

Dubai Investments PJSC and its subsidiaries
Condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022

Dubai Investments PJSC and its subsidiaries

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Investments PJSC (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2022 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of cash flows and changes in equity for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers
9 November 2022

Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

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Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss

	Note	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2022	2021	2022	2021
		AED'000	AED'000	AED'000	AED'000
Sale of goods and provision of services		280,781	450,242	1,126,939	1,190,876
Rental income		211,235	200,857	627,757	613,795
Contract revenue		75,252	47,225	180,515	148,551
Sale of properties		137,026	115,006	292,652	471,976
Gain on fair valuation of investment properties	10	-	-	27,924	31,000
(Loss) / gain on fair valuation of investments		(14,316)	2,502	(69,263)	58,260
Gain on sale of investments		982	10,083	13,523	30,991
Share of profit/(loss) from equity accounted investees		36,833	2,742	50,587	(10,212)
Dividend income		16,874	13,210	29,869	25,906
Gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	19	980,415	-	980,415	-
Bargain purchase gain	4	-	3,150	11,479	6,900
Total income		1,725,082	845,017	3,272,397	2,568,043
Cost of sales	6	(490,072)	(574,090)	(1,479,411)	(1,726,933)
Administrative expenses	7	(108,752)	(103,841)	(319,377)	(317,638)
Finance costs		(61,689)	(47,994)	(174,833)	(162,484)
Net impairment losses on trade receivables		(11,570)	(2,341)	(14,918)	(35,361)
Finance income		59,916	14,865	170,840	74,560
Other income	8	8,888	18,406	24,686	45,491
Profit for the period		1,121,803	150,022	1,479,384	445,678
Profit attributable to:					
Owners of the Company		1,124,744	153,534	1,488,830	455,602
Non-controlling interests		(2,941)	(3,512)	(9,446)	(9,924)
Profit for the period		1,121,803	150,022	1,479,384	445,678
Earnings per share					
Basic and diluted earnings per share (AED)	15	0.26	0.04	0.35	0.11

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Profit for the period	1,121,803	150,022	1,479,384	445,678
Other comprehensive income (‘OCI’):				
<i>Items that will not be reclassified to profit or loss</i>				
Net change in fair value of investments at fair value through OCI	(83)	(65)	4,048	(12,462)
Share of other comprehensive income of equity accounted investees	(5,327)	-	(5,327)	-
Total other comprehensive loss for the period	(5,410)	(65)	(1,279)	(12,462)
Total comprehensive income for the period	1,116,393	149,957	1,478,105	433,216
Attributable to:				
Owners of the Company	1,119,359	153,469	1,487,609	444,625
Non-controlling interests	(2,966)	(3,512)	(9,504)	(11,409)
Total comprehensive income for the period	1,116,393	149,957	1,478,105	433,216

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

		30 September 2022	31 December 2021	30 September 2021
	<i>Note(s)</i>	AED'000	AED'000	AED'000
Non-current assets				
Property, plant and equipment	9	1,539,712	3,690,304	3,910,383
Right-of-use-assets		362,785	395,607	420,388
Goodwill and intangible assets		265,108	676,202	489,171
Investment properties	10	9,144,135	8,977,629	8,592,479
Investments at fair value through other comprehensive income	11	59,480	62,768	62,768
Other financial assets at fair value through profit or loss		48,728	45,769	49,932
Investments in equity accounted investees	19	1,613,220	326,112	314,340
Rent receivable		55,515	53,771	54,838
Inventories	12	243,305	243,305	237,844
Trade receivables		312,572	340,384	456,555
Other receivables		13,311	15,789	15,244
Total non-current assets		13,657,871	14,827,640	14,603,942
Current assets				
Inventories	12	1,860,295	2,095,848	2,109,418
Investments at fair value through profit or loss	11	1,629,006	1,661,552	1,555,611
Trade receivables		1,863,550	1,757,918	1,812,844
Other receivables and due from related parties		577,291	603,916	706,104
Short-term deposits with banks	14	75,364	116,092	113,301
Cash and cash equivalents	14	1,177,554	713,326	981,803
Total current assets		7,183,060	6,948,652	7,279,081
Total assets		20,840,931	21,776,292	21,883,023
Equity				
Share capital		4,252,020	4,252,020	4,252,020
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		1,278,017	1,278,017	1,210,472
General reserve		1,445,397	1,445,397	1,442,729
Fair value reserve		(193,075)	(191,854)	(191,882)
Proposed dividend	17	-	510,242	-
Proposed directors' fee	17	-	12,000	-
Retained earnings		5,910,613	4,740,221	5,169,552
Equity attributable to owners of the Company		12,718,520	12,071,591	11,908,439
Non-controlling interests		209,947	224,721	222,130
Total equity		12,928,467	12,296,312	12,130,569

