

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim financial statements

30 June 2020

Dubai Investments PJSC and its subsidiaries

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

Introduction

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter – significant estimation uncertainty in investment properties

We draw attention to note 4 (use of estimates and judgements) and note 10 (investment properties) to the condensed consolidated interim financial statements. These notes explain that there is a significant estimation uncertainty in determining the fair valuation of investment properties of AED 8.8 billion, which are included within the condensed consolidated interim statement of financial position as at 30 June 2020. In particular, the third party valuer engaged by management for the fair valuation assessment of certain investment properties has also included a material valuation uncertainty clause in its report based on the recent guidance issued by the Royal Institute of Chartered Surveyors ("RICS") as a result of COVID-19. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation than normal. Our review conclusion is not modified with respect to these matters.

Other matter

As per the communication to listed companies by the Securities and Commodities Authority dated 7 April 2020 on disclosure of interim financial statements, the Group opted for the exemption of not issuing the condensed consolidated interim financial statements for the three month period ended 31 March 2020.

PricewaterhouseCoopers

29 July 2020



Mohamed ElBorno

Registered Auditor Number 946

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Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss

		Three month period ended 30 June		Six month period ended 30 June	
	Note	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Sale of goods and services		319,116	370,462	599,396	685,982
Rental income		211,497	237,861	431,970	463,255
Contract revenue		41,059	40,456	89,408	94,599
Sale of properties		4,031	9,116	25,243	27,114
Gain/(loss) on fair valuation of investments		51,172	9,275	(65,838)	43,981
(Loss)/gain on sale of investments		(4,351)	4,789	1,231	3,733
Gain on fair valuation of investment properties	10	59,737	52,251	59,737	52,251
Gain on sale of investment properties		-	14,142	-	14,142
Dividend income		3,511	5,338	9,371	14,395
Share of loss from equity accounted investees		(13,460)	(27,775)	(13,364)	(32,836)
Gain on fair valuation of existing interest prior to acquisition of controlling stake	19	-	-	-	11,506
Bargain purchase gain	19	-	8,624	-	52,324
Total income		672,312	724,539	1,137,154	1,430,446
Cost of sales	6	(307,484)	(418,236)	(638,451)	(790,781)
Administrative and general expenses	7	(102,128)	(109,395)	(215,401)	(198,047)
Finance expenses		(80,024)	(83,659)	(145,674)	(155,298)
Net impairment losses on financial and contract assets		(2,085)	4,825	(8,512)	(693)
Finance income		7,232	8,954	16,433	19,852
Other income	8	17,572	11,191	41,204	28,793
Profit for the period		205,395	138,219	186,753	334,272
Profit attributable to:					
Owners of the Company		211,788	151,214	205,002	353,243
Non-controlling interests		(6,393)	(12,995)	(18,249)	(18,971)
Profit for the period		205,395	138,219	186,753	334,272
Earnings per share					
Basic and diluted earnings per share (AED)	15	0.05	0.04	0.05	0.08

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

	Three month period ended 30 June		Six month period ended 30 June	
	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Profit for the period	205,395	138,219	186,753	334,272
Other comprehensive income ('OCI'):				
Items that will not be reclassified to profit or loss				
Net change in fair value of investments at fair value through OCI	(22)	(46)	(3,849)	(62)
Total other comprehensive loss for the period	(22)	(46)	(3,849)	(62)
Total comprehensive income for the period	205,373	138,173	182,904	334,210
Attributable to:				
Owners of the Company	211,773	151,168	202,690	353,181
Non-controlling interests	(6,400)	(12,995)	(19,786)	(18,971)
Total comprehensive income for the period	205,373	138,173	182,904	334,210

