

**Investment Corporation of Dubai
and its subsidiaries**

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2019

<i>Contents</i>	<i>Pages</i>
Review report on interim condensed consolidated financial statements	1
Interim condensed consolidated income statement	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4 - 5
Interim condensed consolidated statement of cash flows	6 - 8
Interim condensed consolidated statement of changes in equity	9 - 10
Notes to the interim condensed consolidated financial statements	11 - 34



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 statement of financial position of Investment Corporation of Dubai and its subsidiaries (the “Group”), as of 30 June 2019 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six-month period then ended and notes, comprising a summary of significant accounting policies and other 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’. 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 - ‘Interim Financial Reporting’.

PricewaterhouseCoopers
22 October 2019

Douglas O'Mahony
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Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2019

	Notes	<i>Six-month period ended 30 June</i>	
		<i>2019 AED'000 (Unaudited)</i>	<i>2018 AED'000 (Unaudited)</i>
Revenue	20	106,268,837	115,114,326
Cost of revenue		(86,260,595)	(97,245,258)
		20,008,242	17,869,068
Other income	9(a)	4,974,514	2,225,336
Net loss from derivative financial instruments		(1,214,449)	(443,021)
General, administrative and other expenses		(9,500,189)	(9,226,277)
Net impairment losses on financial assets	3	(1,385,098)	(835,753)
Other finance income		995,302	892,689
Other finance costs		(4,992,880)	(2,830,993)
Share of results of associates and joint ventures – net	9	1,913,029	2,827,320
PROFIT FOR THE PERIOD BEFORE INCOME TAX		10,798,471	10,478,369
Income tax expense – net		(312,566)	(436,697)
PROFIT FOR THE PERIOD		10,485,905	10,041,672
Attributable to:			
The equity holder of Investment Corporation of Dubai (“ICD”)		6,855,569	7,472,862
Non-controlling interests		3,630,336	2,568,810
		10,485,905	10,041,672

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2019

	<i>Six-month period ended 30 June</i>	
	<i>2019</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2018</i> <i>AED'000</i> <i>(Unaudited)</i>
PROFIT FOR THE PERIOD	10,485,905	10,041,672
Other comprehensive income		
<i>Items that may be reclassified to consolidated income statement in subsequent periods:</i>		
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI")	117,283	(61,559)
Net movement in fair value of cash flow hedges	(493,993)	212,325
Net movement in cost of hedging	23,419	20,385
Foreign currency translation differences – net	62,536	(140,245)
Group's share in other comprehensive income of equity accounted investees	(134,150)	(468,772)
<i>Items not to be reclassified to consolidated income statement in subsequent periods:</i>		
Net movement in fair value of equity instruments measured at FVOCI	141,548	(920,634)
Actuarial (loss) / gain on defined benefit plans	(125,986)	65,972
Group's share in other comprehensive income of equity accounted investees	20,370	(28,797)
Other comprehensive loss for the period	(388,973)	(1,321,325)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,096,932	8,720,347
Attributable to:		
The equity holder of ICD	6,459,990	6,209,659
Non-controlling interests	3,636,942	2,510,688
	10,096,932	8,720,347

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	30 June 2019 AED'000 (Unaudited)	<i>31 December 2018 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	175,354,774	179,176,581
Right-of-use assets	6	66,223,509	-
Intangible assets	7	25,821,999	26,432,579
Investment properties	8	21,755,868	19,780,074
Development properties		2,909,837	2,536,527
Investments in associates and joint ventures	9	52,326,610	52,993,913
Investment securities	10	31,817,247	24,432,482
Other non-current assets		8,624,323	16,083,257
Islamic financing and investment products	11	27,129,500	24,016,824
Loans and receivables	12	94,911,779	91,576,692
Cash and deposits with banks	13	5,075,401	2,746,014
Positive fair value of derivatives		4,340,969	2,298,225
Deferred tax assets		416,224	227,815
		516,708,040	442,300,983
Current assets			
Investment securities	10	7,782,970	5,122,734
Inventories		11,289,376	11,329,371
Trade and other receivables		35,662,728	34,848,080
Islamic financing and investment products	11	41,593,184	47,009,226
Loans and receivables	12	188,028,430	182,636,563
Cash and deposits with banks	13	157,796,373	144,301,634
Positive fair value of derivatives		1,466,096	2,027,505
Customer acceptances		10,740,467	7,736,164
		454,359,624	435,011,277
Assets classified as held for sale	14	-	1,915,057
		454,359,624	436,926,334
Total assets		971,067,664	879,227,317