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of financial position (continued)

		30 September 2022	31 December 2021	30 September 2021
	<i>Note(s)</i>	AED'000	AED'000	AED'000
Liabilities				
Non-current liabilities				
Bank borrowings	16	3,871,256	4,842,434	4,164,779
Lease liabilities		358,202	378,308	390,636
Other payables		202,112	293,648	332,560
Total non-current liabilities		4,431,570	5,514,390	4,887,975
Current liabilities				
Bank borrowings	16	1,381,526	2,118,342	2,845,266
Lease liabilities		39,755	43,196	43,571
Trade and other payables		2,059,613	1,804,052	1,975,642
Total current liabilities		3,480,894	3,965,590	4,864,479
Total liabilities		7,912,464	9,479,980	9,752,454
Total equity and liabilities		20,840,931	21,776,292	21,883,023

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 9 November 2022 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

		Nine-month period ended 30 September	
	Note(s)	2022	2021
Cash flows from operating activities			
Profit for the period		1,479,384	445,678
<i>Adjustments for:</i>			
Depreciation		140,008	162,874
Amortisation of intangible assets		17,441	14,967
Gain on disposal of property, plant and equipment		(169)	(321)
Gain on fair valuation of investment properties		(27,924)	(31,000)
Gain on sale of investments		(13,523)	(21,623)
Gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	19	(980,415)	(9,368)
Share of (profit) / loss from equity accounted investees		(50,587)	10,212
Loss / (gain) on fair valuation of investments		69,263	(58,260)
Net impairment losses on financial and contract assets		14,918	35,361
Bargain purchase gain		(11,479)	(6,900)
Finance income		(170,840)	(74,560)
Finance costs		174,833	162,484
Operating profit before changes in working capital		640,910	629,544
<i>Changes in:</i>			
- investments at fair value		(21,185)	8,390
- trade and other receivables		(337,018)	(325,570)
- inventories		227,717	398,896
- trade and other payables		150,796	64,096
- directors' fee paid		(12,000)	(10,500)
Net cash generated from operating activities		649,220	764,856
Cash flows from investing activities			
Consideration paid for acquisition of non-controlling interest		(6,926)	(267)
Net cash received on disposal of controlling interest in subsidiary	19	1,113,081	65,000
Additions to investment properties		(138,582)	(72,278)
Acquisition of property, plant and equipment		(37,562)	(137,692)
Proceeds from disposal of property, plant and equipment		5,019	662
Additions to intangible assets		(581)	(2,693)
Finance income received		109,895	40,145
Net movement in equity accounted investees		(7,453)	(179,527)
Net cash generated from / (used in) investing activities		1,036,891	(286,650)
Cash flows from financing activities			
Proceeds from bank borrowings		1,248,913	1,368,078
Repayment of bank borrowings		(1,720,992)	(1,240,596)
Principal elements of lease payments		(19,541)	(30,727)
Net movement in non-controlling interests		(1,999)	(305)
Dividend paid		(510,242)	(340,161)
Net movement in short term deposits		13,379	94,357
Finance costs		(174,833)	(162,484)
Net cash used in financing activities		(1,165,315)	(311,838)
Net increase in cash and cash equivalents		520,796	166,368
Cash and cash equivalents at 1 January		509,138	566,336
Cash and cash equivalents at 30 September		1,029,934	732,704
<i>Cash and cash equivalents comprise following:</i>			
Cash in hand, current and call accounts with banks	14	682,504	532,165
Short term deposits with banks (excluding those under lien)	14	495,050	449,638
Bank overdrafts, trust receipt loans and bills discounted		(147,620)	(249,099)
		1,029,934	732,704

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity For the nine-month period ended 30 September 2022