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

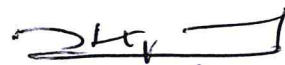
		30 June 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 June 2019 AED'000 (Reviewed)
	Note			
Non-current assets				
Property, plant and equipment	9	3,759,509	3,752,083	3,596,940
Right-of-use-assets	9	469,576	269,651	291,039
Goodwill and intangible assets		511,394	520,430	530,840
Investment properties	10	8,840,775	8,705,078	8,417,237
Investments at fair value through other comprehensive income	11	116,804	120,653	121,767
Other financial assets at fair value through profit or loss		58,273	59,848	-
Investments in equity accounted investees		118,274	129,436	152,823
Rent receivable		39,050	46,195	39,871
Finance lease receivable		800	858	1,310
Inventories	12	273,422	269,784	267,378
Trade receivables		24,238	29,644	40,919
Other receivables		33,028	31,542	30,665
Total non-current assets		14,245,143	13,935,202	13,490,789
Current assets				
Inventories	12	2,743,961	2,670,642	2,572,451
Investments at fair value through profit or loss	11	1,339,686	1,440,242	1,395,892
Trade receivables		1,567,598	1,404,792	1,437,140
Other receivables		683,546	657,089	706,352
Short-term deposits with banks	14	173,589	90,924	93,023
Cash and cash equivalents	14	706,787	758,314	949,553
Total current assets		7,215,167	7,022,003	7,154,411
Total assets		21,460,310	20,957,205	20,645,200
Equity				
Share capital		4,252,018	4,252,018	4,252,018
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		1,176,846	1,176,846	1,078,710
General reserve		1,435,654	1,435,654	1,345,510
Revaluation reserve		-	-	22,000
Fair value reserve		(146,482)	(144,170)	(144,209)
Proposed dividend	17	-	425,202	-
Proposed directors' fee	17	-	10,500	-
Retained earnings		4,999,545	4,794,534	5,095,631
Equity attributable to owners of the Company		11,743,129	11,976,132	11,675,208
Non-controlling interests		210,178	229,973	335,291
Total equity		11,953,307	12,206,105	12,010,499
Liabilities				
Non-current liabilities				
Bank borrowings	16	5,058,406	4,643,401	4,667,794
Lease liabilities		432,660	232,679	246,895
Other payables		259,289	200,637	214,208
Total non-current liabilities		5,750,355	5,076,717	5,128,897
Current liabilities				
Bank borrowings	16	1,666,536	1,582,214	1,565,518
Lease liabilities		48,888	39,934	39,634
Trade and other payables		2,041,224	2,052,235	1,900,652
Total current liabilities		3,756,648	3,674,383	3,505,804
Total liabilities		9,507,003	8,751,100	8,634,701
Total equity and liabilities		21,460,310	20,957,205	20,645,200

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 July 2020 and were signed on its behalf by:



Khalid Jassim Kalban
Vice – Chairman and Chief Executive Officer



Mushtaq Masood
Group Chief Financial Officer

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of cash flows

		Six month period ended 30 June	
		2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Note			
	Cash flows from operating activities		
	Profit for the period	186,753	334,272
	<i>Adjustments for:</i>		
	Depreciation	109,539	110,006
	Amortization of intangible assets	10,189	8,068
	Loss/(gain) on disposal of property, plant and equipment	8	(42)
	Gain on fair valuation of investment properties	(59,737)	(52,251)
	Gain on sale of investment properties	-	(14,142)
	Gain on sale of investments – (net)	(1,231)	(3,733)
	Share of loss from equity accounted investees	13,364	32,836
	Loss/(gain) on fair valuation of investments	65,838	(43,981)
19	Gain on fair valuation of existing interest prior to acquisition of a controlling stake	-	(11,506)
19	Bargain purchase gain	-	(52,324)
	Finance income	(16,433)	(19,852)
	Finance expense	145,674	155,298
	Operating profit before changes in working capital	453,964	442,649
	<i>Changes in:</i>		
	- investment at fair value through profit or loss	35,949	101,940
	- trade and other receivables	(176,565)	(220,736)
	- inventories	(76,957)	(176,168)
	- trade and other payables	47,641	127,689
17	- directors' fee paid	(10,500)	(10,500)
	Net cash generated from operating activities	273,532	264,874
	Consideration paid for acquisition of controlling/non-controlling interests - net of cash acquired	-	(115,467)
	Additions to investment properties	(82,891)	(110,233)
	Proceeds from disposal of investment properties	6,931	-
	Acquisition of property, plant and equipment	(93,722)	(204,640)
	Proceeds from disposal of property, plant and equipment	530	402
	Net additions to intangible assets	(1,153)	(401)
	Finance income received	16,433	19,852
	Net movement in equity accounted investees	(2,202)	(33,548)
	Net cash used in investing activities	(156,074)	(444,035)
	Cash flows from financing activities		
	Proceeds from bank borrowings	1,097,621	2,811,574
	Repayment of bank borrowings	(403,950)	(854,173)
	Repayment of sukuk notes	-	(1,101,600)
	Principal elements of lease payments	(14,771)	(27,261)
	Net movement in non-controlling interests	-	(2,798)
17	Dividend paid	(425,202)	(425,202)
	Net movement in short term deposits	(82,665)	41,400
	Finance expense	(145,674)	(155,298)
	Net cash generated from financing activities	25,359	286,642
	Net increase in cash and cash equivalents	142,817	107,481
14	Cash and cash equivalents at 1 January	245,291	343,016
	Cash and cash equivalents at 30 June	388,108	450,497
	<i>Cash and cash equivalents comprise following:</i>		
14	Cash in hand, current and call accounts with banks	587,694	769,034
14	Short term deposits with banks (excluding those under lien)	119,093	180,519
	Bank overdrafts, trust receipt loans and bills discounted	(318,679)	(499,056)
		388,108	450,497

