

Dubai Investments PJSC
and its subsidiaries

Consolidated financial statements
31 December 2014

Dubai Investments PJSC and its subsidiaries

Consolidated financial statements

31 December 2014

<i>Contents</i>	<i>Page</i>
Directors' Report	1-2
Independent auditors' report	3
Consolidated statement of profit or loss	4
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of cash flows	7
Consolidated statement of changes in equity	8-9
Notes	10-54

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 2014.

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 and investing in bonds, funds and equity securities.

Financial Performance

The Group has reported net profit attributable to the shareholders of the Company of AED 1,342.7 million for the year ended 31 December 2014 as compared to AED 822.3 million in the previous year. The increase in profits of AED 520.4 million over the previous year is attributable mainly to gain on disposal of 66% interest in the wholly owned subsidiary Globalpharma LLC (including fair value gain on retained interest) amounting to AED 472 million and increase in rental income from properties.

Dubai Investments Park Development Co. LLC ("DIPDC") issued a USD 300 million Sukuk in February 2014 which was rated "BB" by Standard & Poor's Rating Services (S&P). Shortly thereafter, DIPDC long term corporate credit rating was upgraded to "BB+" by S&P with a stable outlook. As per S&P, it also reflects the assessment of the Group's credit profile.

Total assets of the Group stands at AED 14.5 billion as of 31 December 2014 (2013: AED 12.6 billion).

Proposed Dividend

The Directors propose to distribute cash dividend of 12% and issue of 6% bonus shares to the shareholders of the Company.

Proposed Appropriations

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

	AED'000
- Transfer to legal reserve	145,680
- Transfer to general reserve	145,680
- Proposed cash dividend	458,439
- Proposed issue of bonus shares	229,219
- Directors' fees	8,000

Directors' Report *(continued)*

Outlook 2015

Outlook for the year 2015 is fairly positive with the Group planning to continue its strong thrust in developing its real estate portfolio whilst diversifying into new sectors such as education and healthcare. The Group will also explore opportunities in strategically promising businesses in existing and new geographical locations.

The Group is currently evaluating several investment proposals with some of them being at advanced stages of completion. These new investments will strengthen the existing investment portfolio of the Group and create long-term value to the shareholders. At the same time, the Group is assessing avenues for potential divestments and is also working on enhancing performances of existing business units.

Directors

The Board of Directors comprises:

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

Auditors

KPMG were appointed the auditors of Dubai Investments PJSC for the year ended 31 December 2014. KPMG are eligible for re-appointment and have expressed their willingness to continue in office.

Acknowledgements

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

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



On behalf of the Board
Sohail Faris Ghanim Al Mazrui
Chairman

Dated: 10 March 2015



KPMG Lower Gulf Limited
P.O.Box 341145
Level 12, IT Plaza
Dubai Silicon Oasis
Dubai
United Arab Emirates

Telephone +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
Website: www.ae-kpmg.com

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 ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, 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 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 2014, 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

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates
Date: 10 March 2015

Dubai Investments PJSC and its subsidiaries

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

	Note	2014 AED'000	2013 AED'000
Sale of goods		1,074,068	1,118,548
Rental income		612,416	526,379
Contract revenue		468,431	298,189
Sale of properties		101,484	298,746
Gain on fair valuation of investment properties	12	345,786	419,044
Gain on fair valuation of investments		10,471	46,054
Gain on sale of investment properties		74,043	26,718
Gain on sale of investments - (net)		14,430	16,788
Share of profit from equity accounted investees' – (net)	15(iii)	36,773	76,018
Dividend income		17,272	15,622
Gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	38	471,929	-
Total income		3,227,103	2,842,106
Direct operating costs	6	(1,469,676)	(1,571,304)
Administrative and general expenses	7	(402,085)	(443,790)
Finance expenses	8	(119,648)	(103,608)
Finance income	8	73,900	48,335
Other income	9	51,618	36,173
Profit for the year		1,361,212	807,912
Profit attributable to:			
Owners of the Company		1,342,680	822,316
Non-controlling interests		18,532	(14,404)
Profit for the year		1,361,212	807,912
Earnings per share			
Basic earnings per share (AED)	33	0.35	0.22

The notes set out on pages 10 to 54 form part of these consolidated financial statements.

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of comprehensive income for the year ended 31 December

	2014 AED'000	2013 AED'000
Profit for the year	1,361,212	807,912
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Net change in fair value of investments at fair value through other comprehensive income (OCI) (refer note 14 (b))	(23,535)	(17,135)
	-----	-----
Total other comprehensive income for the year	(23,535)	(17,135)
	-----	-----
Total comprehensive income for the year	1,337,677	790,777
	=====	=====
Attributable to:		
Owners of the Company	1,319,145	805,181
Non-controlling interests	18,532	(14,404)
	-----	-----
Total comprehensive income for the year	1,337,677	790,777
	=====	=====

The notes set out on pages 10 to 54 form part of these consolidated financial statements.