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2019

	<i>Notes</i>	<i>30 June 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	15	64,588,798	64,569,417
Retained earnings		117,587,561	124,633,708
Other reserves	16	8,203,354	8,454,487
		<u>190,379,713</u>	<u>197,657,612</u>
Non-controlling interests	17	41,358,098	40,109,905
Total equity		<u>231,737,811</u>	<u>237,767,517</u>
Non-current liabilities			
Employees' end of service benefits		4,126,188	3,901,593
Borrowings and lease liabilities		217,869,453	162,368,999
Negative fair value of derivatives		3,708,056	2,016,038
Other non-current payables		13,160,307	11,481,644
Customer deposits		7,481,173	9,299,577
Islamic customer deposits		3,516,357	438,635
Deferred tax liabilities		2,094,771	1,840,725
		<u>251,956,305</u>	<u>191,347,211</u>
Current liabilities			
Employees' end of service benefits		14,560	14,139
Borrowings and lease liabilities		70,479,731	53,083,439
Negative fair value of derivatives		1,583,322	1,880,089
Trade and other payables		67,090,767	63,895,713
Customer deposits		283,153,155	270,160,082
Islamic customer deposits		53,994,742	52,422,284
Current income tax liabilities		316,804	476,383
Customer acceptances		10,740,467	7,736,164
		<u>487,373,548</u>	<u>449,668,293</u>
Liabilities related to assets classified as held for sale	14	-	444,296
		<u>487,373,548</u>	<u>450,112,589</u>
Total liabilities		<u>739,329,853</u>	<u>641,459,800</u>
TOTAL EQUITY AND LIABILITIES		<u>971,067,664</u>	<u>879,227,317</u>

Director

Director

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2019

	Notes	<i>Six-month period ended</i>	
		<i>30 June</i>	
		<i>2019</i>	<i>2018</i>
		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES			
Profit for the period before income tax		10,798,471	10,478,369
Adjustments for:			
Depreciation and impairment on property, plant and equipment, right-of-use assets, investment properties and development properties		13,665,238	7,722,268
Amortisation and impairment of intangible assets and release of advance lease rental		1,048,994	749,467
(Reversal of) / allowance for impairment loss on investment securities		(12,492)	24,376
Impairment loss on Islamic financing and investment products – net of recoveries	11	374,645	341,813
Impairment loss on loans and receivables – net of recoveries (Reversal of) / allowance for impairment loss on cash and deposits with banks – net	12	1,079,703	592,252
Impairment loss on trade and other receivables – net of recoveries		(37,974)	7,929
Impairment loss on other non-current assets – net of recoveries		81,470	55,353
Net gain on disposal of property, plant and equipment, investment properties, intangible assets and sale and leaseback of aircraft		57,601	1,253
Net change in fair value of investments securities measured at fair value through profit or loss (“FVTPL”)		(41,654)	(248,272)
Net gain on disposal of investment in associates and joint ventures		(222,966)	166,225
Net reversal of allowance on slow moving inventories		(2,096,882)	(451,070)
Net reversal of allowance on slow moving inventories		(1,089,411)	(7,908)
Other finance income		(995,302)	(892,689)
Other finance costs		4,992,880	2,830,993
Share of results of associates and joint ventures – net	9	(1,913,029)	(2,827,320)
Provision for employees’ end of service benefits		650,639	690,945
Net loss / (gain) on sale of investment securities measured at FVOCI		2,259	(47,160)
Net gain on disposal of assets and liabilities classified as held for sale		(113,925)	(42)
Unrealised loss / (gain) on derivatives – net		1,912,453	(640,314)
		28,140,718	18,546,468
Changes in:			
Inventories		1,129,406	(1,192,317)
Trade and other receivables		(3,514,570)	(2,978,910)
Trade and other payables		2,632,542	5,623,313
Loans and receivables (banking operations)		(9,806,657)	(11,556,904)
Statutory deposits (banking operations)		760,219	425,939
Deposits with banks with original maturity over three months (banking operations)		(11,855,723)	(18,412,593)
Customer deposits including Islamic customer deposits (banking operations)		15,824,849	8,685,373
Due to banks with original maturity over three months (banking operations)		(426,685)	(52,381)
Fair value of derivatives – net		(2,469,111)	451,966
Islamic financing and investment products with original maturity over three months (banking operations)		(1,406,546)	(1,429,410)
Other non-current assets		2,588,218	2,637,490
Other non-current payables		278,224	(597,301)
Net cash generated from operations		21,874,884	150,733

