

**Investment Corporation of Dubai
and its subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

30 June 2017



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE OWNER OF INVESTMENT CORPORATION OF DUBAI

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Investment Corporation of Dubai (“ICD”) and its subsidiaries (collectively referred to as the “Group”), which comprise the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated income statement and interim consolidated statement of comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated 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. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No. 687

24 October 2017

Dubai, United Arab Emirates

Investment Corporation of Dubai and its subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2017

		<i>Six-month period ended 30 June</i>	
		<i>2017</i>	<i>2016</i>
		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>		
Continuing operations			
Revenues	20	93,249,247	82,478,905
Cost of revenues		(74,957,139)	(62,745,674)
		18,292,108	19,733,231
Other income		2,308,981	3,242,642
Net gain / (loss) from derivative instruments		481,495	(522,716)
General, administrative and other expenses		(10,302,788)	(10,832,772)
Net impairment losses on financial assets and equity accounted investees	3	(1,298,078)	(1,888,022)
Other finance income		824,454	660,429
Other finance costs		(2,070,890)	(1,759,342)
Share of results of associates and joint ventures - net	8	2,355,495	1,864,892
PROFIT FOR THE PERIOD BEFORE INCOME TAX - FROM CONTINUING OPERATIONS		10,590,777	10,498,342
Income tax expense - net		(198,630)	(325,301)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		10,392,147	10,173,041
Discontinued operations			
(Loss) / profit after tax for the period from discontinued operations	13	(41,171)	151,350
PROFIT FOR THE PERIOD		10,350,976	10,324,391
Attributable to:			
The equity holder of ICD		8,261,608	8,210,920
Non-controlling interests		2,089,368	2,113,471
		10,350,976	10,324,391

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2017

	<i>Six-month period ended 30 June</i>	
	<i>2017</i>	<i>2016</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
PROFIT FOR THE PERIOD	10,350,976	10,324,391
Other comprehensive income		
<i>Other comprehensive income / (loss) that are / to be reclassified to consolidated income statement in subsequent periods:</i>		
Net movement in fair value of available-for-sale investments	(5,433)	(578,402)
Net movement in fair value of cash flow hedges	143,261	581,343
Foreign currency translation differences - net	124,347	(271,466)
Group's share in other comprehensive income of equity accounted investees	186,046	174,573
Net other comprehensive income / (loss) that are / to be reclassified to consolidated income statement in subsequent periods	448,221	(93,952)
<i>Other comprehensive income / (loss) not to be reclassified to consolidated income statement in subsequent periods:</i>		
Actuarial gain / (loss) on defined benefit plans	12,869	(131,969)
Group's share in actuarial gain / (loss) on defined benefit plans of equity accounted investees	21,791	(21,571)
Net other comprehensive income / (loss) not to be reclassified to consolidated income statement in subsequent periods	34,660	(153,540)
Other comprehensive income / (loss) for the period	482,881	(247,492)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,833,857	10,076,899
Attributable to:		
The equity holder of ICD	8,698,899	8,164,885
Non-controlling interests	2,134,958	1,912,014
	10,833,857	10,076,899

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Notes</i>	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	139,103,192	137,598,186
Intangible assets	6	26,330,151	25,726,371
Investment properties	7	16,174,828	15,296,663
Development properties		985,388	672,768
Investments in associates and joint ventures	8	43,838,164	42,682,863
Investment securities	9	21,906,983	19,139,992
Other non-current assets		20,463,513	22,304,304
Islamic financing and investment products	10	19,932,879	28,155,682
Loans and receivables	11	86,061,996	82,002,352
Cash and deposits with banks	12	2,813,830	2,128,850
Positive fair value of derivatives		2,015,854	1,705,296
Deferred tax assets		167,598	160,121
		<u>379,794,376</u>	<u>377,573,448</u>
Current assets			
Investment securities	9	4,786,698	4,997,873
Inventories		10,429,060	9,718,011
Trade and other receivables		33,174,557	32,822,145
Islamic financing and investment products	10	45,042,097	35,969,844
Loans and receivables	11	167,244,512	156,399,806
Cash and deposits with banks	12	139,791,244	141,539,351
Positive fair value of derivatives		864,501	1,814,312
Customer acceptances		5,687,195	6,941,585
		<u>407,019,864</u>	<u>390,202,927</u>
Assets of disposal group classified as held for sale	13	-	2,114,279
		<u>407,019,864</u>	<u>392,317,206</u>
TOTAL ASSETS		<u><u>786,814,240</u></u>	<u><u>769,890,654</u></u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2017

	<i>Notes</i>	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	14	65,329,584	65,329,584
Retained earnings		99,226,369	95,267,939
Other reserves	15	13,476,015	13,064,671
		<u>178,031,968</u>	<u>173,662,194</u>
Non-controlling interests	16	36,676,277	35,717,848
Total equity		<u>214,708,245</u>	<u>209,380,042</u>
Non-current liabilities			
Employees' end of service benefits		3,387,528	3,154,631
Borrowings and lease liabilities		125,605,956	133,975,326
Negative fair value of derivatives		1,641,567	1,921,510
Other non-current payables		9,520,771	9,337,672
Customer deposits		7,342,091	7,122,580
Islamic customer deposits		162,249	106,356
Deferred tax liabilities		782,931	734,712
Repurchase agreements with banks		409,183	44,024
		<u>148,852,276</u>	<u>156,396,811</u>
Current liabilities			
Employees' end of service benefits		17,736	19,535
Borrowings and lease liabilities		63,099,155	55,230,921
Negative fair value of derivatives		761,847	1,637,725
Trade and other payables		55,969,620	51,581,585
Customer deposits		247,349,623	236,020,229
Islamic customer deposits		50,101,880	51,628,453
Repurchase agreements with banks		-	1,882
Current income tax liabilities		266,663	427,404
Customer acceptances		5,687,195	6,941,585
		<u>423,253,719</u>	<u>403,489,319</u>
Liabilities of disposal group classified as held for sale	13	-	624,482
		<u>423,253,719</u>	<u>404,113,801</u>
Total liabilities		<u>572,105,995</u>	<u>560,510,612</u>
TOTAL EQUITY AND LIABILITIES		<u>786,814,240</u>	<u>769,890,654</u>