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of financial position

		31 December 2014 AED 000	31 December 2013 AED 000
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment and biological assets	10	1,518,929	1,639,755
Goodwill and intangible assets	11	109,429	130,102
Investment properties	12	4,098,639	4,293,038
Investments at fair value through other comprehensive income	14	380,764	422,669
Investment in equity accounted investees'	15	935,110	701,068
Rent receivable	16	57,649	66,129
Finance lease receivable	17	145,087	142,270
Inventories	18	1,234,463	1,198,037
Trade receivables	19	198,581	206,472
Other receivables	20	98,107	96,933
Total non-current assets		8,776,758	8,896,473
Current assets			
Inventories	18	744,363	797,223
Investments at fair value through profit or loss	14	1,725,125	641,405
Trade receivables	19	1,227,718	1,314,500
Due from related parties and other receivables	20	902,424	494,095
Cash at bank and in hand	21	1,148,296	477,277
Total current assets		5,747,926	3,724,500
Total assets		14,524,684	12,620,973
Equity			
Share capital	26	3,820,322	3,570,395
Share premium	26	46	46
Capital reserve	27	25,502	25,502
Legal reserve	28	775,730	622,480
General reserve	28	1,061,561	915,881
Revaluation reserve	29	67,000	67,000
Fair value reserve	30	(147,977)	(124,442)
Proposed dividend/bonus	31	687,658	428,447
Proposed directors' fees	32	8,000	6,000
Retained earnings		3,807,468	3,530,784
Equity attributable to owners of the Company		10,105,310	9,042,093
Non-controlling interests	39	432,520	415,414
Total equity		10,537,830	9,457,507
Liabilities			
Non-current liabilities			
Long-term bank borrowings	22	351,834	831,721
Sukuk notes	23	1,101,600	-
Long-term other payables	25	128,142	130,125
Total non-current liabilities		1,581,576	961,846
Current liabilities			
Bank borrowings	24	1,255,999	1,143,913
Trade, related parties and other payables	25	1,149,279	1,057,707
Total current liabilities		2,405,278	2,201,620
Total liabilities		3,986,854	3,163,466
Total equity and liabilities		14,524,684	12,620,973

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on 10th March 2015.

The notes set out on pages 10 to 54 form part of these consolidated financial statements.


Sohail Faris Ghanim Al Mazrui
Chairman


Ali Fardan Al Fardan
Director


Khalid Jassim Kalban
MD & CEO

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 December

	2014 AED'000	2013 AED'000
Cash flows from operating activities		
Profit for the year	1,361,212	807,912
<i>Adjustments for:</i>		
Depreciation	108,518	111,180
Impairment loss on property, plant and equipment	6,380	94
Amortization/impairment of intangible assets	2,487	7,258
(Gain)/loss on disposal of property, plant and equipment	(1,430)	1,740
Gain on sale of investments (net)	(14,430)	(16,788)
Gain on fair valuation of investment properties	(345,786)	(419,044)
Gain on sale of investment properties	(74,043)	(26,718)
Share of profit from equity accounted investees'	(36,773)	(76,018)
Gain on fair valuation of investments	(10,471)	(46,054)
Gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	(471,929)	-
Reversal for write down of inventories to net realizable value	(23,760)	-
	-----	-----
Operating profit before changes in working capital	499,975	343,562
Changes in:		
- investments at fair value through profit or loss and at fair value through OCI	(319,858)	22,869
- trade and other receivables	34,589	(141,803)
- inventories	15,801	204,712
- trade and other payables	125,188	(40,828)
Proceeds from sale of investment properties (net of finance lease receivables)	263,843	186,745
Net movement in equity accounted investees'	10,668	29,757
Proceeds from disposal of controlling interest in a subsidiary	352,146	-
Directors' fee paid	(6,000)	(4,000)
	-----	-----
Net cash from operating activities	976,352	601,014
	-----	-----
Cash flows from investing activities		
Consideration paid for acquisition of non-controlling interest in a subsidiary	-	(35,000)
Net movement in investment and development properties	(22,527)	(53,465)
Acquisition of property, plant and equipment	(42,699)	(45,725)
Proceeds from disposal of property, plant and equipment	11,195	14,436
Net additions to intangible assets	(2,673)	(3,358)
	-----	-----
Net cash used in investing activities	(56,704)	(123,112)
	-----	-----
Cash flows from financing activities		
Net movement in bank borrowings and payables	(1,090,248)	(177,096)
Proceeds from Sukuk notes (refer note 23)	1,101,600	-
Net movement in non-controlling interests	(1,426)	(1,706)
Dividend paid	(249,928)	(249,928)
Net movement in deposits under lien	33,284	5,332
	-----	-----
Net cash used in financing activities	(206,718)	(423,398)
	-----	-----
Net increase in cash and cash equivalents	712,930	54,504
Cash and cash equivalents at 1 January	122,768	68,264
	-----	-----
Cash and cash equivalents at 31 December	835,698	122,768
	-----	-----
Cash and cash equivalents comprise following:		
Cash in hand, current and call account with banks	316,266	351,135
Short term deposits with banks (excluding those under lien)	801,640	62,470
Bank overdraft, trust receipt loans and bills discounted	(282,208)	(290,837)
	-----	-----
	835,698	122,768
	=====	=====

The notes set out on pages 10 to 54 form part of these consolidated financial statements.

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

Dubai Investments PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December

	-----Equity attributable to owners of the Company-----												AED '000
	Share capital	Share premium	Capital Reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend/bonus	Proposed directors' fees	Retained earnings	Sub total	Non-controlling interests	Total
Balance at 1 January 2013	3,570,395	46	25,502	544,596	872,935	67,000	(107,307)	249,928	4,000	3,257,223	8,484,318	473,046	8,957,364
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	822,316	822,316	(14,404)	807,912
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(17,135)	-	-	-	(17,135)	-	(17,135)
Total other comprehensive income	-	-	-	-	-	-	(17,135)	-	-	-	(17,135)	-	(17,135)
Total comprehensive income for the year	-	-	-	-	-	-	(17,135)	-	-	822,316	805,181	(14,404)	790,777
Transactions with owners of the Company													
Contributions and distributions													
Dividend paid	-	-	-	-	-	-	-	(249,928)	-	-	(249,928)	-	(249,928)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,706)	(1,706)
Directors' fees paid	-	-	-	-	-	-	-	-	(4,000)	-	(4,000)	-	(4,000)
Proposed directors' fee	-	-	-	-	-	-	-	-	6,000	(6,000)	-	-	-
Proposed dividend	-	-	-	-	-	-	-	428,447	-	(428,447)	-	-	-
Transfer to reserves	-	-	-	77,884	42,946	-	-	-	-	(120,830)	-	-	-
Total contributions and distributions	-	-	-	77,884	42,946	-	-	(249,928)	(4,000)	(555,277)	(253,928)	(1,706)	(255,634)
Changes in ownership interests													
On acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	6,522	6,522	(41,522)	(35,000)
Total changes in ownership interests	-	-	-	-	-	-	-	-	-	6,522	6,522	(41,522)	(35,000)
Total transactions with owners of the Company	-	-	-	77,884	42,946	-	-	428,447	6,000	(548,755)	(247,406)	(43,228)	(290,634)
Balance at 31 December 2013	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
	=====	==	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

