183,721	(20)
More than one year	<b>702,842</b>	<b>(93,619)</b>	717,036	(87,093)
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
	<b>1,485,020</b>	<b>(96,577)</b>	1,513,687	(87,388)
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

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

	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
<b>Balance at 1 January</b>	<b>87,388</b>	100,232
Impairment loss recognized	<b>17,781</b>	18,184
Reversal of impairment loss	<b>(8,592)</b>	(31,028)
	<b>-----</b>	<b>-----</b>
<b>Balance at 31 December</b>	<b>96,577</b>	87,388
	<b>=====</b>	<b>=====</b>

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off.

The Group limits its exposure to credit risk by investing with counterparties that have credible market reputation. The Group's management does not expect any significant counterparty to fail to meet its obligations.

Cash is placed with local and international banks of good repute.



# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 41. Financial instruments (continued)

### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

#### 31 December 2015

<i>In AED '000</i>	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings (including sukuk notes)	2,754,624	(3,061,981)	(1,302,966)	(161,750)	(1,382,666)	(214,599)
Trade and other payables	1,060,211	(1,060,211)	(1,060,211)	-	-	-
Other long term liabilities	54,680	(55,058)	(11,434)	(12,276)	(16,084)	(15,264)
	<b>3,869,515</b>	<b>(4,177,250)</b>	<b>(2,374,611)</b>	<b>(174,026)</b>	<b>(1,398,750)</b>	<b>(229,863)</b>

#### 31 December 2014

<i>In AED '000</i>	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings (including sukuk notes)	2,709,433	(2,993,077)	(1,348,730)	(174,793)	(1,469,553)	-
Trade and other payables	1,149,279	(1,149,279)	(1,149,279)	-	-	-
Other long term liabilities	53,886	(55,924)	(6,363)	(4,874)	(39,910)	(4,776)
<i>Derivative financial liabilities</i>						
Interest rate swaps	6,059	(6,059)	(6,059)	-	-	-
	<b>3,918,657</b>	<b>(4,204,339)</b>	<b>(2,510,431)</b>	<b>(179,667)</b>	<b>(1,509,463)</b>	<b>(4,776)</b>

### Market risk

#### Currency risk

##### Exposure to currency risk

The Group's exposure to foreign currency risk is as follows based on notional amounts:

	2015 Euro'000	2014 Euro'000
Trade and other receivables	2,952	-
Cash at bank	61	22
Trade and other payables	(3,280)	(3,373)
	-----	-----
Gross exposure	(267)	(3,351)
	-----	-----
Net exposure	(267)	(3,351)
	=====	=====

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 41. Financial instruments (continued)

**Market risk** (continued)

**Currency risk** (continued)

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2015 AED	2014 AED	2015 AED	2014 AED
Euro	<u>4.22</u>	<u>4.75</u>	<u>3.99</u>	<u>4.45</u>

### Sensitivity analysis

A limited fluctuation of AED against Euro at 31 December would not have any material impact on profit or loss.

### Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities. The Group manages its exposure arising due to fluctuations in interest rates by the use of derivative instruments when appropriate.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2015 AED'000	2014 AED'000
<b>Fixed rate instruments</b>		
Financial assets	<b>1,974,071</b>	1,539,110
Financial liabilities	<b>(1,117,500)</b>	(1,113,710)
	<u>=====</u>	<u>=====</u>
<b>Variable rate instruments</b>		
Financial assets	-	330,000
Financial liabilities	<b>(1,637,124)</b>	(1,595,723)
	<u>=====</u>	<u>=====</u>

### Fair value sensitivity analysis for fixed rate instruments

The Group accounts for certain fixed rate financial assets at fair value through profit or loss. The Group does not designate derivatives as hedging instruments under a fair value hedge accounting model.