	-----Equity attributable to owners of the Company-----											
	Share Capital	Share Premium	Capital Reserve	Legal Reserve	General Reserve	Fair value reserve	Proposed dividend	Proposed directors' fee	Retained Earnings	Sub Total	Non- controlling interests	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
Balance at 1 January 2021	4,252,020	46	25,502	1,210,472	1,442,729	(180,905)	340,161	10,500	4,713,933	11,814,458	234,128	12,048,586
Total comprehensive income for the period												
Profit for the year	-	-	-	-	-	-	-	-	455,602	455,602	(9,924)	445,678
Other comprehensive income												
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	(10,977)	-	-	-	(10,977)	(1,485)	(12,462)
Total other comprehensive income for the period	-	-	-	-	-	(10,977)	-	-	-	(10,977)	(1,485)	(12,462)
Total comprehensive income for the period	-	-	-	-	-	(10,977)	-	-	455,602	444,625	(11,409)	433,216
Transactions with owners, in their capacity as owners												
<i>Contributions by and distributions to owners</i>												
Dividend paid	-	-	-	-	-	-	(340,161)	-	-	(340,161)	-	(340,161)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	(305)	(305)
Total contributions by and distribution to owners	-	-	-	-	-	-	(340,161)	-	-	(340,161)	(305)	(340,466)
<i>Changes in ownership interests</i>												
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	17	17	(284)	(267)
Transactions with owners, in their capacity as owners	-	-	-	-	-	-	(340,161)	-	17	(340,144)	(589)	(340,733)
Other movements												
Directors' fee paid	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 September 2021	4,252,020	46	25,502	1,210,472	1,442,729	(191,882)	-	-	5,169,552	11,908,439	222,130	12,130,569

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity For the nine-month period ended 30 September 2022 (continued)

	Equity attributable to owners of the Company											
	Share Capital	Share Premium	Capital Reserve	Legal Reserve	General Reserve	Fair value reserve	Proposed dividend	Proposed directors' fee	Retained Earnings	Sub Total	Non-controlling interests	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
Balance at 1 January 2022	4,252,020	46	25,502	1,278,017	1,445,397	(191,854)	510,242	12,000	4,740,221	12,071,591	224,721	12,296,312
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	1,488,830	1,488,830	(9,446)	1,479,384
Other comprehensive income												
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	4,106	-	-	-	4,106	(58)	4,048
Share of other comprehensive income of equity accounted investees	-	-	-	-	-	(5,327)	-	-	-	(5,327)	-	(5,327)
Total other comprehensive income for the period	-	-	-	-	-	(1,221)	-	-	-	(1,221)	(58)	(1,279)
Total comprehensive income for the period	-	-	-	-	-	(1,221)	-	-	1,488,830	1,487,609	(9,504)	1,478,105
Transactions with owners, in their capacity as owners												
Contributions by and distributions to owners												
Dividend paid (Note 17 (i))	-	-	-	-	-	-	(510,242)	-	-	(510,242)	-	(510,242)
Interim cash dividend declared (Note 17 (iii))	-	-	-	-	-	-	-	-	(318,901)	(318,901)	-	(318,901)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,999)	(1,999)
Total contributions by and distribution to owners	-	-	-	-	-	-	(510,242)	-	(318,901)	(829,143)	(1,999)	(831,142)
Changes in ownership interests												
Acquisition of non-controlling interest (Note 19)	-	-	-	-	-	-	-	-	463	463	(7,389)	(6,926)
Disposal of controlling interest in a subsidiary (Note 19)	-	-	-	-	-	-	-	-	-	-	4,118	4,118
Total contributions by and distribution to owners	-	-	-	-	-	-	-	-	463	463	(3,271)	(2,808)
Transactions with owners, in their capacity as owners	-	-	-	-	-	-	(510,242)	-	(318,438)	(828,680)	(5,270)	(833,950)
Other movements												
Directors' fee paid (Note 17 (ii))	-	-	-	-	-	-	-	(12,000)	-	(12,000)	-	(12,000)
Total other movements	-	-	-	-	-	-	-	(12,000)	-	(12,000)	-	(12,000)
Balance at 30 September 2022	4,252,020	46	25,502	1,278,017	1,445,397	(193,075)	-	-	5,910,613	12,718,520	209,947	12,928,467

The notes set out on pages 9 to 19 form part of these condensed consolidated interim financial statements

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022

1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16 July 1995. These condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2022 (“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, United Arab Emirates (“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”) and comply with the provisions of the UAE Companies law. 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 audited consolidated financial statements of the Group for the year ended 31 December 2021. In addition, results for the period from 1 January 2022 to 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021, except for the adoption of new amendments to the accounting standards effective as of 1 January 2022, which did not have an impact on the condensed consolidated interim financial statements of the Group.