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

	-----Equity attributable to owners of the Company-----												AED '000
	Share capital	Share premium	Capital reserve	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Proposed dividend/bonus	Proposed directors' fees	Retained earnings	Sub total	Non-controlling interests	Total
Balance at 1 January 2014	3,570,395	46	25,502	622,480	915,881	67,000	(124,442)	428,447	6,000	3,530,784	9,042,093	415,414	9,457,507
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	1,342,680	1,342,680	18,532	1,361,212
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(23,535)	-	-	-	(23,535)	-	(23,535)
Total other comprehensive income	-	-	-	-	-	-	(23,535)	-	-	-	(23,535)	-	(23,535)
Total comprehensive income for the year	-	-	-	-	-	-	(23,535)	-	-	1,342,680	1,319,145	18,532	1,337,677
Transactions with owners of the Company													
Contributions and distributions													
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)
Directors' fees paid	-	-	-	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Proposed directors' fee	-	-	-	-	-	-	-	-	8,000	(8,000)	-	-	-
Proposed dividend/bonus	-	-	-	-	-	-	-	687,658	-	(687,658)	-	-	-
Transfer to reserves	-	-	-	155,286	145,680	-	-	-	-	(300,966)	-	-	-
Total contributions and distributions	249,927	-	-	155,286	145,680	-	-	259,211	2,000	(1,068,032)	(255,928)	(1,426)	(257,354)
Changes in ownership interests													
On disposal of controlling interest in a subsidiary (refer note 39)	-	-	-	(2,036)	-	-	-	-	-	2,036	-	-	-
Total changes in ownership interests	-	-	-	(2,036)	-	-	-	-	-	2,036	-	-	-
Total transactions with owners of the Company	249,927	-	-	153,250	145,680	-	-	259,211	2,000	(1,065,996)	(225,928)	(1,426)	(257,354)
Balance at 31 December 2014	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
	=====	==	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

The notes set out on pages 10 to 54 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 2014 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 and investing in bonds, funds and equity securities.

At 31 December 2014 the Company had approximately 18,965 shareholders (2013: 19,351).

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. 8 of 1984 (as amended).

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 profit or loss
- investments at fair value through other comprehensive income; 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

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; and
- Note 14 – Investments.

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 obligation to pay contingent consideration that meets the definition of financial instrument is classified as an equity, then it is not remeasured 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 is accounted for as a finance lease (i.e treated as sold) at the lease inception date, even if at the end of the lease term title will not pass to the lessee.

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, which in the case of quoted securities is normally ex-dividend date.

Government grant

Government grant is initially recognized as deferred income 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, unwinding of the discount on financial liabilities measured at amortized cost, losses on derivative financial instruments and impairment loss on trade receivables. Interest is payable on current facilities from banks and overdrafts and term loans obtained from banks at normal 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:

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

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Property, plant and equipment and biological assets (continued)

Biological assets

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

Leased assets

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

Intangible assets

Goodwill

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

Subsequent measurement

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

Other intangible assets

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

Subsequent expenditure

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

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

Investment properties

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

3. Significant accounting policies (continued)

Investment properties (continued)

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

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

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

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

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

Inventories

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

Properties under development 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 for sale is recognized as an expense in the period the write down or loss occurs. The amount of any reversal of any 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.

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

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 and trust receipts 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 statement of cash flows.

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.

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, bank overdrafts 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 holds 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 less 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 standards and amendments to standards are in issue but not yet effective for the year ended 31 December 2014 and therefore have not been applied in preparing these consolidated financial statements.

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 2017, with early adoption permitted.

The Group is currently in the process of assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

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, other receivables, finance lease receivables, rent receivables, investments in debt securities and cash at bank.

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Credit risk (continued)

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 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 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. In addition, the Group maintains an unutilized term loan facility of AED 250 million as at 31st December 2014.

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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

5. Financial risk management (continued)

Market risk (continued)

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 has hedged its exposure to certain floating rate long term loans by entering into structured interest rate swaps with banks. At 31 December 2014 the Group held outstanding interest rate swap contacts with notional amounts of AED 50.6 million (2013: AED 61.9 million). The swaps mature over the next 2 to 6 years following the pattern of the maturity of the related loans.

Although the swap is undertaken to hedge the exposure on interest rate on the floating rate loan, the Group has not opted to use hedge accounting. Had the hedge accounting been used, the effective portion of the hedge would have been taken through other comprehensive income. The net fair value of the interest rate swap at 31 December 2014 was a liability of AED 6.06 million (2013: liability of AED 9.02 million). The changes in fair valuation are recognized in profit or loss.

Sukuk notes amounting to USD 300 million issued by a Group's subsidiary in 2014 (maturing in February 2019) carries fixed interest rate of 4.29% 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

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

Capital management

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

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

The Company and its subsidiaries have various borrowing arrangements with banks, some of which require it to maintain net worth, leverage and debt equity ratios. Apart from these requirements and requirements of certain provisions of the UAE Federal Law No. 8 of 1984 (as amended), neither the Company nor any of its subsidiaries are subject to other externally imposed capital requirements.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

6. Direct operating costs

	2014 AED'000	2013 AED'000
<i>These include:</i>		
Materials consumed	920,174	794,638
Cost of properties sold	80,155	269,464
Factory overheads (excluding depreciation)	151,037	148,759
Staff costs	164,384	165,023
Depreciation and amortization	81,003	83,298
Share of Government of Dubai in the realized profits of a subsidiary (refer note 12)	93,933	75,770
Reversal for write down of inventories to net realizable value	(23,760)	-
	=====	=====

7. Administrative and general expenses

	2014 AED'000	2013 AED'000
<i>These include:</i>		
Staff costs	195,239	187,651
Selling and marketing expenses	55,022	112,849
Depreciation, impairment and amortization	36,382	35,234
	=====	=====

8. Finance income and expenses

	2014 AED'000	2013 AED'000
Interest income	30,642	6,529
Unwinding of discount on financial assets measured at amortized cost	12,230	22,246
Reversal of impairment loss on trade receivables	31,028	19,560
	-----	-----
Finance income	73,900	48,335
	=====	=====
Interest expense/profit on sukuk notes	(91,878)	(92,434)
Foreign exchange loss - net	(558)	(285)
Change in fair value of derivative financial instruments	(465)	(133)
Impairment loss on trade receivables	(18,184)	(1,850)
Bank charges	(8,563)	(8,906)
	-----	-----
Finance expenses	(119,648)	(103,608)
	=====	=====

9. Other income

Other income mainly includes service fee, penalty charges, lease transfer charges, gain on sale of property, plant and equipment and sale of scrap.