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2019

	Notes	<i>Six-month period ended</i>	
		<i>30 June</i>	
		<i>2019</i>	<i>2018</i>
		<i>AED'000</i>	<i>AED'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES (continued)			
Employees' end of service benefits paid		(522,534)	(530,576)
Income tax paid		(385,686)	(374,894)
Foreign exchange and other movements		(99,601)	(127,692)
Net cash generated from / (used in) operating activities		20,867,063	(882,429)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and development properties		(13,056,018)	(9,687,643)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		735,121	1,507,370
Acquisition of non-controlling interest		(393,246)	(294,382)
Acquisition of subsidiaries – net of cash acquired		(41,354)	-
Proceeds from disposal of investments in associates and joint ventures		2,944,449	526,186
Proceeds from disposal of assets and liabilities classified as held for sale		1,584,686	28,720
Other finance income received		1,070,714	676,606
Net movement in investment securities		(9,570,854)	(6,185,852)
Additional investments in associates and joint ventures		(110,156)	(1,480,909)
Dividend from associates and joint ventures	9	1,830,575	2,128,129
Net movement in Islamic financing and investment products with original maturity over three months (non-banking operations)		1,471,608	(2,032,543)
Net movement in deposits with banks with original maturity over three months (non-banking operations)		(7,035,454)	(4,072,466)
Net cash used in investing activities		(20,569,929)	(18,886,784)
FINANCING ACTIVITIES			
Capital contribution by the Government of Dubai (the "Government")		19,381	19,381
Repayment of Tier 1 Capital Notes	17	(3,672,500)	-
Issuance of Tier 1 Capital Notes	17	3,663,696	-
Interest on Tier 1 Capital Notes		(353,514)	(293,860)
Distributions paid to the Government		(4,154,353)	(5,669,838)
Net movement in borrowings and lease liabilities		3,482,978	(4,394,931)
Other finance costs paid (non-banking operations)		(4,047,878)	(2,685,061)
Dividend paid to the non-controlling interests		(1,129,166)	(1,178,690)
Net cash used in financing activities		(6,191,356)	(14,202,999)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,894,222)	(33,972,212)
Cash and cash equivalents at the beginning of the period		41,206,138	58,323,186
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		35,311,916	24,350,974

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2019

Cash and cash equivalents have been computed as presented below:

	<i>30 June 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>	<i>30 June 2018 AED'000 (Unaudited)</i>
Cash and deposits with banks – current	157,796,373	144,301,634	136,864,406
Islamic financing and investment products with original maturity of less than three months (non-banking operations)	4,086,752	5,950,411	2,344,818
Due to banks	(23,645,349)	(22,339,668)	(19,972,115)
Bank overdrafts	(108,667)	(117,302)	(166,746)
	138,129,109	127,795,075	119,070,363
Due to banks with original maturity of more than three months	5,452,353	5,879,038	5,464,362
Deposits with Central Banks for regulatory purposes (see note 13)	(31,375,746)	(32,135,965)	(31,556,740)
Murabaha and interest bearing certificates of deposits with Central Banks with original maturity of more than three months	(34,600,000)	(27,300,000)	(20,925,838)
Due from other banks and deposits with other banks with original maturity of more than three months	(42,293,800)	(33,032,010)	(47,701,173)
Cash and cash equivalents at the end of the period / year	35,311,916	41,206,138	24,350,974

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six-month period ended 30 June 2019

	<i>Attributable to the equity holder of ICD</i>					
	<i>Capital AED'000 (see note 15)</i>	<i>Retained earnings AED'000</i>	<i>Other reserves AED'000 (see note 16)</i>	<i>Total AED'000</i>	<i>Non-controlling interests AED'000 (see note 17)</i>	<i>Total equity AED'000</i>
Balance at 1 January 2019 (audited)	64,569,417	124,633,708	8,454,487	197,657,612	40,109,905	237,767,517
Impact on adoption of IFRS 16 (see note 2.2)	-	(9,704,312)	-	(9,704,312)	(10,475)	(9,714,787)
Restated balance at 1 January 2019	64,569,417	114,929,396	8,454,487	187,953,300	40,099,430	228,052,730
Profit for the period	-	6,855,569	-	6,855,569	3,630,336	10,485,905
Other comprehensive (loss) / income for the period	-	(123,000)	(272,579)	(395,579)	6,606	(388,973)
Total comprehensive income for the period	-	6,732,569	(272,579)	6,459,990	3,636,942	10,096,932
Contribution from the Government	19,381	-	-	19,381	-	19,381
Distributions to the Government	-	(4,454,353)	-	(4,454,353)	-	(4,454,353)
Tier 1 capital notes issued (see note 17)	-	-	-	-	3,663,696	3,663,696
Tier 1 capital notes redeemed (see note 17)	-	-	-	-	(3,672,500)	(3,672,500)
Interest on Tier 1 capital notes	-	-	-	-	(353,514)	(353,514)
Dividend paid to non-controlling interests	-	-	-	-	(1,129,166)	(1,129,166)
Change in Group's ownership in existing subsidiaries	-	503,132	(2,642)	500,490	(893,736)	(393,246)
Transfers (see note 16)	-	52,459	(52,459)	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI	-	183,689	(183,689)	-	-	-
Other movements	-	(359,331)	260,236	(99,095)	6,946	(92,149)
Balance at 30 June 2019	64,588,798	117,587,561	8,203,354	190,379,713	41,358,098	231,737,811