Director

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2017

		<i>Six-month period ended 30 June</i>	
		<i>2017</i>	<i>2016</i>
		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>			
OPERATING ACTIVITIES			
	Profit before tax from continuing operations	10,590,777	10,498,342
	Profit before tax from discontinued operations	(41,171)	151,350
		10,549,606	10,649,692
Adjustments for:			
	Depreciation and impairment on property, plant and equipment and investment properties (net of reversals)	6,573,339	6,203,820
11	Impairment allowance on loans and receivables - net	886,423	953,558
10	Impairment allowance on Islamic financing and investment products - net	320,275	506,889
	Amortisation and impairment of intangible assets and advance lease rental	709,963	604,080
	Net gain on disposal of property, plant and equipment, investment properties, intangible assets and sale and leaseback of aircraft	(368,338)	(451,039)
	Net gain in fair value of investments carried at fair value through profit or loss	(7,834)	(2,629)
	Impairment loss on available-for-sale investments	44,097	228,847
	(Gain) / loss on disposal of investment in an associate	(32,733)	3,838
	Other finance income	(824,454)	(660,429)
	Other finance costs	2,070,890	1,759,342
8	Share of results of associates and joint ventures - net	(2,355,495)	(1,864,892)
	Provision for employees' end of service benefits	623,722	603,650
13	Loss on disposal of a discontinued operation	28,000	48,342
13	Reversal of provision on a discontinued operation	-	(199,692)
	Gain arising on a gifted land	-	(231,306)
	Unrealised loss on derivatives	137,309	296,958
	Net gain on sale of investment securities	(134,434)	(289,162)
		18,220,336	18,159,867
Changes in:			
	Inventories	(711,049)	(432,706)
	Trade and other receivables	1,342,481	(5,581,661)
	Trade and other payables	2,155,430	(11,373,137)
	Loans and receivables (banking operations)	(15,790,773)	(10,697,174)
	Statutory deposits (banking operations)	(2,700,110)	3,659,965
	Deposits with banks with original maturity over three months (banking operations)	(14,854,908)	433,095
	Customer deposits including Islamic customer deposits (banking operations)	10,078,225	18,937,703
	Due to banks with original maturity over three months (banking operations)	(3,248,749)	293,290
	Fair value of derivatives - net	(653,877)	(339,657)
	Islamic financing and investment products with original maturity over three months (banking operations)	611,928	(4,111,928)
	Other non-current assets	1,808,221	1,624,673
	Other non-current payables	(69,645)	641,701
	Net cash (used in) / generated from operations	(3,812,490)	11,214,031

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2017

	<i>Notes</i>	<i>Six-month period ended 30 June</i>	
		<i>2017 AED'000 (Unaudited)</i>	<i>2016 AED'000 (Unaudited)</i>
OPERATING ACTIVITIES (continued)			
Employees' end of service benefits paid		(498,483)	(547,451)
Income tax paid		(318,629)	(345,548)
Exchange translation reserve and other movements		(191,693)	211,979
Net cash (used in) / generated from operating activities		(4,821,295)	10,533,011
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and development properties		(7,093,347)	(9,581,829)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		1,357,800	6,332,394
Proceeds from disposal of investments in associates		112,966	36,387
Acquisition of subsidiaries – net of cash acquired		(402,569)	(1,416,069)
Acquisition of additional non-controlling interest in a direct subsidiary		-	(52,743)
Proceeds from disposal of discontinued operations		1,538,153	327,919
Other finance income received		824,454	660,429
Net of other movement in investment securities		(2,407,132)	(936,724)
Investments in associates and joint ventures		(61,531)	(986,239)
Dividend from associates and joint ventures	8	1,372,888	1,356,552
Islamic financing and investment products with original maturity over three months (non-banking operations)		(3,478,142)	3,651,679
Net movement in deposits with banks with original maturity over three months (non-banking operations)		(984,842)	10,992,127
Net cash (used in) / generated from investing activities		(9,221,302)	10,383,883
FINANCING ACTIVITIES			
Interest on Tier 1 Capital Notes issued by a banking subsidiary		(293,831)	(294,550)
Distribution paid to the Government		(3,811,569)	(6,015,765)
Net movement in borrowings and lease liabilities		(6,611,540)	4,539,109
Net movement in repurchase agreements with banks		363,277	(144,385)
Other finance costs paid		(2,070,890)	(1,759,342)
Dividend paid to the non-controlling interests		(1,056,120)	(1,234,218)
Net cash used in financing activities		(13,480,673)	(4,909,151)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(27,523,270)	16,007,743
Cash and cash equivalents at the beginning of the period		58,398,413	33,868,945
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		30,875,143	49,876,688

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2017

Cash and cash equivalents noted above include the following:

	30 June 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	30 June 2016 AED'000 (Unaudited)
Cash and deposits with banks - current	139,791,244	141,539,351	127,517,333
Islamic financing and investment products with original maturity of less than three months	3,998,983	5,695,472	4,114,472
Due to banks	(22,055,732)	(18,856,571)	(16,017,118)
Bank overdrafts	(193,326)	(417,442)	(298,460)
	121,541,169	127,960,810	115,316,227
Due to banks with original maturity of more than three months	2,571,143	5,819,892	6,034,079
Deposits with Central Banks for regulatory purposes (note 12)	(32,177,428)	(29,477,318)	(26,733,282)
Certificates of deposits with Central Banks with original maturity of more than three months	(22,119,250)	(9,217,975)	(16,402,475)
Due from other banks and deposits with other banks with original maturity of more than three months	(38,940,491)	(36,686,996)	(28,337,861)
	30,875,143	58,398,413	49,876,688

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six-month period ended 30 June 2017

	<i>Attributable to the equity holder of ICD</i>					<i>Total equity AED'000</i>
	<i>Capital AED'000 (see note 14)</i>	<i>Retained earnings AED'000</i>	<i>Other reserves AED'000 (see note 15)</i>	<i>Total AED'000</i>	<i>Non-controlling interests AED'000 (see note 16)</i>	
Balance at 1 January 2017	65,329,584	95,267,939	13,064,671	173,662,194	35,717,848	209,380,042
Profit for the period	-	8,261,608	-	8,261,608	2,089,368	10,350,976
Other comprehensive income for the period	-	34,660	402,631	437,291	45,590	482,881
Total comprehensive income for the period	-	8,296,268	402,631	8,698,899	2,134,958	10,833,857
Distributions paid to the Government of Dubai (the "Government")	-	(4,136,569)	-	(4,136,569)	-	(4,136,569)
Interest on Tier 1 capital notes	-	-	-	-	(293,831)	(293,831)
Dividend paid to the non-controlling interests	-	-	-	-	(1,056,120)	(1,056,120)
Arising on acquisition of a subsidiary (see note 4(a))	-	-	-	-	19,692	19,692
Transfers (see note 15)	-	16,141	4,236	20,377	(20,377)	-
Other movements	-	(217,410)	4,477	(212,933)	174,107	(38,826)
Balance at 30 June 2017	65,329,584	99,226,369	13,476,015	178,031,968	36,676,277	214,708,245

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)