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity

	Equity attributable to owners of the Company											Non-controlling Interest	Total
	Share Capital	Share Premium	Capital Reserve	Legal Reserve	General Reserve	Revaluation Reserve	Fair value Reserve	Proposed Dividend	Proposed Directors' Fee	Retained Earnings	Sub Total	AED'000	AED'000
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2019	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(153,281)	425,202	10,500	4,909,632	11,915,839	369,466	12,285,305
Impact of change in accounting policy related to capitalisation of borrowing cost	-	-	-	-	-	-	-	-	-	(154,432)	(154,432)	(12,406)	(166,838)
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	(3,678)	(3,678)	-	(3,678)
Adjusted balance at 1 January 2019	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(153,281)	425,202	10,500	4,751,522	11,757,729	357,060	12,114,789
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	353,243	353,243	(18,971)	334,272
Other comprehensive income													
Fair value reserve transferred to retained earnings on disposal of investments	-	-	-	-	-	-	9,134	-	-	(9,134)	-	-	-
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(62)	-	-	-	(62)	-	(62)
Total other comprehensive income for the period	-	-	-	-	-	-	9,072	-	-	(9,134)	(62)	-	(62)
Total comprehensive income for the period	-	-	-	-	-	-	9,072	-	-	344,109	353,181	(18,971)	334,210
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners</i>													
Dividend paid	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,789)	(1,789)
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	(1,789)	(426,991)
<i>Changes in ownership interests</i>													
Reduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,009)	(1,009)
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,009)	(1,009)
Total transactions with owners	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	(2,798)	(428,000)
Other movements													
Directors' fee paid	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 June 2019	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(144,209)	-	-	5,095,631	11,675,208	335,291	12,010,499

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

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity

	-----Equity attributable to owners of the Company-----												
	Share Capital	Share Premium	Capital Reserve	Legal Reserve	General Reserve	Reval- uation Reserve	Fair value Reserve	Proposed Dividend	Proposed Directors ' Fee	Retained Earnings	Sub Total	Non- controlling interest	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2020	4,252,018	46	25,502	1,176,846	1,435,654	-	(144,170)	425,202	10,500	4,794,534	11,976,132	229,973	12,206,105
Total comprehensive income for the period													
Profit for the period										205,002	205,002	(18,249)	186,753
Other comprehensive income													
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(2,312)	-	-	-	(2,312)	(1,537)	(3,849)
Total other comprehensive income for the period	-	-	-	-	-	-	(2,312)	-	-	-	(2,312)	(1,537)	(3,849)
Total comprehensive income for the period	-	-	-	-	-	-	(2,312)	-	-	205,002	202,690	(19,786)	182,904
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Dividend paid	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Total contributions by and distribution to owners	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Changes in ownership interests													
Acquisition of non- controlling interest	-	-	-	-	-	-	-	-	-	9	9	(9)	-
Total transactions with owners	-	-	-	-	-	-	-	(425,202)	-	9	(425,193)	(9)	(425,202)
Other movements													
Directors' fee paid	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 June 2020	4,252,018	46	25,502	1,176,846	1,435,654	-	(146,482)	-	-	4,999,545	11,743,129	210,178	11,953,307