New standards, interpretations and amendments issued but not yet effective for the year beginning 1 January 2022 and not early adopted by the Group

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

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 management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2021, except for the significant judgement as disclosed below:

As at 31 December 2021, the Group held 45.18% equity interest in National General Insurance PJSC ("NGI") which was accounted for as an associate of the Group under the 'investments in equity accounted investees as the Group did not have control over NGI.

To comply with the local regulations, as a result of acquiring more than 30% of the equity interest in NGI, the Company extended an open offer to the existing shareholders for the acquisition of their shares, and acquired an additional 3.16% interest in NGI in January 2022. Upon acquisition of this additional interest, the Group's equity interest in NGI has increased to 48.34%. Consequently, management has re-assessed whether it has control over NGI considering the size of its equity interest and voting rights relative to the size and dispersion of the equity interest and voting rights of the other shareholders.

Based on this assessment, management determined that the Group does not have control over NGI due to concentration of the voting rights with a small group of shareholders who can prevent the Group from unilaterally making decisions about the key activities of NGI. Consequently, the Group has continued to account for NGI as an associate of the Group under the 'investments in equity accounted investees' and not as a subsidiary of the Group.

Further, on the respective dates of the acquisition of the additional equity interest in NGI, the fair value of the identifiable net assets were determined provisionally, however, during the nine-month period ended 30 September 2022, the Group engaged an independent valuer to perform the fair valuation of net assets acquired, consequently, the Group recorded an additional bargain purchase gain of AED 11.48 million.

Further, the Group has determined that significant changes are not required as of 30 September 2022 in the key judgements and estimates from those applied as of 31 December 2021 and 30 June 2022 for determining fair value of investment properties mainly due to the long-term nature of some of the leasing contracts.

The Group has assessed the continued impact of COVID-19 on its businesses and its reflection on its consolidated financial position and performance. This assessment involved significant judgements, estimates and assumptions that were subject to a lesser degree of certainty as compared to those made in years prior to the advent of COVID-19.

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 2021.

- 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.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

5. Financial instruments (continued)

- Valuation of financial instruments (continued)

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

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

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

<i>30 September 2022</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	214,813	909,897	504,296	1,629,006
Financial assets at fair value through other comprehensive income	336	-	59,144	59,480
	215,149	909,897	563,440	1,688,486
<i>31 December 2021</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	227,245	972,144	462,163	1,661,552
Financial assets at fair value through other comprehensive income	523	-	62,245	62,768
	227,768	972,144	524,408	1,724,320

- Reconciliation of Level 3 fair value measurements of financial assets

	2022 AED'000	2021 AED'000
As at 1 January	524,408	438,601
Purchased during the period/year	96,603	242,557
Redeemed/sold during the period/year	(63,251)	(164,239)
Transfer out of level 3	-	(2,424)
Gain / (loss) included in OCI		
- Net change in fair value (unrealised)	4,243	(12,375)
Gain recorded in profit and loss		
- Net change in fair value (unrealised)	1,437	22,288
As at 30 September / 31 December	563,440	524,408

During the nine-month period ended 30 September 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

5. Financial instruments (continued)

- 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 2021.

6. Cost of sales

	Three-month period ended		Nine-month period	
	30 September		ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Materials consumed	206,102	268,448	670,516	699,368
Cost of properties sold	129,474	113,826	272,524	472,150
Depreciation and amortisation	34,724	52,000	141,168	151,517
Staff costs	31,043	32,232	95,272	94,590
Share of Government of Dubai in the realised profits of a subsidiary Infrastructure and development works cost sharing with Road and Transport Authority ("RTA")	27,065	28,295	83,715	84,967
	7,270	7,270	21,810	21,810

7. Administrative expenses

	Three-month period ended		Nine-month period	
	30 September		ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Staff costs	56,286	60,256	188,225	181,114
Selling and marketing expenses	11,269	3,576	37,905	33,314
Depreciation and amortisation	3,846	5,898	16,281	26,324

8. Other income

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

9. Property, plant and equipment

During the nine-month period ended 30 September 2022, the Group's additions to property, plant and equipment amounted to AED 37.56 million (year ended 31 December 2021: AED 150.68 million).