For the six-month period ended 30 June 2017

	<i>Attributable to the equity holder of ICD</i>				<i>Non-controlling interests</i> AED'000 <i>(see note 16)</i>	<i>Total equity</i> AED'000
	<i>Capital</i> AED'000 <i>(see note 14)</i>	<i>Retained earnings</i> AED'000	<i>Other reserves</i> AED'000 <i>(see note 15)</i>	<i>Total</i> AED'000		
Balance at 1 January 2016	65,105,154	82,717,005	14,208,495	162,030,654	34,239,501	196,270,155
Profit for the period	-	8,210,920	-	8,210,920	2,113,471	10,324,391
Other comprehensive (loss) / income for the period	-	(153,540)	107,505	(46,035)	(201,457)	(247,492)
Total comprehensive income for the period	-	8,057,380	107,505	8,164,885	1,912,014	10,076,899
Distribution paid to the Government	-	(6,015,765)	-	(6,015,765)	-	(6,015,765)
Interest on Tier 1 capital notes	-	-	-	-	(294,550)	(294,550)
Dividend paid to the non-controlling interests	-	-	-	-	(1,234,218)	(1,234,218)
Arising on acquisition of subsidiaries	-	-	-	-	109,130	109,130
Transfers (see note 15)	-	(5,889)	9,942	4,053	(4,053)	-
Transfer on reduction of share capital of an indirect subsidiary	-	1,256,420	(1,256,420)	-	-	-
Change in Group's ownership in existing subsidiaries	-	(24,994)	21,771	(3,223)	(49,520)	(52,743)
Arising on disposal of a discontinued operation	-	-	-	-	(12,087)	(12,087)
Other movements	-	(11,252)	(49,879)	(61,131)	1,031	(60,100)
Balance at 30 June 2016	65,105,154	85,972,905	13,041,414	164,119,473	34,667,248	198,786,721

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

1 ACTIVITIES

Investment Corporation of Dubai (“ICD”), an entity wholly owned by the Government of Dubai, was established in Dubai on 3 May 2006 under Emiri Decree 11 of 2006 issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of United Arab Emirates (“UAE”) and The Ruler of Dubai.

ICD is a principal investment arm of the Government and was capitalised with the subsequent transfer of certain of the Government’s portfolio of investments from the Department of Finance-Investments Division. ICD’s role is to supervise the Government’s investment portfolio, adding value through the implementation of best practice corporate governance and embracing a global investment strategy.

The address of ICD’s registered office is at PO Box 333888, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements for the six-month period ended 30 June 2017 were approved by the Board of Directors of ICD on 24 October 2017.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

a) Statement of compliance

The interim condensed consolidated financial statements of ICD and its subsidiaries (together referred to as the “Group”) for the six-month period ended 30 June 2017 have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”).

These interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2016. In addition, results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

b) Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost except for the measurement at fair value of available-for-sale investments, financial assets classified as held for trading and at fair value through profit or loss, derivative financial instruments and recognised assets and liabilities that are hedged and measured at fair value in respect of the risk that is hedged.

c) Functional and presentation currency

The interim condensed consolidated financial statements are prepared in UAE Dirhams (“AED”), which is the functional and presentation currency of ICD, as rounded off to the nearest thousand (“AED’000”) except when otherwise indicated.

d) Use of estimates and judgements

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, significant judgement is exercised by management in applying the Group’s accounting policies. The key sources of estimation and uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2016.

e) Comparative information

Certain comparative figures have been reclassified, either to conform with the current period’s classification, for better presentation of the interim condensed consolidated financial statements, or in accordance with the relevant requirement of International Financial Reporting Standards (“IFRS”).

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards (including IFRS and IAS), amendments to the existing standards and interpretations effective as of 1 January 2017, which had no significant effect on the interim condensed consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The new standards/amendments to the existing standards and interpretations effective as of 1 January 2017 are mentioned below:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
- Annual Improvements 2014-2016 Cycle - Amendments to IFRS 12 Disclosure of Interests in Other Entities.

3 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND EQUITY ACCOUNTED INVESTEES

This includes impairment losses (net of recoveries) amounting to AED 1,206,698 thousand (unaudited) (six-month period ended 30 June 2016: AED 1,460,447 thousand (unaudited)) relating to "Loans and receivables" and "Islamic financing and investment products" held by the Group's banking subsidiary (the "Bank") (see notes 10 and 11).

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

4 BUSINESS COMBINATIONS

a) Acquisition of ALEC Engineering & Contracting LLC

During the current period, the Group acquired 90% of the shares in ALEC Engineering & Contracting LLC ("ALEC").

The principal activity of ALEC is to engage in engineering and construction contracting.

The Group has recorded provisional fair values of the assets and liabilities of ALEC at the date of acquisition, which are summarised below:

	<i>Provisional fair values* AED'000</i>
Property, plant and equipment (note 5)	130,822
Investments in associates and joint ventures	8,572
Other non-current assets	209,472
Trade and other receivables	1,694,893
Cash and deposits with banks	519,096
Other non-current payables	(252,744)
Employees' end of service benefits	(118,360)
Trade and other payables	(2,009,105)
Borrowings and lease liabilities	(3,634)
Provisional fair value of the net assets acquired*	179,012
Less: Fair value of non-controlling interests (provisional)*	(19,692)
Group's share of net assets acquired (provisional)*	159,320
Goodwill (provisional)* (note 6)	852,345
Purchase consideration (see below)	1,011,665
	<i>AED'000</i>
Consideration paid	921,665
Deferred consideration	90,000
Total purchase consideration	1,011,665
	<i>AED'000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	519,096
Consideration paid	(921,665)
Net cash outflow on acquisition	(402,569)

Costs of acquisition have been charged to the interim consolidated income statement for the six-month period ended 30 June 2017.

Provisional goodwill is attributable to expected synergies, revenue growth and future market development of the acquired business.

*Provisional goodwill represents the difference between the provisional fair value of Group's share of net assets acquired and the purchase consideration. A purchase price allocation exercise is currently in progress and fair value of assets, liabilities and the goodwill will be adjusted once the exercise is complete. The Group has a one year measurement period from the date of acquisition to determine the fair values of identifiable assets and liabilities.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

4 BUSINESS COMBINATIONS (continued)

b) Acquisition of Adriatic Marinas d.o.o.

During the prior period, the Group acquired 100% of the shares in Adriatic Marinas d.o.o. ("ADM"). ADM is the operator of Porto Montenegro, a deep water luxury yacht marina, residential buildings, a hotel and a marina village.