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

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

For the six-month period ended 30 June 2019

	<i>Attributable to the equity holder of ICD</i>				<i>Non-controlling interests</i> AED'000 (see note 17)	<i>Total equity</i> AED'000
	<i>Capital</i> AED'000 (see note 15)	<i>Retained earnings</i> AED'000	<i>Other reserves</i> AED'000 (see note 16)	<i>Total</i> AED'000		
Balance at 1 January 2018 (audited)	64,530,179	111,737,007	13,735,628	190,002,814	37,469,258	227,472,072
Impact on adoption of IFRS 9	-	2,016,600	(3,800,560)	(1,783,960)	(1,023,433)	(2,807,393)
Impact on adoption of IFRS 15	-	1,880,848	(222,186)	1,658,662	(224)	1,658,438
Restated balance at 1 January 2018	64,530,179	115,634,455	9,712,882	189,877,516	36,445,601	226,323,117
Profit for the period	-	7,472,862	-	7,472,862	2,568,810	10,041,672
Other comprehensive income / (loss) for the period	-	85,291	(1,348,494)	(1,263,203)	(58,122)	(1,321,325)
Total comprehensive income for the period	-	7,558,153	(1,348,494)	6,209,659	2,510,688	8,720,347
Contribution from the Government	19,381	-	-	19,381	-	19,381
Distributions to the Government	-	(6,169,838)	-	(6,169,838)	-	(6,169,838)
Interest on Tier 1 capital notes	-	-	-	-	(293,860)	(293,860)
Dividend paid to non-controlling interests	-	-	-	-	(1,178,690)	(1,178,690)
Arising on acquisition of a subsidiary	-	-	-	-	52,050	52,050
Change in Group's ownership in existing subsidiaries	-	(164,870)	(2,706)	(167,576)	(126,806)	(294,382)
Transfers (see note 16)	-	(1,313)	1,313	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI	-	54,046	(54,046)	-	-	-
Other movements	-	12,460	323	12,783	30,824	43,607
Balance at 30 June 2018	64,549,560	116,923,093	8,309,272	189,781,925	37,439,807	227,221,732

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 ACTIVITIES

Investment Corporation of Dubai, 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 the principal investment arm of the Government and was capitalised with the transfer of certain investments under the Government’s portfolio from the Department of Finance-Investments Division. ICD’s role is to supervise the Government’s portfolio of investments in commercial activities and add value through the implementation of best practice corporate governance, and embrace a global investment strategy.

The address of ICD’s registered office is PO Box 333888, Dubai, UAE.

These interim condensed consolidated financial statements for the six-month period ended 30 June 2019 were approved by the Board of Directors of ICD on 22 October 2019.

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 2019 have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting.

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 2018.

b) Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention except for the measurement of:

- Financial assets measured at FVTPL;
- Financial assets measured at FVOCI;
- 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 presented in United Arab Emirates Dirham (“AED”). The functional currency of ICD and a majority of its subsidiaries is AED. Certain subsidiaries have functional currencies other than AED. Their balances have been translated into AED for the purpose of these interim condensed consolidated financial statements.

Numbers have been rounded to the nearest thousand dirham (“AED’000”) except when otherwise indicated.

d) Comparative information

Certain comparative figures have been reclassified, either to conform to 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”) with no change to the total equity as at 31 December 2018 nor profit for the period ended 30 June 2018.

2 ACCOUNTING POLICIES (continued)

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 2018, except for the adoption of new standards, amendments to the existing standards and interpretations effective as of 1 January 2019. The adoption of these new standards, amendments to the existing standards and interpretations had no material impact on the interim condensed consolidated financial statements for the six-month period ended 30 June 2019, except for IFRS 16 – Leases, as described below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16: Leases

The Group applied IFRS 16 on its date of initial application being 1 January 2019, using the modified retrospective approach. As a result, the Group has changed its accounting policy for leases as detailed below:

Identification of a lease

Previously the Group applied IAS 17, and determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, for a period of time in exchange for consideration.

The Group acquires the right to purchase certain assets that are manufactured as per bespoke specifications and design, and are delivered through various financing arrangements. These are 'in-substance purchases' as it is certain that the title of these assets will eventually be transferred to the Group at the end of the financing term, and hence these assets are accounted for as property, plant and equipment under IAS 16. The related liabilities are treated as term loans under IFRS 9.

On transition to IFRS 16, the Group applied the practical expedient and elected not to re-assess which contractual arrangements qualify as leases under IFRS 16. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into, or changed, on or after 1 January 2019.

Group as a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. With the adoption of IFRS 16, the Group as a lessee recognises most leases on balance sheet, except where the Group has elected not to recognise short-term leases that have a lease term of 12 months or less and leases of low value assets as permitted under IFRS 16. For leases that are not recognised on balance sheet, the lease rental charges are recognised as an operating expense on a straight-line basis over the period of the lease.

For qualifying leases, right-of-use asset is initially recognised and measured at cost, comprising of the initial measurement of lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or restore the underlying asset or the site on which it is located to the condition required by the terms of the lease. For contracts that contain one or more additional lease components, the consideration in the contract has been allocated to each lease component on the basis of the relative standalone price of the lease component, estimated by maximising the use of observable information, if an observable standalone price is not readily available.