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
Cost/valuation							
At 1 January 2013	941,090	20,856	1,419,723	62,727	41,630	77,288	2,563,314
Additions	9,074	7,617	15,104	2,622	1,883	9,425	45,725
Disposals and write-offs	-	(3,644)	(13,514)	(379)	(2,056)	(5,967)	(25,560)
Transfers	4,848	-	1,668	20	-	(6,536)	-
Transfer to investment properties	(28,525)	-	-	-	-	-	(28,525)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2013	926,487	24,829	1,422,981	64,990	41,457	74,210	2,554,954
	-----	-----	-----	-----	-----	-----	-----
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 39)	(20,211)	-	(45,099)	(1,261)	(120)	(16,166)	(82,857)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2014	907,721	26,034	1,366,993	59,979	40,553	65,306	2,466,586
	-----	-----	-----	-----	-----	-----	-----
Accumulated depreciation and impairment losses							
At 1 January 2013	181,999	-	543,314	55,727	31,785	484	813,309
Charge for the year	30,285	-	70,889	6,349	3,657	-	111,180
Impairment loss	-	-	94	-	-	-	94
On disposals and write-offs	-	-	(6,949)	(379)	(2,056)	-	(9,384)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2013	212,284	-	607,348	61,697	33,386	484	915,199
	-----	-----	-----	-----	-----	-----	-----
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 a subsidiary (refer note 39)	(13,099)	-	(29,488)	(805)	(119)	(484)	(43,995)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2014	228,709	-	627,137	58,956	32,855	-	947,657
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31 December 2013	714,203	24,829	815,633	3,293	8,071	73,726	1,639,755
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2014	679,012	26,034	739,856	1,023	7,698	65,306	1,518,929
	=====	=====	=====	=====	=====	=====	=====

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 establishing its manufacturing facilities.
- (iii) During 2013, the Group, due to change of use, reclassified a land with a carrying value of AED 28.53 million to investment properties (refer note 12).
- (iv) Buildings, plant and machinery with a net book value of AED 858 million (*2013: AED 900 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

11. Goodwill and intangible assets

AED'000

	Goodwill	Technical know-how, product distribution rights, patent and trade mark	Other intangible assets	Total
Cost				
As at 1 January 2013	127,234	51,587	16,901	195,722
Additions	-	2,318	1,040	3,358
	-----	-----	-----	-----
As at 31 December 2013	127,234	53,905	17,941	199,080
	-----	-----	-----	-----
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)	-	(46,152)	-	(46,152)
	-----	-----	-----	-----
As at 31 December 2014	127,234	9,941	18,426	155,601
	-----	-----	-----	-----
Accumulated amortization and impairment losses				
At 1 January 2013	(27,214)	(24,978)	(9,528)	(61,720)
Amortization	-	(5,228)	(442)	(5,670)
Impairment	(1,588)	-	-	(1,588)
	-----	-----	-----	-----
As at 31 December 2013	(28,802)	(30,206)	(9,970)	(68,978)
	-----	-----	-----	-----
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)	-	25,293	-	25,293
	-----	-----	-----	-----
As at 31 December 2014	(28,802)	(7,006)	(10,364)	(46,172)
	-----	-----	-----	-----
Carrying amount				
31 December 2013	98,432	23,699	7,971	130,102
	=====	=====	=====	=====
31 December 2014	98,432	2,935	8,062	109,429
	=====	=====	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

12. Investment properties

	2014 AED'000	2013 AED'000
At 1 January	4,293,038	4,087,096
Transfer from property, plant and equipment (refer note 10)	-	28,525
Transferred from development properties (refer note 13)	22,527	75,252
Sale of investment properties*	(562,712)	(316,879)
Gain on fair valuation	345,786	419,044
	-----	-----
At 31 December	4,098,639	4,293,038
	=====	=====

* Included in the sale of investment properties is 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.

As at 31st December 2014, the Group has obtained fair values of all Areas/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 starting February 2009. The fair valuation gain has arisen due to significant change in expected net cash flows as per the terms of lease contracts with tenants.

Since, valuation of all completed phases/areas 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:

	2014 AED'000	2013 AED'000
Fair valuation of completed phases and ancillary facilities as per independent registered valuation reports	3,379,800	3,565,848
Fair valuation of ancillary facilities carried out internally	-	85,500
Less: adjustment for rent receivable	(134,141)	(153,122)
Add: adjustment for unearned rent **	173,804	134,585
Add: adjustment for recognized liabilities (included in other payable and accrued expenses (refer notes 6 and 25)	93,933	75,770
	-----	-----
	3,513,396	3,708,581
	=====	=====

** 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) continued

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 74 million based on income multiple approach and discounted net cash flows.

(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 312.3 million based on income multiple approach and discounted net cash flows.

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 received by a subsidiary as grant from the Government of Fujairah. The fair value of this plot of land as at the reporting date has been determined internally amounting to AED 175 million based on the residual cash flow method using discounted net cash flows of the project which is being built on the land.

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

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.