An increase of 100 basis points ("bps") in interest rates at the reporting date would have decreased profit by AED 20 million (2014: AED 19 million). A corresponding decrease of 100 bps in interest rate at the reporting date would have caused increase in profit by the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

# Dubai Investments PJSC and its subsidiaries

Notes (continued)

## 41. Financial instruments (continued)

**Market risk** (continued)

**Interest rate risk** (continued)

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

Effect in AED’000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2015	(16,371)	16,371
31 December 2014	(12,657)	12,657
	=====	=====

### Fair value of financial assets and liabilities measured at amortized costs

The fair value of financial assets and liabilities measured at amortized costs approximate its carrying value at 31 December 2015.

## 42. Subsequent events

Subsequent to the balance sheet date, the Company has agreed to acquire additional 20% equity interest in its existing joint venture Properties Investments LLC from Union Properties PJSC at a consideration of AED 98 million. Upon completion of acquisition, Properties Investments LLC will become a subsidiary of the Company.

## 43. Segment reporting

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

<i>Manufacturing and contracting</i>	: manufacture and sale of materials used in building construction projects, executing construction contracts, production, pharmaceuticals, production and distribution of dairy products, aluminum extruded products and laboratory furniture.
<i>Investments</i>	: strategic minority investments in start up ventures, bonds, funds, structured products and shares held for trading purposes.
<i>Property</i>	: the development of real estate projects for rentals and sale of developed property units.

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

### 43. Segment reporting (continued)

#### Information about reportable segments

<i>Business Segments</i>	AED'000							
	Manufacturing and contracting		Investments		Property		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	<b>1,362,803</b>	1,582,627	<b>(40,805)</b>	596,477	<b>790,405</b>	702,213	<b>2,112,403</b>	2,881,317
Gain on fair valuation of investment properties	-	-	-	-	<b>559,262</b>	345,786	<b>559,262</b>	345,786
<b>Total income</b>	<b>1,362,803</b>	1,582,627	<b>(40,805)</b>	596,477	<b>1,349,667</b>	1,047,999	<b>2,671,665</b>	3,227,103
Direct operating costs	<b>(1,160,734)</b>	(1,248,375)	-	-	<b>(40,418)</b>	(221,301)	<b>(1,201,152)</b>	(1,469,676)
Administrative and general expenses	<b>(255,840)</b>	(290,979)	<b>(105,451)</b>	(72,913)	<b>(39,446)</b>	(38,193)	<b>(400,737)</b>	(402,085)
Finance expenses	<b>(58,658)</b>	(59,646)	<b>(9,518)</b>	(7,699)	<b>(36,587)</b>	(52,303)	<b>(104,763)</b>	(119,648)
Finance income and other income	<b>40,706</b>	37,218	<b>56,150</b>	30,152	<b>43,313</b>	58,148	<b>140,169</b>	125,518
<b>Profit for the year</b>	<b>(71,723)</b>	20,845	<b>(99,624)</b>	546,017	<b>1,276,529</b>	794,350	<b>1,105,182</b>	1,361,212
<b>Profit attributable to:</b>								
Owners of the Company	<b>(42,080)</b>	3,278	<b>(124,613)</b>	545,052	<b>1,276,529</b>	794,350	<b>1,109,836</b>	1,342,680
Non – controlling interests	<b>(29,643)</b>	17,567	<b>24,989</b>	965	-	-	<b>(4,654)</b>	18,532
<b>Profit for the year</b>	<b>(71,723)</b>	20,845	<b>(99,624)</b>	546,017	<b>1,276,529</b>	794,350	<b>1,105,182</b>	1,361,212
<b>Assets</b>	<b>3,000,778</b>	2,930,006	<b>3,409,948</b>	3,289,174	<b>8,843,404</b>	8,305,504	<b>15,254,130</b>	14,524,684
<b>Liabilities</b>	<b>1,311,570</b>	1,336,732	<b>1,059,422</b>	956,107	<b>1,683,755</b>	1,694,015	<b>4,054,747</b>	3,986,854

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