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020

1. Reporting entity

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

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

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

2. Statement of compliance

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

3. Significant accounting policies

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

Definition of Material – Amendments to IAS 1 and IAS 8

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

In particular, the amendments clarify:

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

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020 (continued)

3. Significant accounting policies (continued)

Definition of a Business – Amendments to IFRS 3

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

Revised Conceptual Framework for Financial Reporting

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

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

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

4. Use of estimates and judgments

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

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

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

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

Dubai Investments PJSC and its subsidiaries

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

4. Use of estimates and judgments (continued)

Based on this assessment, the Group has determined that significant changes are not required as of 30 June 2020 in its significant judgements and estimates from those applied as of 31 December 2019 mainly as a result of the long term nature of some of the leasing contracts, offers received and sale agreements within the investment properties. Due to the significant level of estimation uncertainty especially given the impact of COVID-19 and lack of data in the market, the Group has disclosed the key assumptions which are subject to estimate uncertainty and the impact of the variation in key assumptions on the fair valuation of investment properties (Note 10).

5. Financial instruments

– Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019.

– Valuation of financial instruments

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

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

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

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

Dubai Investments PJSC and its subsidiaries

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

5. Financial instruments (continued)

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

<i>30 June 2020</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	151,376	758,764	429,546	1,339,686
Financial assets at fair value through other comprehensive income	573	-	116,231	116,804
	151,949	758,764	545,777	1,456,490
<i>31 December 2019</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	183,092	853,567	403,583	1,440,242
Financial assets at fair value through other comprehensive income	619	-	120,034	120,653
	183,711	853,567	523,617	1,560,895

– Reconciliation of Level 3 fair value measurements of financial assets

	2020 AED'000	2019 AED'000
As at 1 January	523,617	512,684
Purchased during the period	36,052	-
Redeemed/sold during the period	-	(18,413)
Loss included in OCI		
- Net change in fair value (unrealized)	(3,849)	-
Loss recorded in profit and loss		
- Net change in fair value (unrealized)	(10,043)	-
As at 30 June	545,777	494,271

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

– Valuation techniques

The fair values of Level 3 financial instruments have been determined on the same basis and assumptions as for the year ended 31 December 2019.

Dubai Investments PJSC and its subsidiaries

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

6. Cost of sales

	Three month period ended 30 June		Six month period ended 30 June	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Materials consumed	184,147	238,284	332,190	433,381
Depreciation and amortisation	46,995	51,522	96,014	94,410
Staff costs	32,710	35,828	68,176	69,931
Share of Government of Dubai in the realised profits of a subsidiary	25,960	29,347	55,578	54,882
Cost of properties sold	4,957	8,139	23,497	24,675
Infrastructure and development works cost sharing with Road and Transport Authority ("RTA")	7,270	7,270	14,540	14,540

7. Administrative and general expenses

	Three month period ended 30 June		Six month period ended 30 June	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Staff costs	57,103	67,395	121,540	125,388
Selling and marketing expenses	17,993	19,138	32,536	32,429
Depreciation and amortisation	9,765	11,449	23,714	23,664

8. Other income

Other income mainly includes management fees, advertisement income and miscellaneous income.

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

During the six month period ended 30 June 2020, the Group's additions to property, plant and equipment amounted to AED 93.7 million (year ended 31 December 2019: AED 444.3 million).