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

10. Investment properties

Included in investment properties are mainly the following:

	30 September 2022	31 December 2021	30 September 2021
	AED'000	AED'000	AED'000
Infrastructure and ancillary facilities	5,353,977	5,255,628	5,215,142
Plots of land for future development	1,492,524	1,466,984	1,416,552
Retail and commercial facilities	1,031,087	987,287	695,820
Residential facilities	693,264	693,264	691,035
Labor camps and warehouses	573,283	574,466	573,930
	9,144,135	8,977,629	8,592,479

- (i) The valuation basis and assumptions used for valuation of investments properties remains largely consistent with the methodology adopted as at 31 December 2021.
- (ii) During the nine-month period ended 30 September 2022, 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) and two school campuses located in Ajman, UAE. The valuations were carried out by independent registered valuers in accordance with the RICS Valuation – Global Standards issued by the Royal Institute of Chartered Surveyors using an income approach. The fair valuation gain of AED 27.92 million (nine-month period ended 30 September 2021: fair valuation gain of AED 31 million) has been recorded which has arisen due to significant change in the contractual and expected net cash flows based on the terms of lease contracts with tenants on the land (number 598-0100 and 597-0100 located in Jebel Ali Industrial Area).
- (iii) For the remaining investment properties, given that the key assumptions used for valuation of investment properties remains largely consistent with those adopted as at 31 December 2021, accordingly the fair value of the investment properties have not changed significantly during the nine-month period ended 30 September 2022 and consequently, no fair valuation gain / loss has been recorded for the nine-month period ended 30 September 2022 (nine-month period ended 30 September 2021: no fair valuation gain / loss).
- (iv) During the nine-month period ended 30 September 2022, additions to investment properties amounted to AED 138.58 million (year ended 31 December 2021: AED 408.31 million). Furthermore, there were no disposals during the nine-month period ended 30 September 2022 (year ended 31 December 2021: no disposals).
- (v) Key assumptions and the significant unobservable inputs used in the fair value measurement of investment properties are as follows:

Type of property	Key assumptions
Infrastructure and ancillary facilities	Future contractual rental cash inflows, discount rate and outgoing expenses
Plots of land for future development and residential facilities	Market sales rates
Retail and commercial facilities and labor camps and warehouses	Future market rental cash inflows and capitalisation yield rates

- (vi) As disclosed in the audited consolidated financial statements for the year ended 31 December 2021, the external valuation reports for labour camps included a material valuation uncertainty statement. Consequently, management conducted a sensitivity analysis on the significant unobservable inputs used in the fair valuation of those investment properties as disclosed in the Company's recent annual audited consolidated financial statements as at and for the year ended 31 December 2021.

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11. Financial investments

	30 September 2022 AED'000	31 December 2021 AED'000	30 September 2021 AED'000
<i>Investments at fair value through other comprehensive income</i>			
- Equity securities (i)	<u>59,480</u>	62,768	62,768
<i>Investments at fair value through profit or loss</i>			
- Held for trading quoted equity securities	225,350	246,548	222,840
- Unquoted equity securities, funds, bonds and sukus	<u>1,403,656</u>	1,415,004	1,332,771
(ii)	<u>1,629,006</u>	1,661,552	1,555,611
<i>Geographical distribution of investments</i>			
UAE	584,268	629,739	605,922
Other GCC countries	266,104	253,647	296,319
Other countries	<u>838,114</u>	840,934	716,138
(i)+(ii)	<u>1,688,486</u>	1,724,320	1,618,379

12. Inventories

Inventories at 30 September 2022 include properties held for development and sale in the ordinary course of business amounting to AED 1,835 million (31 December 2021: AED 2,076 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 concluded that no provision for NRV is required to be recorded.