	<i>Fair values AED'000</i>
Fair value of the net assets acquired at the date of acquisition	694,042
Goodwill	177,463
Purchase consideration (see below)	871,505
Consideration paid to acquire ownership	722,520
Consideration paid to acquire loan	148,985
Total purchase consideration	871,505
	<i>AED'000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	3,164
Consideration paid	(871,505)
Net cash outflow on acquisition	(868,341)

c) Acquisition of Transecure LLC

During 2016, the Group obtained a controlling stake in Transecure LLC.

	<i>Fair values AED'000</i>
Fair value of the net assets acquired at the date of acquisition	61,645
Purchase consideration (see below)	61,645
Consideration paid for additional acquisition	55,000
Acquisition date fair value of previously held investment	6,645
Total purchase consideration	61,645
	<i>AED'000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	2,951
Consideration paid	(55,000)
Net cash outflow on acquisition	(52,049)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

4 BUSINESS COMBINATIONS (continued)

d) Acquisition of Airport Handling SpA

During the prior period, the Group gained control over Airport Handling SpA ("AH"). AH provides a variety of passenger, ramp, baggage and cargo handling services to over 60 airlines in Malpensa International Airport and Linate Airport, Italy.

	<i>Fair values AED'000</i>
Fair value of the net assets acquired at the date of acquisition	119,046
Less: Fair value of non-controlling interests	(83,330)
Group's share of net assets acquired	35,716
Purchase consideration	(30,146)
Gain on bargain purchase	5,570
	<i>AED'000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	67,732
Consideration paid	(30,146)
Net cash inflow on acquisition	37,586

e) Acquisition of Ground Services International, Inc. ("GSI") and Metro Air Service, Inc. ("Metro")

During the prior period, the Group acquired 100% ownership of GSI and Metro based in Detroit, Michigan, United States of America. GSI and Metro are leading ground handling and United States postal services handling providers.

	<i>Fair values AED'000</i>
Fair value of the net assets acquired at the date of acquisition	239,737
Goodwill	274,487
Purchase consideration (see below)	514,224
Contingent consideration	18,365
Consideration paid	495,859
Total purchase consideration	514,224
	<i>AED'000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	7,956
Consideration paid	(495,859)
Net cash outflow on acquisition	(487,903)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

4 BUSINESS COMBINATIONS (continued)

f) Acquisition of Palmilla JV, LLC

During December 2016, the Group gained control of Palmilla JV, LLC (“Palmilla”), which was previously held as a joint venture, by investing AED 219,166 thousand. This is in addition to the acquisition date fair value of Group’s previously held equity investment of AED 188,954 thousand.

The principal activity of Palmilla is the provision of hospitality services in Mexico.

	<i>Provisional fair values* AED’000</i>
Provisional fair value of the net assets acquired at the date of acquisition*	172,784
Less: Fair value of non-controlling interests (provisional)*	(26,375)
Group’s share of net assets acquired (provisional)*	146,409
Goodwill (provisional)*	261,711
Purchase consideration (see below)	408,120
	<i>AED’000</i>
Consideration paid for additional acquisition	219,166
Acquisition date fair value of previously held investment	188,954
Total purchase consideration	408,120
	<i>AED’000</i>
Analysis of cash flow on acquisition:	
Cash and deposits with banks acquired	82,254
Consideration paid	(219,166)
Net cash outflow on acquisition	(136,912)

*Provisional goodwill represents the difference between the provisional fair value of net assets acquired and the purchase consideration. A purchase price allocation exercise is currently in progress and fair value of assets, liabilities and the goodwill will be adjusted once the exercise is complete. The Group has a one year measurement period from the date of acquisition to determine the fair values of identifiable assets and liabilities.

g) The Group acquired / incorporated a number of other immaterial subsidiaries during the current period. Further, the Group’s shareholding changed during the current period in a number of subsidiaries which individually had an insignificant impact on the Group.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

5 PROPERTY, PLANT AND EQUIPMENT

	<i>Land, buildings and leasehold improvements AED'000</i>	<i>Furniture, fixtures and office equipment AED'000</i>	<i>Plant, machinery equipment and vehicles AED'000</i>	<i>Oil and gas interests AED'000</i>	<i>Aircraft AED'000</i>	<i>Aircraft engines and parts AED'000</i>	<i>Capital work-in- progress (CWIP) AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2017 (Unaudited)</i>								
Additions during the period	<u>43,408</u>	<u>160,588</u>	<u>2,150,157</u>	<u>655,554</u>	<u>2,057,509</u>	<u>74,192</u>	<u>3,711,278</u>	<u>8,852,686</u>
Transfers from CWIP	<u>327,624</u>	<u>116,996</u>	<u>213,873</u>	<u>-</u>	<u>4,672,958</u>	<u>227,679</u>	<u>(5,559,130)</u>	<u>-</u>
Disposals during the period (net book value)	<u>363</u>	<u>10,296</u>	<u>13,997</u>	<u>-</u>	<u>722,838</u>	<u>121,010</u>	<u>40,817</u>	<u>909,321</u>
Impairment and depreciation charge for the period	<u>645,427</u>	<u>332,451</u>	<u>1,788,521</u>	<u>671,253</u>	<u>2,717,607</u>	<u>305,763</u>	<u>14,774</u>	<u>6,475,796</u>
Acquired on business combination (note 4(a))	<u>96,996</u>	<u>7,041</u>	<u>26,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,822</u>
<i>Six-month period ended 30 June 2016 (Unaudited)</i>								
Additions during the period	<u>342,166</u>	<u>235,066</u>	<u>1,777,671</u>	<u>915,446</u>	<u>256,530</u>	<u>142,132</u>	<u>6,201,945</u>	<u>9,870,956</u>
Transfers from CWIP	<u>905,516</u>	<u>108,174</u>	<u>323,028</u>	<u>-</u>	<u>3,870,596</u>	<u>587,714</u>	<u>(5,795,028)</u>	<u>-</u>
Disposals during the period (net book value)	<u>21,597</u>	<u>49,490</u>	<u>68,860</u>	<u>4</u>	<u>5,646,906</u>	<u>40,610</u>	<u>20,860</u>	<u>5,848,327</u>
Impairment and depreciation charge for the period	<u>704,190</u>	<u>303,338</u>	<u>1,639,170</u>	<u>795,461</u>	<u>2,442,709</u>	<u>255,939</u>	<u>-</u>	<u>6,140,807</u>
Acquired on business combinations	<u>327,157</u>	<u>14,499</u>	<u>224,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,347</u>	<u>568,416</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