The right-of-use asset is subsequently depreciated over the shorter of useful life or lease term of the right-of-use asset, except where the lessee has the option to purchase the leased asset at the end of the lease term and it is reasonably certain that they will do so; in this event the right-of-use asset is depreciated over the useful life of the underlying asset. The estimated useful life of right-of-use asset is determined on the same basis as that of property, plant and equipment. In addition, the right-of-use asset is periodically assessed for impairment and if necessary adjusted for, and adjusted for remeasurements of the lease liability.

2 ACCOUNTING POLICIES (continued)

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

IFRS 16: Leases (continued)

Group as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as for the changes arising from reassessments and/or lease modifications.

The Group made the following adjustments on transition:

a) Leases classified as operating leases under IAS 17:

At the transition date, lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The Group chose to measure right-of-use assets on a lease by lease basis, at either:

- their carrying amount, as if IFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

Right-of-use assets are recognised as a separate line item in the interim condensed consolidated statement of financial position, except for the right-of-use assets that meet the definition of investment property, in which case they have been presented as 'investment properties'. The related lease liabilities are included within 'borrowings and lease liabilities'.

On transition, the Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17, on a lease-by-lease basis:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months from the date of initial application;
- excluded initial direct costs from measuring right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term if the contracts contain options to extend or terminate the lease.

b) Leases previously classified as finance leases:

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liabilities under IAS 17 immediately before the date of initial application. Such assets, except for the assets subject to financing arrangements that are in-substance purchases, are now reclassified from 'property, plant and equipment' to 'right-of-use assets' in the interim condensed consolidated statement of financial position.

Group as a lessor

The initial application of IFRS 16 as at 1 January 2019 had no significant impact on the Group's leases in which it acts as a lessor.

The Group applied guidance available under IFRS 15 – Revenue from Contracts with Customers to allocate the consideration in the lease contract to each lease and non-lease component.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

IFRS 16: Leases (continued)

Sale and leaseback transactions

In order to determine whether the transfer of an asset is accounted for as a sale of that asset, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15. If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset:

- (a) the Group (as seller-lessee) derecognises the underlying asset and a right-of-use asset with a corresponding liability is recognised equal to the retained interest in the asset. Accordingly, the Group (as seller-lessee) recognises a gain or a loss that relates to the rights transferred to the buyer-lessor in the interim condensed consolidated income statement; and
- (b) the Group (as buyer-lessor) accounts for the purchase of the asset under the relevant IFRSs, and for the lease applies the lessor accounting requirements of IFRS 16.

If the transaction does not qualify as a sale under IFRS 15, a financial liability equal to the sale value is recognised in the interim condensed consolidated financial statements as 'term loan' under 'borrowings and lease liabilities'.

Impact on transition of IFRS 16

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of its initial application has been recognised in retained earnings as at 1 January 2019. Therefore, the comparative information has not been restated.

The change in accounting policy affected the following items of the interim condensed consolidated statement of financial position as at 1 January 2019:

	AED'000 (Unaudited)
Assets	
Property, plant and equipment	(5,179,076)
Right-of-use assets	70,921,223
Investment properties	68,182
Investment in associates and joint ventures	(36,561)
Other non-current assets	(4,813,115)
Deferred tax assets	188,373
Trade and other receivables	(2,657,282)
Total assets	<u>58,491,744</u>
Equity	
Retained earnings	(9,704,312)
Non-controlling interests	(10,475)
Total equity	<u>(9,714,787)</u>
Liabilities	
Borrowings and lease liabilities	67,415,773
Other non-current payables	1,360,848
Deferred tax liabilities	167,683
Trade and other payables	(737,773)
Total liabilities	<u>68,206,531</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

IFRS 16: Leases (continued)

Impact on transition of IFRS 16 (continued)

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019. The incremental borrowing rate applied to the lease liabilities related to aircraft, aircraft engines and parts on 1 January 2019 is 5.5%. The incremental borrowing rate applied to the lease liabilities related to other assets on 1 January 2019 mostly ranges from 3% to 6.5%.

The Group's lease liabilities as at 1 January 2019 can be reconciled to the Group's operating lease commitments as of 31 December 2018 as follows:

	<i>Aircraft, aircraft engines and parts AED'000</i>	<i>Other assets AED'000</i>	<i>Total AED'000</i>
Operating lease commitments as at 31 December 2018 (audited)	72,458,937	8,889,695	81,348,632
(Less): Short-term leases and leases that expire within 12 months of transition date	(46,857)	(219,252)	(266,109)
(Less): Low-value leases	-	(702)	(702)
Add: Net adjustments as a result of a different treatment of extension and termination options	-	2,443,919	2,443,919
Total	72,412,080	11,113,660	83,525,740
Discounted using the lessee's incremental borrowing rate	58,501,768	8,914,005	67,415,773
Add: Finance lease liabilities recognised as at 31 December 2018	2,025,756	1,736,655	3,762,411
Lease liabilities recognised as at 1 January 2019	60,527,524	10,650,660	71,178,184

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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. The significant accounting judgments, estimates and assumptions applied during the preparation of the interim condensed consolidated financial statements are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2018, except the following, that is applicable from 1 January 2019.