	2014 AED'000	2013 AED'000
Balance at 1 January 2014	4,293,038	4,087,096
Transfers from property, plant and equipment and development properties	22,527	103,777
Sale of investment properties	(562,712)	(316,879)
Changes in fair value (unrealized)	345,786	419,044
	-----	-----
Balance at 31 December 2014	4,098,639	4,293,038
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

13. Development properties

	2014 AED'000	2013 AED'000
At 1 January	-	21,787
Additions	22,527	53,465
Transferred to investment properties (refer note 12)	(22,527)	(75,252)
	-----	-----
At 31 December	-	-
	=====	=====

14. Investments

	2014 AED'000	2013 AED'000
Investments at fair value through other comprehensive income- refer note 14 (a):		
- unquoted equity securities	380,764	422,669
	-----	-----
(i)	380,764	422,669
	=====	=====

Investments at fair value through profit or loss

- held for trading quoted equity securities	419,067	372,885
- unquoted equity securities, funds and bonds - refer note 14(b)	1,306,058	268,520
	-----	-----
(ii)	1,725,125	641,405
	=====	=====

	2014 AED'000	2013 AED'000
<i>Geographical distribution of investments:</i>		
UAE	817,346	509,689
Other GCC countries	401,487	272,572
Other countries	887,056	281,813
	-----	-----
(i) + (ii)	2,105,889	1,064,074
	=====	=====

Investments is unquoted equity securities, funds and bonds with a fair value of AED 864 million (2013: AED 107 million) is pledged in favor of banks against borrowings availed (refer note 24).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

Sensitivity analysis – equity price risk

The Group's investment 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 any of these stock exchanges at the reporting date would have increased profit/(decreased profit) by AED 15.84 million (2013: AED 20.44 million).

14. (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.

Abu Dhabi Investment House (ADIH) (unquoted equity security):

The Company holds 1.84% of shareholding in ADIH, which is a Sharia'a compliant investment bank based in UAE with a focus on investment sector.

Takaful Re Limited (unquoted equity security):

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

14. (b) Investments at fair value through profit or loss

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

Bonds and managed funds:

During 2014, the Company invested USD 256 million in diversified fixed income bonds portfolio and USD 14 million in managed equity funds by utilizing related leverage facility of USD 199.6 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

14 (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 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 fair value of investments in unquoted equity securities classified as fair value through other comprehensive income and accordingly, change in fair value loss of AED 23.54 million has been recorded during the current year (2013: AED 17.14 million).

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

31 December 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

14 (c) Measurement of fair values (continued)

31 December 2013	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	372,885	131,051	137,469	641,405
Financial assets at fair value through other comprehensive income	-	-	422,669	422,669
	-----	-----	-----	-----
	372,885	131,051	560,138	1,064,074
	=====	=====	=====	=====

Reconciliation of Level 3 fair values measurements of investments

	2014 AED'000	2013 AED'000
As at 1 January	560,138	627,575
Purchase during the year	22,140	175
Sold during the year	(19,290)	(6,704)
Loss included in OCI		
- Net change in fair value (unrealized)	(23,535)	(17,135)
Gain included in profit or loss		
- Net change in fair value (unrealized)	3,100	(43,773)
	-----	-----
As at 31 December	542,553	560,138
	=====	=====

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)

14. Investments (continued)

14. (d) Investments in subsidiaries

The following are the investments in subsidiaries held by the Company as at 31 December 2014:

Subsidiaries:	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	72.05
Dubai Investments International Limited	UAE	100

The following are the investments in subsidiaries held by Dubai Investments Industries LLC as at 31 December 2014:

Emirates Building Systems Company LLC	UAE	100
The Edible Oil Company (Dubai) LLC	UAE	81
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

The following are the investments in subsidiaries held by Glass LLC as at 31 December 2014:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	76.5
Emirates Float Glass LLC	UAE	67.28
Saudi American Glass Company Limited	KSA	100
Emirates Insolaire LLC	UAE	51

The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2014:

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
International Rubber Company LLC	UAE	51
White Aluminum Extrusion LLC	UAE	51
Integrated Commercial Investments LLC	UAE	55
Techno Rubber Company	KSA	51
Lite tech Industries LLC	UAE	54
IntlSys LLC	UAE	100

Dubai Investments PJSC and its subsidiaries

Notes (continued)

14. Investments (continued)

14. (d) Investments in subsidiaries (continued)

On 26th June 2014, the Group sold 66% interest (“the controlling interest”) in its wholly owned subsidiary Globalpharma Company LLC (“Globalpharma”). Subsequent to sale of the controlling interest, Globalpharma has become an associate of the Group and is being accounted for as investment in equity accounted investees as the Group continues to have significant influence financial and operating policies (refer notes 15 and 38).

15. Investment in equity accounted investees

	2014 AED'000	2013 AED'000
Investment in joint ventures (refer (i) below)	726,115	698,492
Investment in associates (refer notes 39 and (ii) below)	208,995	2,576
	-----	-----
Total investment in equity accounted investees'	935,110	701,068
	=====	=====

(i) Joint ventures

The following are the investment in joint ventures held by the Group as at 31 December 2014:

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 Group effectively 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 Group effectively owns 50% equity in this entity.

Al Mujamma Real Estate Company LLC

Al Mujamma Real Estate Company LLC is a joint venture between the Group and ANC Investment LLC. The joint venture is mainly engaged in the business of real estate including construction, demolition and rebuilding as manager, developers, and investors as well as management and leasing of properties. The Group effectively 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 36% 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 36% equity in this entity.

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.

	2014 AED'000	2013 AED'000
Non-current assets	2,401,130	2,387,344
Current assets	400,656	420,426
Non-current liabilities	(914,076)	(766,092)
Current liabilities	(460,030)	(669,244)
	-----	-----
Net assets (100%)	1,427,680	1,372,434
	-----	-----
Group's share of net assets	713,840	686,217
Goodwill	12,275	12,275
	-----	-----
Carrying amount of interest in joint ventures	726,115	698,492
	=====	=====
Income	482,774	479,600
Expenses	(406,194)	(327,564)
	-----	-----
Profit and total comprehensive income (100%)	76,580	152,036
	-----	-----
Group's share of profit and total comprehensive income	38,290	76,018
	=====	=====
Dividends received by the Group	1,500	10,000
	=====	=====

During the year ended 31 December 2013, a joint venture entity of the Group recorded a fair valuation gain on its investment property amounting to AED 108 million.