6 INTANGIBLE ASSETS

	<i>Licences, exclusive rights and right to use AED'000</i>	<i>Goodwill AED'000</i>	<i>Customer relationships and trade names AED'000</i>	<i>Computer software AED'000</i>	<i>Service rights AED'000</i>	<i>Brands and contractual rights AED'000</i>	<i>Capital work-in- progress AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2017 (Unaudited)</i>								
Additions during the period	-	-	58	41,632	73,732	114	123,215	238,751
Impairment and amortisation charge for the period	205,637	-	43,069	115,869	28,385	74,961	-	467,921
Acquired on business combination (note 4(a))	-	852,345	-	-	-	-	-	852,345
<i>Six-month period ended 30 June 2016 (Unaudited)</i>								
Additions during the period	-	-	21	33,964	167,728	-	194,985	396,698
Impairment and amortisation charge for the period	201,911	-	33,485	103,568	54,074	44,240	-	437,278
Acquired on business combinations	-	669,654	167,967	-	-	35,600	-	873,221

7 INVESTMENT PROPERTIES

	<i>Six-month period ended 30 June</i>	
	<i>2017 AED'000 (Unaudited)</i>	<i>2016 AED'000 (Unaudited)</i>
Additions during the period	670,420	6,197,639
Acquired on business combinations	-	537,307
Depreciation and impairment charge for the period	97,543	70,757

8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Investment in associates	26,171,778	25,549,200
Investment in joint ventures	17,666,386	17,133,663
	43,838,164	42,682,863

	<i>Six-month period ended 30 June</i>	
	<i>2017 AED'000 (Unaudited)</i>	<i>2016 AED'000 (Unaudited)</i>
Investments made during the period*	61,531	1,278,879
Share of results of associates and joint ventures for the period - net	2,355,495	1,864,892
Dividends received during the period	1,372,888	1,356,552

*During the prior period, the Group had subscribed to right shares amounting to AED 948,495 thousand issued by one of its associates.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

9 INVESTMENT SECURITIES

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Available-for-sale investments	21,487,860	19,829,572
Held-to-maturity investments	2,047,001	1,909,261
Held at fair value through profit or loss	3,158,820	2,399,032
Total investment securities	26,693,681	24,137,865
Disclosed as follows:		
Non-current assets	21,906,983	19,139,992
Current assets	4,786,698	4,997,873
	26,693,681	24,137,865

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at period end, financial instruments measured at fair value, are categorised as follows:

30 June 2017 (Unaudited)

	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Available-for-sale investments	21,487,860	15,561,964	3,746,551	2,179,345
Held at fair value through profit or loss	3,158,820	2,882,745	54,078	221,997
Derivative financial instruments - net	476,941	(43,806)	320,058	200,689
	25,123,621	18,400,903	4,120,687	2,602,031

31 December 2016 (Audited)

	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Available-for-sale investments	19,829,572	13,891,858	3,558,891	2,378,823
Held at fair value through profit or loss	2,399,032	2,135,461	100,238	163,333
Derivative financial instruments - net	(39,627)	(513,258)	200,168	273,463
	22,188,977	15,514,061	3,859,297	2,815,619

During the current or prior period, there have been no transfers between Level 1 and Level 2 of the fair value hierarchy.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

9 INVESTMENT SECURITIES (continued)

The following table shows a reconciliation of the opening and closing amounts of investments classified within Level 3 of the fair value hierarchy:

	<i>Six-month period ended 30 June</i>	
	<i>2017 AED'000 (Unaudited)</i>	<i>2016 AED'000 (Unaudited)</i>
Balance at the beginning of the period	2,815,619	3,037,870
Investments made during the period	160,419	8,433
Settlements / disposals of investments during the period	(318,952)	(367,630)
Net fair value movement during the period	(62,034)	23,811
Net transfers from Level 1 and Level 2	6,979	-
	<hr/>	<hr/>
Balance at the end of the period	2,602,031	2,702,484
	<hr/> <hr/>	<hr/> <hr/>

10 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Murabaha	29,968,762	31,439,800
Ijara	19,121,363	18,696,462
Wakala	18,070,404	16,971,797
Mudaraba	1,031,668	739,855
Istisna'a	2,450,334	2,313,876
Credit cards receivable	1,083,485	1,096,076
Others	652,508	606,982
	<hr/>	<hr/>
Less: Deferred income	(2,417,354)	(2,688,915)
Less: Allowance for impairment (see note below)	(4,986,194)	(5,050,407)
	<hr/>	<hr/>
Net Islamic financing and investment products	64,974,976	64,125,526
	<hr/> <hr/>	<hr/> <hr/>
Total of impaired Islamic financing and investment products	5,873,815	6,013,863
	<hr/> <hr/>	<hr/> <hr/>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

11 LOANS AND RECEIVABLES

Loans and receivables represent the receivables arising from the banking operations of the Group carried out through the Bank. The details of loans and receivables are as follows:

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Overdrafts	118,655,462	112,410,661
Time loans	136,777,163	128,856,349
Loans against trust receipts	8,835,512	8,169,257
Bills discounted	3,323,421	2,652,915
Credit card receivables	5,261,820	5,218,498
Others	610,038	624,025
	273,463,416	257,931,705
Other debt instruments	64,543	63,649
Less: allowance for impairment (see note below)	(20,221,451)	(19,593,196)
Net loans and receivables	253,306,508	238,402,158
Disclosed as follows:		
Non-current assets	86,061,996	82,002,352
Current assets	167,244,512	156,399,806
Net loans and receivables	253,306,508	238,402,158
Total of impaired loans and receivables	14,594,869	14,773,140
	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Analysis by economic activity:		
Services (includes financial services)	27,184,555	26,367,883
Personal	43,123,592	38,812,673
Sovereign	134,691,246	129,393,356
Construction and real estate	43,541,371	39,450,518
Manufacturing	5,921,653	6,234,001
Trade	14,844,214	14,030,483
Transport and communication	2,670,536	2,576,570
Mining and quarrying	582,587	450,232
Agriculture and allied activities	101,313	101,771
Others	866,892	577,867
Gross loans and receivables	273,527,959	257,995,354
Less: allowance for impairment (see note below)	(20,221,451)	(19,593,196)
Net loans and receivables	253,306,508	238,402,158

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

11 LOANS AND RECEIVABLES (continued)

	<i>Six-month period ended 30 June</i>	
	<i>2017 AED'000 (Unaudited)</i>	<i>2016 AED'000 (Unaudited)</i>
<i>Movement in allowances for impairment:</i>		
Balance at the beginning of the period	19,593,196	18,670,128
Allowance for impairment made during the period (net of recoveries (see note 3))	886,423	953,558
Write-offs during the period	(254,190)	(268,350)
Exchange and other adjustments	(3,978)	(12,857)
Balance at the end of the period	20,221,451	19,342,479

12 CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include reserve requirements maintained by the Bank with the Central Bank of the UAE (the "Central Bank") and the various Central banks of countries in which the Bank operates (collectively the "Central Banks"). The reserves placed with the Central Banks are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the Central Banks. The level of reserves required changes periodically in accordance with the directives of the Central Banks.