13. Related party transactions

Significant related party transactions during the period were as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
Compensation to key management personnel				
Short term benefits	8,309	7,045	24,050	21,135
Post-employment benefits	<u>127</u>	<u>122</u>	<u>381</u>	<u>364</u>

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Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

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

	30 September 2022 AED'000	31 December 2021 AED'000	30 September 2021 AED'000
Short term deposits with banks			
Short term deposits with banks having maturity of more than 3 months	-	30,112	30,112
Short term deposits within UAE under lien with banks	75,364	85,980	83,189
	75,364	116,092	113,301
Cash and cash equivalents			
Cash in hand	1,782	2,096	9,838
Cash at bank within UAE (current accounts)	611,489	613,605	489,523
Cash at bank outside UAE – GCC Countries (current accounts)	2,819	2,144	15,745
Cash at bank outside UAE – Other countries (current accounts)	66,414	34,983	17,059
Short term deposits within UAE having maturity of less than 3 months	495,050	60,498	449,638
	1,177,554	713,326	981,803

15. Basic and diluted earnings per share

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
Profit attributable to Owners of the Company (AED'000)	1,124,744	153,534	1,488,830	455,602
Weighted average number of shares outstanding ('000s)	4,252,020	4,252,020	4,252,020	4,252,020
Basic and diluted earnings per share (AED)	0.26	0.04	0.35	0.11

16. Bank borrowings

The terms of the bank borrowings vary from one 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/SOFR 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.

17. Proposed dividend and directors' fee

- (i) At the General Meeting held on 11 April 2022, the shareholders approved a 12% (AED 0.12 per share) cash dividend proposed by the Board of Directors. The dividend amounting to AED 510.24 million was paid during the current period.
- (ii) At the General Meeting held on 11 April 2022, the shareholders approved the proposed Directors' fee amounting to AED 12 million for the year ended 31 December 2021 which was paid during the current period.
- (iii) At the General Meeting held on 12 September 2022, the shareholders approved a 7.5% (AED 0.075 per share) interim cash dividend proposed by the Board of Directors. The dividend amounting to AED 318.90 million was paid subsequently in October 2022.

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Notes to the condensed consolidated interim financial statements
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18. Capital commitments

	30 September 2022 AED'000	31 December 2021 AED'000
Capital commitments – contracted and committed	404,566	523,326

Commitments mainly include the following:

- Value of construction contracts awarded to contractors for real estate projects under development.
- Dubai Investments Park Development Company LLC, a subsidiary of the Company, had signed an agreement with RTA to share in the cost of infrastructure and development works of the adjoining areas. Total outstanding commitment as at 30 September 2022 amounts to AED 211.8 million (31 December 2021: AED 233.6 million) which will be invoiced and paid until 2029.

19. Disposal of controlling interest in subsidiaries and acquisition of non-controlling interest

- (i) On 11 April 2022, the Group entered into a Sales and Purchase Agreement (“SPA”) with a third party (“Buyer”) for the disposal of the 50% equity interest in Emicool District Cooling LLC (“Emicool”) against cash consideration. Further, on 25 July 2022, the Group signed a shareholders’ agreement with the Buyer, transferred shares to the Buyer and received the consideration for the divestment of the equity interest resulting in the loss of control in Emicool.

Upon the loss of control, the Group derecognised the assets and liabilities of Emicool and its subsidiaries (“Emicool Group”) and the retained investment of 50% in Emicool Group has been remeasured at fair value and accounted for as a joint venture under ‘investment in an equity accounted investee’.

Assets and liabilities of Emicool Group on the date of loss of control are as follows:

	AED'000
Non-current assets	
Property, plant and equipment	2,071,730
Right of use assets	3,615
Intangible assets including goodwill	394,234
Other receivables	3,192
	2,472,771
Current assets	
Inventories	7,836
Trade receivables	195,639
Other receivables	134,912
Short-term deposits with banks	27,349
Cash and cash equivalents	104,508
	470,244
Total assets	2,943,015
Non-current liabilities	
Bank borrowings	1,073,674
Lease liabilities	1,515
Other payables	105,374
	1,180,563

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Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

19. Disposal of controlling interest in subsidiaries and acquisition of non-controlling interest (continued)

	AED'000
Current liabilities	
Bank borrowings	105,673
Lease liabilities	1,718
Trade and other payables	200,298
	<u>307,689</u>
Total liabilities	<u>1,488,252</u>
Carrying value of Emicool Group's net assets	<u>1,454,763</u>

The calculation for the gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment is as follows:

	AED'000
Fair value of the consideration	1,217,589
Fair value of retained investment*	1,217,589
Less: Carrying value of Emicool Group's net assets	(1,454,763)
Gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	<u>980,415</u>

This comprises:

Gain on disposal of controlling interest in a subsidiary	490,208
Fair value gain on retained investment	490,207
	<u>980,415</u>

The calculation for the net amount received from the disposal for the cash flow purposes is as follows:

	AED'000
Fixed consideration	1,217,589
Less: Net cash and cash equivalents transferred on disposal	(104,508)
Net amount received from the disposal	<u>1,113,081</u>

*The fair value of retained investment was assessed by the Group to be equivalent to the consideration received for the disposal of the existing investment.