(ii) Associate

On 26th June 2014, the Group sold 66% interest ("the controlling interest") in its wholly owned subsidiary Globalpharma Company LLC ("Globalpharma"). Subsequently, the retained investment of 34% in the investee has been measured at fair value and accounted for as an investment in an associate.

The following table summarizes the financial information of Globalpharma as included in its own financial statements, 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 Globalpharma as at 31st December 2014.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

15. Investment in equity accounted investees (continued)

(ii) Associate (continued)

	2014 AED'000
Non-current assets	59,751
Current assets	58,823
Current liabilities	(28,365)

Net assets (100%)	90,209

Group's share of net assets – 34%	30,671
Fair value adjustment of retained interest upon initial recognition (refer note 39)	175,748

Carrying amount of interest in associate	206,419
	=====
Financial results from the date of disposal to the reporting date are as follows:	
Income	45,381
Expenses	(49,842)

Loss and total comprehensive income (100%)	(4,461)

Group's share of loss and total comprehensive income – 34%	(1,517)
	=====

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

	2014 AED'000	2013 AED'000
At 1 January	701,068	654,807
Profit for the year	36,773	76,018
Capital introduced	-	3,259
Dividends received	(1,500)	(10,000)
Return of share capital	(9,168)	(23,016)
Carrying value of retained interest on disposal of subsidiary including fair valuation gain (refer note 39)	207,937	-
	-----	-----
At 31 December	935,110	701,068
	=====	=====

16. Long term rent receivable (net)

Long term 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 long term receivable as of the reporting date.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

17. Finance lease receivable

The Group has the following interest in finance leases:

	2014 AED'000	2013 AED'000
Gross investment	543,846	182,914
Unearned finance income	(14,082)	(26,062)
	-----	-----
Net investment	529,764	156,852
Less: amount due in less than one year classified under other receivables	(384,677)	(14,582)
	-----	-----
Non-current portion	145,087	142,270
	=====	=====

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2014 AED'000	Interest 2014 AED'000	Principal 2014 AED'000	Minimum lease payments 2013 AED'000	Interest 2013 AED'000	Principal 2013 AED'000
Less than one year	384,677	-	384,677	14,582	-	14,582
Between one and five years	159,169	14,082	145,087	168,332	26,062	142,270
	-----	-----	-----	-----	-----	-----
	543,846	14,082	529,764	182,914	26,062	156,852
	=====	=====	=====	=====	=====	=====

- (i) The Group's interest in finance leases represents lease of logistics facility and land leased on long term basis, 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* (refer note 12). The terms of payment ranges up to 5 years. No contingent rent is receivable.
- (ii) Included in the non-current portion of the finance lease receivable is an amount of AED 122 million receivable from a related party (refer note 37).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

18. Inventories

	2014 AED'000	2013 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	203,052	192,495
Finished goods	45,355	59,268
Goods in transit	8,412	4,892
Properties under development for sale (net of provision for write down to net realizable value)	1,722,007	1,738,605
	-----	-----
	1,978,826	1,995,260
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(1,234,463)	(1,198,037)
	-----	-----
	744,363	797,223
	=====	=====
Inventories carried at net realizable value	1,234,463	1,198,037
	=====	=====

As at 31 December 2014, the Group is carrying a provision of AED 194 million (2013: AED 218 million) against properties under development for sale. Based on the re-assessment of net realizable values (NRV) of properties under development for sale, the provision of AED 194 million was found to be adequate. Where discounted cash flows have been used to estimate NRV, 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 449 million (2013: AED 434 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 87.38 million (2013: AED 100.23 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 31st December 2014 includes an amount of 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 has 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 has filed an appeal with the Dubai Court of Appeal and the proceedings are currently ongoing. Based on the judgment received from Dubai Court of First Instance and legal advice obtained by the subsidiary, management believes that the balance is fully recoverable.

Subsequent to the year end, the Group and the customer have commenced negotiations for an out-of-court settlement and discussions are currently ongoing. At the initial stage, both parties have agreed for an adjournment of the current legal proceedings. Also refer note 35.

Trade receivables amounting to AED 111.8 million are assigned against the facilities availed from banks as at 31 December 2014 (2013: AED 114.9 million).

Dubai Investments PJSC and its subsidiaries

Notes (continued)

20. Due from related parties and other receivables

	2014 AED'000	2013 AED'000
<i>Non - current</i>		
Capital advance	28,070	33,534
Other receivables	70,037	63,399
	-----	-----
	98,107	96,933
	=====	=====
<i>Current</i>		
Other receivables and prepayments (refer (i) below)	370,421	351,006
Current portion of net investment in finance leases (refer note 17)	384,677	14,582
Due from related parties	12,535	44,733
Due from customers for contract work (refer (ii) below)	134,791	83,774
	-----	-----
	902,424	494,095
	=====	=====

(i) Other receivables includes advances paid to suppliers amounting to AED 83 million (2013: AED 73 million) and amount receivable from Dubai Electricity and Water Authority of AED 71.3 million (2013: AED 90 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:

	2014 AED'000	2013 AED'000
Contract costs incurred	494,952	427,849
Recognized profits less recognized losses	81,006	70,647
	-----	-----
	575,958	498,496
Progress billings	(441,167)	(414,722)
	-----	-----
Due from customers for contract work	134,791	83,774
	=====	=====

21. Cash at bank and in hand

	2014 AED'000	2013 AED'000
Cash in hand	1,873	2,010
Cash at bank within UAE (current accounts)	308,567	346,531
Cash at bank outside UAE – GCC Countries (current accounts)	5,826	2,594
Short term deposits within UAE (including deposits of AED 30.38 million (2013: AED 63.67 million) under lien with banks)	832,030	126,142
	-----	-----
	1,148,296	477,277
	=====	=====

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. 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

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 the Company 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 the Company and shall continue to be serviced by the Company. 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.