13 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATIONS

a) *Aircraft held for sale*

During the current period, Dubai Aerospace Enterprise (DAE) Ltd. entered into purchase and servicing agreements with a third party to sell certain aircraft. As at 31 December 2016, DAE was at an advanced stage of discussion on this matter, and therefore the aircraft related assets and liabilities amounting to AED 2,114,279 thousand and AED 624,482 thousand respectively, had been classified as held for sale.

During the current period, the sale was completed resulting in a loss of AED 41,171 thousand.

b) *Standard Aero Inc. ("Standard Aero")*

During the prior period, management assessed that the provision of AED 199,692 thousand recognised at the time of Standard Aero's disposal was no longer required. As a result, this provision was reversed in the interim consolidated income statement during the period ended 30 June 2016.

c) *North Sathorn Hotel Company Limited ("North Sathorn")*

During 2016, the Group entered into an agreement with Asian Capital Co. Ltd (a joint venture in which the Group is a 50% partner) for the sale of 80% ownership in North Sathorn along with the associated shareholder loan. The consideration for the sale amounted to AED 92,057 thousand; this also included settlement of the outstanding shareholder loan with North Sathorn. As a result of the sale, a loss of AED 48,342 thousand was recorded in the interim consolidated income statement for the period ended 30 June 2016.

14 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government, less returns made by ICD in cash or in kind.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15 OTHER RESERVES (Unaudited)

	<i>Legal and statutory reserve AED'000</i>	<i>Capital reserve AED'000</i>	<i>Merger reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>General reserve AED'000</i>	<i>Asset replacement reserve AED'000</i>	<i>Translation reserve AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2017	2,864,243	1,348,315	9,179,312	1,615,291	655,861	13,180	(2,238,749)	(372,782)	13,064,671
Unrealised gain on available-for-sale investments (net)									
-ICD and its subsidiaries	-	-	-	23,128	-	-	-	-	23,128
-Associates and joint ventures	-	-	-	92,574	-	-	-	-	92,574
Unrealised gain / (loss) on hedging instruments (net)									
-ICD and its subsidiaries	-	-	-	14,022	-	-	-	-	14,022
-Associates and joint ventures	-	-	-	(108,820)	-	-	-	-	(108,820)
Foreign currency translation differences (net)									
- ICD and its subsidiaries	-	-	-	-	-	-	166,361	-	166,361
-Associates and joint ventures	-	-	-	-	-	-	196,307	-	196,307
Reserves transferred to interim consolidated income statement	-	-	-	19,059	-	-	-	-	19,059
Total income and expenses for the period recognised directly in equity	-	-	-	39,963	-	-	362,668	-	402,631
Transfers from / (to) retained earnings and non-controlling interests - net	428	(18)	-	-	-	2,287	293	1,246	4,236
Other movements	1	(340,660)	-	507	-	-	11	344,618	4,477
Total at 30 June 2017	2,864,672	1,007,637	9,179,312	1,655,761	655,861	15,467	(1,875,777)	(26,918)	13,476,015

Investment Corporation of Dubai and its subsidiaries

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At 30 June 2017

15 OTHER RESERVES (Unaudited) (continued)

	<i>Legal and statutory reserve AED'000</i>	<i>Capital reserve AED'000</i>	<i>Merger reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>General reserve AED'000</i>	<i>Asset replacement reserve AED'000</i>	<i>Translation reserve AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2016	2,779,955	2,482,827	9,179,312	611,296	511,314	11,025	(1,128,859)	(238,375)	14,208,495
Unrealised loss on available-for-sale investments (net)									
- ICD and its subsidiaries	-	-	-	(513,906)	-	-	-	-	(513,906)
- Associates and joint ventures	-	-	-	(13,124)	-	-	-	-	(13,124)
Unrealised gain on hedging instruments (net)									
- ICD and its subsidiaries	-	-	-	219,250	-	-	-	-	219,250
- Associates and joint ventures	-	-	-	6,712	-	-	-	-	6,712
Foreign currency translation differences (net)									
- ICD and its subsidiaries	-	-	-	-	-	-	(190,482)	-	(190,482)
- Associates and joint ventures	-	-	-	-	-	-	182,744	-	182,744
Reserves transferred to interim consolidated income statement	-	-	-	426,284	-	-	(9,973)	-	416,311
Total income and expenses for the period recognised directly in equity	-	-	-	125,216	-	-	(17,711)	-	107,505
Change in Group's ownership in existing subsidiaries	3,335	(55)	-	571	667	-	(248)	17,501	21,771
Transfer on reduction of share capital of an indirect subsidiary	-	(1,256,420)	-	-	-	-	-	-	(1,256,420)
Transfers from / (to) retained earnings and non-controlling interests - net	7,455	(32)	-	25	-	2,494	-	-	9,942
Other movements	4	73,667	-	(1,840)	-	-	(21)	(121,689)	(49,879)
Total at 30 June 2016	<u>2,790,749</u>	<u>1,299,987</u>	<u>9,179,312</u>	<u>735,268</u>	<u>511,981</u>	<u>13,519</u>	<u>(1,146,839)</u>	<u>(342,563)</u>	<u>13,041,414</u>

16 NON-CONTROLLING INTERESTS

Non-controlling interests includes three series of regulatory Tier 1 Capital notes (“Capital Notes”) issued in 2009 (“2009 Notes”), 2013 (“2013 Notes”) and 2014 (“2014 Notes”) by the Bank amounting to AED 4 billion, USD 1 billion (AED 3.65 billion (net of issuance cost)) and USD 500 million (AED 1.83 billion (net of issuance cost)) respectively. The 2009 Notes were issued at a fixed interest rate for the first five years and on a floating rate basis thereafter. The 2013 Notes and 2014 Notes were issued at a fixed interest rate with a reset after six years. These Capital Notes are perpetual, subordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. These Capital Notes have been classified under equity as “non-controlling interests”.