Determination of lease term under IFRS 16

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. To determine the term of a lease, the Group considers all relevant factors that create an economic incentive for it to exercise or not an extension option or a termination option. Extension options (or periods covered by an option to terminate the lease) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated). To ascertain whether it is reasonably certain for the Group to exercise these options, the Group takes into consideration lease termination penalties that would be incurred, leasehold improvements that are estimated to have significant remaining value, historical lease durations and the cost associated to business disruption caused by replacing the leased asset.

2.4 SEASONALITY OF OPERATIONS

Certain subsidiaries of the Group that are engaged in airline operations are subject to seasonal demand patterns. Therefore, the results for the six-month period ended 30 June 2019 may not be necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

This includes impairment losses (net of recoveries) amounting to AED 1,454,348 thousand (unaudited) (six-month period ended 30 June 2018: AED 934,065 thousand (unaudited)) relating to ‘loans and receivables’ and ‘Islamic financing and investment products’ mainly held by Emirates NBD PJSC and its subsidiaries (together defined as the “Bank”) (see notes 11 and 12). The above impairment losses were offset by AED 177,412 thousand (unaudited) (six-month period ended 30 June 2018: AED 199,902 thousand (unaudited)) representing the recovery of bad debt previously written off.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 BUSINESS COMBINATIONS

a) *Increase in shareholding in Dubai Aerospace Enterprise (DAE) Limited*

During the current period, Dubai Aerospace Enterprise (DAE) Limited (“DAE”), a subsidiary of ICD, repurchased certain ordinary shares held by Emaar Properties PJSC, a non-controlling shareholder of DAE and an associate of the Group. Following the repurchase, DAE is now 100% owned by the Group (31 December 2018: 95.74% (audited)). As a result, AED 550,368 thousand of non-controlling interests acquired by the Group were transferred from ‘non-controlling interests’ to ‘equity attributable to the equity holder of ICD’ and classified as ‘change in Group’s ownership in existing subsidiaries’ in the interim condensed consolidated statement of changes in equity for the period ended 30 June 2019.

b) *Acquisition of Qantas Catering*

During the second half of the prior year, the Group acquired a 100% ownership of Snap Fresh Pty Limited and Qantas Catering Group Limited, which are together referred to as the Qantas Catering business (“Qantas Catering”). Its primary business is to prepare in-flight meals mainly for Qantas and a few other airlines as well as provide airline catering logistics in Australia.

The Group recorded the fair value of the assets and liabilities of Qantas Catering at the date of acquisition, as summarised below:

	<i>Fair value</i>
	<i>AED’000</i>
Fair value of the net assets acquired	185,448
Goodwill	193,044
	<hr/>
Purchase consideration	378,492
	<hr/> <hr/>
	<i>AED’000</i>
Analysis of cash flow on acquisition:	
Consideration paid	(378,492)
	<hr/>
Net cash outflow on acquisition	(378,492)
	<hr/> <hr/>

c) *Additional stake in Kerzner International Holdings Limited*

During the first and second half of the prior year, the Group acquired additional stakes in one of its subsidiaries, Kerzner International Holdings Limited, for AED 599,760 thousand, thus increasing its ownership to 99.99%.

d) The Group acquired or incorporated a number of other immaterial subsidiaries during the period. Moreover, during the period, the Group’s shareholding in a number of subsidiaries changed; individually these had no significant impact on the Group.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

Significant movements in property, plant and equipment during the period are as follows:

	<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, aircraft engines and parts AED'000</i>	<i>Capital work- in-progress AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2019 (Unaudited)</i>							
Impact on adoption of IFRS 16 (net book value) (see note 2.2)	<u>(2,593,181)</u>	<u>(640)</u>	<u>(88,805)</u>	<u>-</u>	<u>(2,496,450)</u>	<u>-</u>	<u>(5,179,076)</u>
Additions during the period	<u>126,145</u>	<u>202,205</u>	<u>2,069,515</u>	<u>556,182</u>	<u>2,154,653</u>	<u>5,057,518</u>	<u>10,166,218</u>
Other transfers	<u>471,306</u>	<u>98,735</u>	<u>132,809</u>	<u>-</u>	<u>3,059,372</u>	<u>(3,762,222)</u>	<u>-</u>
Disposals during the period (net book value)	<u>(123,893)</u>	<u>(17,373)</u>	<u>(34,276)</u>	<u>-</u>	<u>(417,039)</u>	<u>(19,214)</u>	<u>(611,795)</u>
Depreciation and impairment charge for the period	<u>(748,924)</u>	<u>(348,473)</u>	<u>(2,176,694)</u>	<u>(663,396)</u>	<u>(4,208,300)</u>	<u>-</u>	<u>(8,145,787)</u>
<i>Six-month period ended 30 June 2018 (Unaudited)</i>							
Additions during the period	<u>213,457</u>	<u>161,778</u>	<u>2,053,993</u>	<u>647,326</u>	<u>2,143,024</u>	<u>6,745,569</u>	<u>11,965,147</u>
Other transfers	<u>144,269</u>	<u>59,335</u>	<u>226,104</u>	<u>-</u>	<u>6,566,600</u>	<u>(6,996,308)</u>	<u>-</u>
Disposals during the period (net book value)	<u>(6,077)</u>	<u>(5,189)</u>	<u>(5,805)</u>	<u>-</u>	<u>(446,546)</u>	<u>(31,329)</u>	<u>(494,946)</u>
Depreciation and impairment charge for the period	<u>(771,393)</u>	<u>(336,155)</u>	<u>(2,032,980)</u>	<u>(573,642)</u>	<u>(3,856,081)</u>	<u>(643)</u>	<u>(7,570,894)</u>
Acquired on business combination (net book value)	<u>208,974</u>	<u>6,716</u>	<u>22,475</u>	<u>-</u>	<u>-</u>	<u>101,438</u>	<u>339,603</u>
Transfer to assets held for sale for the period (net book value)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,418,654)</u>	<u>(220,537)</u>	<u>(2,639,191)</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 RIGHT-OF-USE ASSETS