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

10. Investment properties

Included in investment properties are mainly the following:

	30 June 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 June 2019 AED'000 (Reviewed)
Infrastructure and ancillary facilities	5,084,063	4,977,608	5,122,313
Plots of land for future development	1,586,302	1,693,522	944,649
Residential, retail and commercial facilities	1,541,058	1,388,918	1,694,345
Labor camps and warehouses	629,352	645,030	655,930
	8,840,775	8,705,078	8,417,237

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020 (continued)

10. Investment properties (continued)

- i) The valuation basis and assumptions used for valuation of investments properties remains largely consistent with the methodology adopted as at 31 December 2019.
- ii) As at 30 June 2020, the Group has obtained fair values of infrastructure and ancillary facilities leased to third parties built on the land (number 598-0100 and 597-0100 located in Jebel Ali Industrial Area). The valuation was carried out by an independent registered third party valuer (“the Valuer”) in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors (“RICS”) using an income approach. The valuer has included a material valuation uncertainty clause, in its report based on the recent guidance issued by RICS as a result of COVID-19. This clause highlights that less certainty, and consequently a higher degree of caution should be attached to the valuation than normal. The fair valuation gain of AED 100 million (six month period ended 30 June 2019: fair valuation gain of AED 65 million) has arisen due to additional leasable area allocated by relevant authorities in the current period and changes in the contractual and expected net cash flows based on the terms of lease contracts with tenants.
- iii) For the remaining investment properties, the Group has reassessed the fair values using assumptions derived by management and recorded a fair valuation loss of AED 40 million during the six month period ended 30 June 2020 due to changes in the market conditions as a result of the impact of COVID – 19.
- iv) During the six month period ended 30 June 2020, additions to investment properties amounted to AED 76 million (year ended 31 December 2019: AED 316 million). Furthermore, during the six month period ended 30 June 2020, disposals of investment properties amounted to AED 7 million (year ended 31 December 2019: AED 38 million).
- v) Key assumption and the significant unobservable inputs used in the fair value measurement are as follows:

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

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020 (continued)

10. Investment properties (continued)

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

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 488 million higher/AED 492 million lower respectively, with all other variables remaining constant.
Capitalisation yield rates	based on the actual location, size and quality of the properties and taking into account market data at the valuation date. If capitalisation yield rates were 1% higher/lower, the valuation would have been AED 139 million lower or AED 168 million higher respectively, with all other variables remaining constant.
Market sales rates	based on the estimated selling price of comparable properties and taking into account the market data at the date of valuation. If the market sales rate were 10% higher/lower the valuation would have been AED 165 million higher/lower.
Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows. If discount rates were 1% higher/lower, the valuation would have been AED 671 million lower or AED 642 million higher respectively, with all other variables remaining constant.
Outgoing expenses	including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 198 million lower or AED 171 million higher respectively, with all other variables remaining constant.

11. Financial investments

	30 June 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 June 2019 AED'000 (Reviewed)
Investments at fair value through other comprehensive income:			
- Equity securities (i)	116,804	120,653	121,767
Investments at fair value through profit or loss:			
- Held for trading quoted equity securities	174,520	205,467	376,307
- Unquoted equity securities, funds, bonds and sukuks	1,165,166	1,234,775	1,019,585
(ii)	1,339,686	1,440,242	1,395,892
Geographical distribution of investments			
UAE	619,651	741,514	598,362
Other GCC countries	355,352	370,688	463,076
Other countries	481,487	448,693	456,221
(i)+(ii)	1,456,490	1,560,895	1,517,659

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020 (continued)

12. Inventories

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

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

13. Related party transactions

Significant related party transactions during the period were as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
Compensation to key management personnel:				
Short term benefits	6,966	7,050	13,932	14,088
Post-employment benefits	121	116	242	231

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

	30 June 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)	30 June 2019 AED'000 (Reviewed)
Short term deposits with banks:			
Short term deposits with banks having maturity of more than 3 months	66,097	1,045	45,297
Short term deposits within UAE under lien with banks	107,492	89,879	47,726
	173,589	90,924	93,023
Cash and cash equivalents:			
Cash in hand	6,952	1,252	2,130
Cash at bank within UAE (current accounts)	515,748	489,995	715,271
Cash at bank outside UAE – GCC Countries (current accounts)	8,098	4,660	6,708
Cash at bank outside UAE – Other countries (current accounts)	56,896	49,766	44,925
Short term deposits within UAE having maturity of less than 3 months	119,093	212,641	180,519
	706,787	758,314	949,553