17 COMMITMENTS AND CONTINGENCIES**(a) Investment commitments**

The Group has the following investment commitments as at period-end / year-end:

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Available-for-sale investments	1,018,743	1,026,623
Group's share of investment commitments of joint ventures	37,402	37,402
	1,056,145	1,064,025

(b) Operating lease commitments

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Group as lessee		
Within one year	11,418,238	11,309,630
After one year but not more than five years	38,040,142	38,026,726
More than five years	34,421,628	35,602,288
	83,880,008	84,938,644
Group as lessor		
Within one year	2,495,736	2,334,287
After one year but not more than five years	6,164,686	5,048,244
More than five years	4,387,914	3,014,652
	13,048,336	10,397,183

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

17 COMMITMENTS AND CONTINGENCIES (continued)

(c) Capital commitments

Capital expenditure contracted for at the period-end / year-end, but not provided for are as follows:

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Capital commitments for the purchase of aircraft are as follows:		
- Within one year	21,325,479	23,134,388
- After one year but not more than five years	75,240,410	74,391,942
- More than five years	146,690,843	151,965,485
	243,256,732	249,491,815
Contracted commitment in relation to other non-financial assets	14,167,788	14,099,071
Group's share of associates and joint ventures' capital expenditure commitments	8,390,748	7,524,086
	265,815,268	271,114,972

(d) Contingencies

The Group has the following contingent liabilities at the period-end / year-end:

	<i>30 June 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Letters of credit	11,931,046	11,439,263
Letters of guarantee (including performance bonds)	53,750,845	49,966,805
Liabilities on risk participation	197,460	256,183
Group's share of guarantees issued by associates and joint ventures	8,099,617	7,286,912
Group's share of letters of credit issued by associates and joint ventures	1,039,044	1,037,669
Third party claims*	420,708	450,011

* There are various claims against the subsidiaries and equity accounted investees of the Group initiated by their respective contractors, customers and other counterparties in respect of delays in work or non-fulfilment of contractual obligations. The Group's management believes that the respective entities have strong cases in respect of these contingencies and the chances of outflow are remote. Accordingly, no liability is recognised in respect of these contingencies.

Investment Corporation of Dubai and its Subsidiaries

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At 30 June 2017

17 COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingencies (continued)

The approved rehabilitation plan of one of the Group's subsidiaries includes performance bonds and payment guarantees of AED 1,681,702 thousand (unaudited) as at 30 June 2017 (31 December 2016: AED 1,833,310 thousand (audited)) issued in the normal course of business. As at 30 June 2017, the management estimates that AED 232,756 thousand (unaudited) (31 December 2016: AED 215,116 thousand (audited)) may crystallise and accordingly a provision was recognised for "rehabilitation liabilities". These provision for rehabilitation liabilities are subject to debt to equity swap and cash settlement. As at 30 June 2017, a derivative asset of AED 208,075 thousand (unaudited) (31 December 2016: AED 190,203 thousand (audited)) was accounted for representing the difference between the carrying value of the rehabilitation liabilities subject to debt to equity swap settlement and the fair value of the shares to be issued as a result of the debt to equity swap settlement.

(e) Operational commitments

One of the Group's subsidiaries has operational commitments of AED 3,605,346 thousand (unaudited) relating to sales and marketing as at 30 June 2017 (31 December 2016: AED 2,348,165 thousand (audited)).

(f) Irrevocable loan commitments

The Group's banking operations has irrevocable undrawn loan commitments of AED 34,828,754 thousand (unaudited) outstanding at 30 June 2017 (31 December 2016: AED 39,373,032 thousand (audited)).

18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent owner, associated companies, joint ventures, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the management of individual Group subsidiaries.

The Group enters into transactions with Government-owned entities in the normal course of business. Such entities include various utility companies, port authorities etc. In accordance with the exemption in the revised IAS 24, management has concluded not to disclose such transactions which are entered in the normal course of business with the said related Government entities.

a) Significant transactions with related parties included in the interim consolidated income statement are as follows:

	<i>Purchase of goods and services (including cost of revenues) AED'000 (Unaudited)</i>	<i>Sale of goods and services (including revenue) AED'000 (Unaudited)</i>	<i>Other finance income AED'000 (Unaudited)</i>	<i>Other finance costs AED'000 (Unaudited)</i>	<i>Other income / expenses) - net AED'000 (Unaudited)</i>
<i>Six-month period ended 30 June 2017:</i>					
Associates and joint ventures	<u>1,678,575</u>	<u>1,349,186</u>	<u>293,257</u>	<u>175,588</u>	<u>-</u>
Government, MOF and other related parties	<u>61,239</u>	<u>489,982</u>	<u>202,312</u>	<u>157,752</u>	<u>(946)</u>

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- a) Significant transactions with related parties included in the interim consolidated income statement are as follows: (continued)

	<i>Purchase of goods and services (including cost of revenues) AED'000 (Unaudited)</i>	<i>Sale of goods and services (including revenue) AED'000 (Unaudited)</i>	<i>Other finance income AED'000 (Unaudited)</i>	<i>Other finance costs AED'000 (Unaudited)</i>	<i>Other income / (expenses) - net AED'000 (Unaudited)</i>
<i>Six-month period ended 30 June 2016:</i>					
Associates and joint ventures	1,356,670	1,406,547	205,280	158,647	-
Government, MOF and other related parties	20,327	573,506	286,267	151,683	13,970

- b) Significant amounts due from / to related parties included in the interim consolidated statement of financial position are as follows:

	<i>30 June 2017</i>		<i>31 December 2016</i>	
	<i>Receivables AED'000 (Unaudited)</i>	<i>Payables AED'000 (Unaudited)</i>	<i>Receivables AED'000 (Audited)</i>	<i>Payables AED'000 (Audited)</i>
Associates and joint ventures	29,602,427	12,344,557	26,070,028	11,579,058
Government, MOF and other related parties	147,384,687*	13,583,742	145,943,352*	13,000,751
	176,987,114	25,928,299	172,013,380	24,579,809

* This includes an amount of AED 135,701,359 thousand (unaudited) (31 December 2016: AED 130,578,874 thousand (audited)), which represents loans and receivables provided by the Bank to the Government.

- i) During 2016, a subsidiary of the Group received land (classified as investment property) in settlement of the outstanding receivable of AED 5.6 billion from a related party.
- ii) Impairment provisions of AED 170,700 thousand (unaudited) (31 December 2016: AED 170,700 thousand (audited)) and AED 68,165 thousand (unaudited) (31 December 2016: AED 62,528 thousand (audited)) have been made against amounts receivable from "Government, MOF and other related parties" and "Associates and joint ventures" respectively. Such amounts are included under "other non-current assets" and "trade and other receivables" at the period / year end.
- iii) Investment securities includes balances of AED 160,513 thousand (unaudited) (31 December 2016: AED 272,064 thousand (audited)) with Government, MOF and other related parties.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Compensation to key management personnel

The remuneration of directors and other key members of management included in the interim consolidated income statement were as follows:

	<i>Six-month period ended 30 June</i>	
	<i>2017 AED'000 (Unaudited)</i>	<i>2016 AED'000 (Unaudited)</i>
Short term benefits	201,709	155,477
End of service benefits	20,364	7,732
Directors' fees	12,161	12,483
Management fee charged by managers	6,158	4,432
	240,392	180,124

d) The investments made in associates and joint ventures, Group's share of results of associates and joint ventures and the dividends received from them during the current period are disclosed in note 8 to these interim condensed consolidated financial statements. The distribution made to the Government has been disclosed in the interim consolidated statement of changes in equity.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