Significant movements in right-of-use assets during the period are as follows:

	<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, aircraft engines and parts AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2019 (Unaudited)</i>						
Impact on adoption of IFRS 16 (see note 2.2)	9,750,462	205,910	458,362	940,164	59,566,325	70,921,223
Additions during the period	623,990	12,012	81,713	-	99,079	816,794
Depreciation charge for the period	(816,328)	(52,613)	(79,185)	(151,432)	(4,288,490)	(5,388,048)

7 INTANGIBLE ASSETS

Significant movements in intangible assets during the period are as follows:

	<i>Licences and exclusive rights AED'000</i>	<i>Goodwill AED'000</i>	<i>Customer relationships and order backlog AED'000</i>	<i>Computer software AED'000</i>	<i>Service rights AED'000</i>	<i>Brands, trade names 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 2019 (Unaudited)</i>								
Additions during the period	-	-	34,269	38,759	217,696	169	149,259	440,152
Amortisation and impairment charge for the period	(200,825)	(1,450)	(55,046)	(153,367)	(596,080)*	(42,226)	-	(1,048,994)

* This includes impairment charge of AED 587 million (unaudited) (30 June 2018: AED Nil (unaudited)) on certain exploration and evaluation assets recognised by one of the Group's subsidiaries during the period.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 INTANGIBLE ASSETS (continued)

Significant movements in intangible assets during the period are as follows: (continued)

	<i>Licences and exclusive rights AED'000</i>	<i>Goodwill AED'000</i>	<i>Customer relationships and order backlog AED'000</i>	<i>Computer software AED'000</i>	<i>Service rights AED'000</i>	<i>Brands, trade names 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 2018 (Unaudited)</i>								
Additions during the period	-	-	259	48,424	118,144	-	188,838	355,665
Amortisation and impairment charge for the period	(200,883)	-	(60,597)	(140,127)	(9,605)	(42,963)	-	(454,175)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES

Significant movements in investment properties during the period are as follows:

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Additions during the period	<u>1,972,365</u>	<u>1,001,942</u>
Acquired on business combination (net book value)	<u>-</u>	<u>224,132</u>
Depreciation and impairment charge for the period	<u>(131,403)</u>	<u>(151,374)</u>

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>30 June</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Investments in associates	<u>32,121,842</u>	<u>30,579,721</u>
Investments in joint ventures	<u>20,204,768</u>	<u>22,414,192</u>
	<u>52,326,610</u>	<u>52,993,913</u>

Significant movements in investments in associates and joint ventures during the period are as follows:

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Investments made during the period (see notes (b) and (c))	<u>247,536</u>	<u>4,173,927</u>
Share of results of associates and joint ventures for the period – net	<u>1,913,029</u>	<u>2,827,320</u>
Dividends received during the period	<u>(1,830,575)</u>	<u>(2,128,129)</u>
Impact on adoption of IFRS 9	<u>-</u>	<u>(334,420)</u>
Impact on adoption of IFRS 15	<u>-</u>	<u>1,702,030</u>
Disposals during the period (see note (a))	<u>(847,567)</u>	<u>(1,319,226)</u>
Translation difference	<u>(105,042)</u>	<u>(394,011)</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- a) During the current period, the Bank disposed of 28.6% of its shareholding in Network International Holdings Plc (a listing vehicle created as a holding entity of Network International LLC), a jointly controlled entity, for a net consideration of AED 2,859 million. This compared to a carrying value of AED 793 million and resulted in a gain on disposal of AED 2,066 million recognised under 'other income'.

As at 30 June 2019, the Bank still holds 22.4% of the shares of Network International Holdings Plc. As a result, the entity became an associate.

- b) During the prior period, the Group subscribed to the rights shares issued by one of its associates for AED 1,459,466 thousand.
- c) During the prior period, the Group converted an outstanding loan to a joint venture of AED 2,693,018 thousand into an investment in this joint venture.