Dubai Investments PJSC and its subsidiaries

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

15. Basic and diluted earnings per share

	Three month period ended 30 June		Six month period ended 30 June	
	2020	2019	2020	2019
Profit attributable to Owners of the Company (AED'000)	211,788	151,214	205,002	353,243
Weighted average number of shares outstanding ('000s)	4,252,018	4,252,018	4,252,018	4,252,018
Basic and diluted earnings per share (AED)	0.05	0.04	0.05	0.08

16. Bank borrowings

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

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

17. Proposed dividend and directors' fee

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

18. Commitments

	30 June 2020 AED'000	31 December 2019 AED'000
Capital commitments – contracted and committed	626,724	1,169,658

Commitments mainly include the following:

- Value of construction contracts awarded to contractors for real estate projects under development.
- DIPDC has signed an agreement with RTA to share in the cost of infrastructure and development works of the adjoining areas. Total outstanding commitment as at 30 June 2020 amounts to AED 262 million (31 December 2019: AED 276.5 million) which will be invoiced and paid until 2029, in semi-annual installments of AED 14.5 million each.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020 (continued)

19. Acquisition of a subsidiary

On 7 March 2019, the Group acquired the additional 66% interest in its existing associate entity, Globalpharma Co. LLC (“Globalpharma”). The gain on fair valuation of the existing interest prior to the acquisition of the controlling stake of AED 11.5 million and the bargain purchase gain of AED 52.3 million was recognized during the six month period ended 30 June 2019.

20. Segment reporting

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

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

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

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the six month period ended 30 June 2020 (continued)

20. Segment reporting (continued)

Information about reportable segments

Business Segments

	Property		Manufacturing, contracting and services		Investments		Total	
	Six month period ended 30 June		Six month period ended 30 June		Six month period ended 30 June		Six month period ended 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Sales of goods and services (at a point of time)	12,572	19,923	580,797	657,956	6,027	8,103	599,396	685,982
Rental income	431,970	463,255	-	-	-	-	431,970	463,255
Contract revenue (over time)	-	-	89,408	94,599	-	-	89,408	94,599
Sale of properties (over time)	25,243	27,114	-	-	-	-	25,243	27,114
Gain/(loss) on fair valuation of investment	-	-	-	-	(65,838)	43,981	(65,838)	43,981
Gain on fair valuation of investment properties	59,737	52,251	-	-	-	-	59,737	52,251
Gain on fair valuation of existing interest prior to acquisition of a controlling stake	-	-	-	-	-	11,506	-	11,506
Bargain purchase gain	-	-	-	-	-	52,324	-	52,324
Others	-	14,142	-	-	(2,762)	(14,708)	(2,762)	(566)
Total income	529,522	576,685	670,205	752,555	(62,573)	101,206	1,137,154	1,430,446
Cost of sales	(106,122)	(181,778)	(532,329)	(609,003)	-	-	(638,451)	(790,781)
Administrative and general expenses	(40,745)	(37,395)	(124,972)	(114,970)	(49,684)	(45,682)	(215,401)	(198,047)
Finance expenses	(76,565)	(68,922)	(57,066)	(57,992)	(12,043)	(28,384)	(145,674)	(155,298)
Net impairment loss on financial and contract assets	(1,524)	-	(6,988)	(693)	-	-	(8,512)	(693)
Finance income and other income	20,333	9,471	22,701	20,151	14,603	19,023	57,637	48,645
Profit for the period	324,899	298,061	(28,449)	(9,952)	(109,697)	46,163	186,753	334,272
Profit attributable to:								
Owners of the Company	327,758	301,220	(19,366)	6,479	(103,390)	45,544	205,002	353,243
Non – controlling interests	(2,859)	(3,159)	(9,083)	(16,431)	(6,307)	619	(18,249)	(18,971)
Profit for the period	324,899	298,061	(28,449)	(9,952)	(109,697)	46,163	186,753	334,272
	31 December		31 December		31 December		31 December	
	30 June 2020	2019	30 June 2020	2019	30 June 2020	2019	30 June 2020	2019
Assets	13,761,480	13,219,867	5,554,341	5,305,681	2,144,489	2,431,657	21,460,310	20,957,205
Liabilities	5,088,622	4,668,489	3,059,126	2,900,013	1,359,255	1,182,598	9,507,003	8,751,100

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