19 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The tables below sets out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position:

30 June 2017 (Unaudited):

	<i>Designated as fair value through profit or loss AED'000</i>	<i>Held-to- maturity AED'000</i>	<i>Available- for-sale AED'000</i>	<i>Loans and receivables AED'000</i>	<i>Liabilities at amortised cost AED'000</i>	<i>Derivative financial instruments AED'000</i>	<i>Total carrying value AED'000</i>
Financial assets							
Non-derivative financial assets							
Investment securities (see note 9)	3,158,820	2,047,001	21,487,860	-	-	-	26,693,681
Islamic financing and investment products (see note 10)	-	-	-	64,974,976	-	-	64,974,976
Loans and receivables (see note 11)	-	-	-	253,306,508	-	-	253,306,508
Other non-current assets	-	-	-	15,354,862	-	-	15,354,862
Trade and other receivables	-	-	-	25,373,589	-	-	25,373,589
Customer acceptances	-	-	-	5,687,195	-	-	5,687,195
Cash and deposits with banks	-	-	-	142,605,074	-	-	142,605,074
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	2,880,355	2,880,355
	3,158,820	2,047,001	21,487,860	507,302,204	-	2,880,355	536,876,240
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	254,691,714	-	254,691,714
Islamic customer deposits	-	-	-	-	50,264,129	-	50,264,129
Borrowings and lease liabilities	-	-	-	-	188,705,111	-	188,705,111
Other non-current payables	-	-	-	-	2,450,006	-	2,450,006
Customer acceptances	-	-	-	-	5,687,195	-	5,687,195
Repurchase agreements with banks	-	-	-	-	409,183	-	409,183
Trade and other payables	-	-	-	-	36,710,218	-	36,710,218
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	2,403,414	2,403,414
	-	-	-	-	538,917,556	2,403,414	541,320,970

Fair values of the above mentioned financial assets and liabilities (that are not stated at fair value) are not materially different from their carrying values.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

19 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31 December 2016 (Audited):

	<i>Designated as fair value through profit or loss AED'000</i>	<i>Held-to- maturity AED'000</i>	<i>Available- for-sale AED'000</i>	<i>Loans and receivables AED'000</i>	<i>Liabilities at amortised cost AED'000</i>	<i>Derivative financial instruments AED'000</i>	<i>Total carrying value AED'000</i>
Financial assets							
Non-derivative financial assets							
Investment securities (see note 9)	2,399,032	1,909,261	19,829,572	-	-	-	24,137,865
Islamic financing and investment products (see note 10)	-	-	-	64,125,526	-	-	64,125,526
Loans and receivables (see note 11)	-	-	-	238,402,158	-	-	238,402,158
Other non-current assets	-	-	-	17,310,238	-	-	17,310,238
Trade and other receivables	-	-	-	27,022,996	-	-	27,022,996
Customer acceptances	-	-	-	6,941,585	-	-	6,941,585
Cash and deposits with banks	-	-	-	143,668,201	-	-	143,668,201
Derivative financial assets							
Positive fair value of derivatives	-	-	-	-	-	3,519,608	3,519,608
	<u>2,399,032</u>	<u>1,909,261</u>	<u>19,829,572</u>	<u>497,470,704</u>	<u>-</u>	<u>3,519,608</u>	<u>525,128,177</u>
Financial liabilities							
Non-derivative financial liabilities							
Customer deposits	-	-	-	-	243,142,809	-	243,142,809
Islamic customer deposits	-	-	-	-	51,734,809	-	51,734,809
Borrowings and lease liabilities	-	-	-	-	189,206,247	-	189,206,247
Other non-current payables	-	-	-	-	1,671,863	-	1,671,863
Customer acceptances	-	-	-	-	6,941,585	-	6,941,585
Repurchase agreements with banks	-	-	-	-	45,906	-	45,906
Trade and other payables	-	-	-	-	35,915,987	-	35,915,987
Derivative financial liabilities							
Negative fair value of derivatives	-	-	-	-	-	3,559,235	3,559,235
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528,659,206</u>	<u>3,559,235</u>	<u>532,218,441</u>

Fair values of the above mentioned financial assets and liabilities (that are not stated at fair value) are not materially different from their carrying values.

Investment Corporation of Dubai and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017

20 OPERATING SEGMENTS

The following tables present revenue and profit related information of the Group's operating segments for the six-month period ended 30 June 2017 and 30 June 2016:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Six-month period ended 30 June 2017* (Unaudited)					
Revenues					
Revenue from external customers	<u>10,023,005</u>	<u>49,228,304</u>	<u>24,848,810</u>	<u>9,149,128</u>	<u>93,249,247</u>
Results:					
Profit for the period before tax from continuing operations	<u>4,959,878</u>	<u>1,102,324</u>	<u>1,823,201</u>	<u>2,705,374</u>	<u>10,590,777</u>
Six-month period ended 30 June 2016* (Unaudited)					
Revenues					
Revenue from external customers	<u>9,367,579</u>	<u>45,508,340</u>	<u>19,431,757</u>	<u>8,171,229</u>	<u>82,478,905</u>
Results:					
Profit for the period before tax from continuing operations	<u>4,767,160</u>	<u>2,279,728</u>	<u>1,322,233</u>	<u>2,129,221</u>	<u>10,498,342</u>

The following table presents assets and liabilities related information of the Group's operating segments as at 30 June 2017 and 31 December 2016:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products/ services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
At 30 June 2017 (Unaudited)					
Segmental Assets	<u>481,221,579</u>	<u>150,837,442</u>	<u>42,390,798</u>	<u>112,364,421</u>	<u>786,814,240</u>
Segmental Liabilities	<u>396,632,187</u>	<u>106,337,907</u>	<u>20,176,554</u>	<u>48,959,347</u>	<u>572,105,995</u>
At 31 December 2016* (Audited)					
Segmental Assets	<u>471,270,362</u>	<u>147,566,170</u>	<u>46,165,282</u>	<u>102,774,561</u>	<u>767,776,375</u>
Segmental Liabilities	<u>387,872,871</u>	<u>105,152,525</u>	<u>24,185,592</u>	<u>42,675,142</u>	<u>559,886,130</u>

*Assets, liabilities and financial results of disposal group classified as held for sale as at and for the period ended 30 June 2017, 31 December 2016 and 30 June 2016 have not been considered for IFRS 8 – Operating Segments disclosures.

21 SUBSEQUENT EVENT

Subsequent to the period end, DAE acquired 100% of the AWAS group of companies, a global leader in aircraft leasing.