24. Bank borrowings

	2014 AED'000	2013 AED'000
Bank overdraft, trust receipt loans and bills discounted	282,208	290,837
Short term loans	801,307	170,415
Current portion of long term bank borrowings	172,484	682,661
	-----	-----
	1,255,999	1,143,913
	=====	=====

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 have been obtained for investments in bonds, funds and structured products and are secured against pledge of these investments in favor of banks (refer note 14).

25. Trade, related parties and other payables

	2014 AED'000	2013 AED'000
<i>Non-current</i>		
Other payables	128,142	130,125
	=====	=====
<i>Current</i>		
Trade payables	390,017	358,653
Due to related parties	-	9,502
Other payables and accrued expenses	759,262	689,552
	-----	-----
	1,149,279	1,057,707
	=====	=====

Dubai Investments PJSC and its subsidiaries

Notes (continued)

26. Share capital and share premium

	2014 AED'000	2013 AED'000
Issued and paid up:		
3,820.3 million shares of AED 1 each (2013:3,570.4 million shares of AED 1 each)	3,820,322 =====	3,570,395 =====

Pursuant to the issue of 7% bonus shares as approved by the shareholders in AGM held on 22 April, the share capital of the Company has increased by 249.9 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 255 of the UAE Federal Law No. 8 of 1984 (as amended), 10% of the profit for the year of the individual entities, to which the law is applicable, is to be transferred to the statutory reserve. Such transfer may be discontinued when the statutory reserve equals 50% of the paid up share capital of the respective individual entities. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned law.

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

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

29. Revaluation reserve

The Group had purchased a plot of land costing AED 5 million in 1996. In 1997, the Government of Dubai gifted another plot of land adjacent to the existing land to the Group, which was accounted for at a nominal value by the Group. These plots of land were earlier revalued by a professional firm of independent property valuers. 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 47 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.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

31. Proposed dividend/bonus

For the year 2014, the Board of Directors has proposed a cash dividend of 12% (2013: 7%) and issue of 6% bonus shares (2013: 7%) to the shareholders of the Company.

32. Proposed directors' fees

Proposed directors' fees amounting to AED 8 million (2013: AED 6 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:

	2014	2013
Profit attributable to Owners of the Company (AED 000)	1,342,680	822,316
Weighted average number of shares outstanding (000s)	3,820,322	3,820,322
	=====	=====

At the Annual General Meeting (AGM) held on 22nd April 2014, the shareholders approved issue of 7% bonus shares. Weighted average number of shares outstanding has been retrospectively adjusted to include the 7% bonus shares approved in the aforesaid AGM.

34. Commitments

	2014	2013
	AED'000	AED'000
Capital commitments – contracted and committed	25,577	60,299
	=====	=====

35. Contingent liabilities

The Company has issued corporate guarantees to commercial banks for loans and advances granted to joint ventures amounting to AED 10.6 million (31 December 2013: AED 489 million). During the year 2014, a joint venture entity of the Group namely Emicool successfully refinanced its outstanding bank borrowings. Per the terms of refinancing, the corporate guarantee provided by the Company has been released. As the Group follows equity accounting for joint ventures, the borrowings against which these corporate guarantees have been issued are not included in the consolidated statement of financial position.

With reference to the legal proceedings initiated by the subsidiary against a customer as mentioned in Note 19, the customer has 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 has 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. Proceedings are ongoing in the Dubai Court of First Instance.

Based upon a formal legal advice that the subsidiary has received, the subsidiary believes that the customer claims are entirely without merit and that it has meritorious defenses to each of the customer's claims. The subsidiary considers the customer claims to be frivolous and a delaying tactic employed by the customer following the judgment issued by the Dubai Court of First Instance against the customer as stated in Note 19.

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

Dubai Investments PJSC and its subsidiaries

Notes (continued)

36. Lease rentals

Leases as lessor

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

	2014 AED'000	2013 AED'000
Less than one year	377,024	355,312
Between one to five years	1,671,165	1,807,066
More than five years	2,397,225	2,259,721
	=====	=====

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:

	2014 AED'000	2013 AED'000
Sale of an investment property (refer note 17)	-	111,306
Land lease charges	12,104	5,846
	=====	=====
Compensation to key management personnel, including directors is as follows:		
Short-term benefits (including proposed Directors' fees)	21,112	16,951
Post-employment benefits	127	127
	=====	=====

38. Non-controlling interests

The Group does not have any individually material non-controlling interests in any of its subsidiaries as at 31st December 2014.

Dubai Investments PJSC and its subsidiaries

Notes (continued)

39. Disposal of controlling interest in a subsidiary

On 26th June 2014, the Group sold 66% interest (“the controlling interest”) in its wholly owned subsidiary Globalpharma Company LLC (“Globalpharma or the subsidiary”).

Upon the loss of control, the Group derecognized assets and liabilities of Globalpharma at their carrying amounts at the date of loss of control. Subsequently, the retained investment of 34% in the investee has been measured at fair value and accounted for as an investment in an associate.

The disposal of controlling interest in Globalpharma had the following effect on the Group’s assets and liabilities at the date of disposal.

	AED’000
Non-current assets	73,158
Current assets	72,030

Total assets	145,188
Less: current liabilities	(37,814)

Net assets at the date of disposal	107,374
	=====
Consideration agreed – see (i) below	380,366
Fair value of investment retained – see (ii) below	207,937
Less: net assets disposed	(107,374)
Less: estimated expenses on disposal	(9,000)

Net gain on disposal of controlling interest in a subsidiary	471,929
	=====
<i>This comprises:</i>	
Realized gain on disposal of controlling interest in a subsidiary	296,181
Fair valuation gain on retained interest	175,748

Net gain on disposal of controlling interest in a subsidiary	471,929
	=====
	AED’000
Consideration agreed	380,366
Net cash and cash equivalents transferred on disposal	(9,610)
Present value of deferred consideration	(18,610)

Net cash received from disposal	352,146
	=====

- (i) Consideration amounting to AED 23.87 million is deferred which will be received in the years 2016 to 2019 and has been discounted using the effective interest rate method.
- (ii) The fair value of investment retained i.e. 34% interest was determined by an external, independent valuer having appropriate professional qualifications and experience in similar business valuations. The valuation was carried out using discounted cash flows (DCF) model at a value of AED 207.94 million. Significant unobservable inputs used in measuring the fair value are weighted average cost of capital, forecast growth in EBITDA, terminal growth rate and minority discount. Fair value of retained interest upon initial recognition is classified under level 3 of fair value hierarchy.