- (ii) During the nine-month period ended 30 September 2022, the Group disposed of 80% of its interest in Dubai Cranes and Technical Service LLC. This transaction has resulted in a net loss of AED 0.91 million which is netted off within the "Gain on sale of investments".
- (iii) During the nine-month period ended 30 September 2022, the Group acquired additional 3.42% equity interest in its existing subsidiary Al Mal Capital PSC. Post-acquisition of additional interest, the Company's shareholding in Al Mal Capital PSC has increased to 70.18%.

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Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

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, pharmaceutical products, district cooling services, production, aluminium extruded products, laboratory furniture, healthcare and education
<i>Investments</i>	strategic minority investments in associates, investment banking, asset management and financial investments

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

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022 (continued)

20. Segment reporting (continued)

Information about reportable segments

<i>Business Segments</i>	Property		Manufacturing, contracting and services		Investments		Total	
	Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Sales of goods and provision of services								
(i) at a point in time	11,073	17,236	862,136	758,410	19,589	10,528	892,798	786,174
(ii) over time	-	-	234,141	404,702	-	-	234,141	404,702
Total sales of goods and provision of services (i + ii)	11,073	17,236	1,096,277	1,163,112	19,589	10,528	1,126,939	1,190,876
Rental income	627,757	613,795	-	-	-	-	627,757	613,795
Contract revenue (over time)	-	-	180,515	148,551	-	-	180,515	148,551
Sale of properties (over time)	292,652	471,976	-	-	-	-	292,652	471,976
Gain on fair valuation of investment properties	27,924	31,000	-	-	-	-	27,924	31,000
(Loss)/gain on fair valuation of investment	-	-	-	-	(69,263)	58,260	(69,263)	58,260
Gain on sale of investments	-	-	-	-	13,523	30,991	13,523	30,991
Gain on disposal of controlling interest in a subsidiary and fair value gain on retained investment	-	-	-	-	980,415	-	980,415	-
Bargain purchase gain	-	-	-	-	11,479	6,900	11,479	6,900
Others	-	-	-	-	80,456	15,694	80,456	15,694
Total income	959,406	1,134,007	1,276,792	1,311,663	1,036,199	122,373	3,272,397	2,568,043
Cost of sales	(517,735)	(674,355)	(961,676)	(1,052,578)	-	-	(1,479,411)	(1,726,933)
Administrative expenses	(52,023)	(51,197)	(168,302)	(190,556)	(99,052)	(75,885)	(319,377)	(317,638)
Net impairment loss on financial and contract assets	(466)	(16,828)	(14,452)	(18,533)	-	-	(14,918)	(35,361)
Finance costs	(90,543)	(83,012)	(47,159)	(60,074)	(37,131)	(19,398)	(174,833)	(162,484)
Finance income and other income	71,316	48,970	66,867	55,030	57,343	16,051	195,526	120,051
Profit for the period	369,955	357,585	152,070	44,952	957,359	43,141	1,479,384	445,678
Profit attributable to:								
Owners of the Company	371,274	361,755	161,854	53,398	955,702	40,449	1,488,830	455,602
Non-controlling interests	(1,319)	(4,170)	(9,784)	(8,446)	1,657	2,692	(9,446)	(9,924)
Profit for the period	369,955	357,585	152,070	44,952	957,359	43,141	1,479,384	445,678
	30		30		30		30	
	September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2022	2021	2022	2021	2022	2021	2022	2021
Assets (AED'000)	14,025,781	13,880,561	2,242,602	5,224,743	4,572,548	2,670,988	20,840,931	21,776,292
Liabilities (AED'000)	5,043,683	4,895,080	1,387,538	3,001,528	1,481,243	1,583,372	7,912,464	9,479,980

The Group's revenue is mainly earned from transactions carried out in the UAE.