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 (properties held for sale and properties under development for sale)

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

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 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:

	2014 AED'000	2013 AED'000
Investments in debt securities and structured funds	1,118,872	107,434
Long term rent receivable	57,649	66,129
Long term finance lease receivable	145,087	142,270
Trade receivables (net)	1,426,299	1,520,972
Due from related parties and other receivables	1,000,531	591,028
Cash at bank	1,146,423	475,267
	-----	-----
Carrying amount	4,894,861	2,903,100
	=====	=====

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

	2014 AED'000	2013 AED'000
Domestic	1,438,547	1,486,303
Other GCC countries	105,534	128,007
Other regions	27,305	48,932
	-----	-----
	1,571,386	1,663,242
	=====	=====

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

	2014 AED'000	2013 AED'000
Contracting	522,243	480,166
Real estate	438,838	487,437
Others	610,305	695,639
	-----	-----
	1,571,386	1,663,242
	=====	=====

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:

	2014 Gross AED'000	2014 Impairment AED'000	2013 Gross AED'000	2013 Impairment AED'000
Current 0-30 days	278,980	-	254,778	-
31-90 days	172,786	-	149,976	-
91 – 180 days	161,164	(275)	121,591	-
180 - 365 days	183,721	(20)	228,798	-
More than one year	717,036	(87,093)	866,061	(100,232)
	-----	-----	-----	-----
	1,513,687	(87,388)	1,621,204	(100,232)
	=====	=====	=====	=====

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

	2014 AED'000	2013 AED'000
Balance at 1 January	100,232	132,030
Impairment loss recognized	18,184	1,850
Reversal of impairment loss	(31,028)	(19,560)
Impairment loss written-off	-	(14,088)
	-----	-----
Balance at 31 December	87,388	100,232
	=====	=====

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 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 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)	(323,013)	(1,146,540)
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)	-	-	-
	3,918,657	(4,204,339)	(2,510,431)	(179,667)	(362,923)	(1,151,316)

31 December 2013

<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)	1,975,634	(2,140,961)	(1,194,838)	(373,232)	(544,552)	(28,339)
Trade and other payables	1,048,685	(1,048,685)	(1,048,685)	-	-	-
Other long term liabilities	66,129	(66,129)	(8,867)	(16,834)	(40,428)	-
<i>Derivative financial liabilities</i>						
Interest rate swaps	9,022	(9,022)	(9,022)	-	-	-
	3,099,470	(3,264,797)	(2,261,412)	(390,066)	(584,980)	(28,339)

Market risk

Currency risk

Exposure to currency risk

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

	2014 Euro'000	2013 Euro'000
Trade and other receivables	-	3,456
Cash at bank	22	22
Trade and other payables	(3,373)	(5,310)
	-----	-----
Gross exposure	(3,351)	(1,832)
	-----	-----
Net exposure	(3,351)	(1,832)
	=====	=====

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	
	2014 AED	2013 AED	2014 AED	2013 AED
Euro	4.75 =====	4.93 =====	4.45 =====	4.87 =====

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	
	2014 AED'000	2013 AED'000
Fixed rate instruments		
Financial assets	1,539,110	161,063
Financial liabilities	(1,113,710) =====	(43,789) =====
Variable rate instruments		
Financial assets	330,000	37,983
Financial liabilities	(1,595,723) =====	(1,931,845) =====

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for certain fixed rate financial assets and liabilities at fair value through profit or loss. However, 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 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 2013.

Effect in AED’000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2014	(12,657)	12,657
31 December 2013	(18,938)	18,938
	=====	=====

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 31st December 2014.

42. Subsequent events

Subsequent to the year ended 31st December 2014, the Board of Directors of the Company has approved to acquire 60% stake in Al Mal Capital PSC (“Al Mal”). The purchase price will be based on the net asset value per the audited financial statements of Al Mal as at 31st December 2014 and will be subject to execution of transactional documents and approval from relevant Authorities.

43. Segment reporting

The Group has broadly four 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 and IPO’s, bonds, funds 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 separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are few transactions between the segments and any such transaction is priced on arm’s length basis.

43. Segment reporting (continued)

Information about reportable segments

	Manufacturing and contracting		Investments		Property		AED'000 Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Business Segments								
Revenue	1,595,322	1,435,867	527,035	75,561	771,655	911,634	2,894,012	2,423,062
Finance income and other income	37,218	37,424	30,152	4,154	58,148	42,931	125,518	84,509
Finance expenses	(59,646)	(47,714)	(7,699)	(8,196)	(52,303)	(47,698)	(119,648)	(103,608)
Gain on fair valuation of investment properties	-	-	-	-	345,786	419,044	345,786	419,044
	-----	-----	-----	-----	-----	-----	-----	-----
Reportable segment profit	3,278	(15,576)	545,052	(8,195)	794,350	846,087	1,342,680	822,316
	=====	=====	=====	=====	=====	=====	=====	=====
Reportable segment assets	2,930,006	2,943,611	3,289,174	1,323,884	8,305,504	8,353,478	14,524,684	12,620,973
	=====	=====	=====	=====	=====	=====	=====	=====
Reportable segment liabilities	1,336,732	1,429,435	956,107	405,027	1,694,015	1,329,004	3,986,854	3,163,466
	=====	=====	=====	=====	=====	=====	=====	=====

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