10 INVESTMENT SECURITIES

	<i>30 June 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Measured at FVOCI	8,041,460	6,667,871
Measured at FVTPL	9,346,424	8,163,752
Measured at amortised cost	22,212,333	14,723,593
Total investment securities	39,600,217	29,555,216
Disclosed as follows:		
Non-current assets	31,817,247	24,432,482
Current assets	7,782,970	5,122,734
	39,600,217	29,555,216

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments. The different levels in the fair value hierarchy have been defined as follows:

- 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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENT SECURITIES (continued)

As at the period-end / year-end, investment securities and derivative financial instruments measured at fair value are categorised as follows:

	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
30 June 2019 (Unaudited)				
Measured at FVOCI	8,041,460	7,123,462	758,536	159,462
Measured at FVTPL	9,346,424	7,296,310	114,269	1,935,845
Derivative financial instruments – net	515,687	(146,460)	621,711	40,436
	<u>17,903,571</u>	<u>14,273,312</u>	<u>1,494,516</u>	<u>2,135,743</u>
31 December 2018 (Audited)				
Measured at FVOCI	6,667,871	5,826,588	658,091	183,192
Measured at FVTPL	8,163,752	6,044,063	81,064	2,038,625
Derivative financial instruments – net	429,603	387,393	(68,224)	110,434
	<u>15,261,226</u>	<u>12,258,044</u>	<u>670,931</u>	<u>2,332,251</u>

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

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</i> <i>30 June</i>	
	<i>2019</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2018</i> <i>AED'000</i> <i>(Unaudited)</i>
Balance at the beginning of the period	2,332,251	2,778,868
Impact on adoption of IFRS 9	-	(32,195)
Restated balance at the beginning of the period	<u>2,332,251</u>	<u>2,746,673</u>
Investments made during the period	287,627	335,138
Settlements / disposals of investments during the period	(460,301)	(438,397)
Net fair value movement during the period	(23,834)	(276,862)
Net transfers into level 3 (from level 1 and 2)	-	61,765
Balance at the end of the period	<u>2,135,743</u>	<u>2,428,317</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	<i>30 June 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Murabaha	35,401,512	33,827,008
Ijara	19,093,153	18,888,088
Wakala	17,230,222	20,091,454
Mudaraba	654,958	763,933
Istisna'a	1,530,612	1,972,869
Credit cards receivable	1,408,106	1,331,436
Sukuk	180,520	185,268
Others	1,475,659	1,937,673
	<u>76,974,742</u>	<u>78,997,729</u>
Less: Deferred income	(2,210,059)	(2,074,625)
Less: Allowance for impairment (see note below)	(6,041,999)	(5,897,054)
	<u>68,722,684</u>	<u>71,026,050</u>
Net Islamic financing and investment products	68,722,684	71,026,050
	<u><u>68,722,684</u></u>	<u><u>71,026,050</u></u>
Total of impaired Islamic financing and investment products	5,717,800	5,406,633
	<u><u>5,717,800</u></u>	<u><u>5,406,633</u></u>
	<i>30 June 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
<i>Analysis by economic activity:</i>		
Services and personal loans	28,930,737	27,950,376
Construction and real estate	10,020,655	10,096,117
Trade	7,884,622	7,971,047
Financial services	21,447,578	25,194,004
Transport and communication	289,515	390,755
Manufacturing	3,103,596	2,371,589
Others	5,298,039	5,023,841
	<u>76,974,742</u>	<u>78,997,729</u>
Less: Deferred income	(2,210,059)	(2,074,625)
Less: Allowance for impairment (see note below)	(6,041,999)	(5,897,054)
	<u>68,722,684</u>	<u>71,026,050</u>
Net Islamic financing and investment products	68,722,684	71,026,050
	<u><u>68,722,684</u></u>	<u><u>71,026,050</u></u>
Disclosed as follows:		
Non-current assets	27,129,500	24,016,824
Current assets	41,593,184	47,009,226
	<u>68,722,684</u>	<u>71,026,050</u>
Net Islamic financing and investment products	68,722,684	71,026,050
	<u><u>68,722,684</u></u>	<u><u>71,026,050</u></u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Movement in allowance for impairment:</i>		
Balance at the beginning of the period	5,897,054	4,941,320
Impact on adoption of IFRS 9	-	1,666,103
	<u>5,897,054</u>	<u>6,607,423</u>
Restated balance at the beginning of the period	5,897,054	6,607,423
Allowance for impairment made during the period (net of recoveries (see note 3))	374,645	341,813
Amounts written-off during the period	(209,344)	(671,027)
Exchange and other adjustments	(20,356)	(1,975)
	<u>6,041,999</u>	<u>6,276,234</u>
Balance at the end of the period	6,041,999	6,276,234

12 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</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Overdrafts	141,576,195	137,047,799
Time loans	145,293,203	140,296,525
Loans against trust receipts	8,312,324	9,262,543
Bills discounted	2,584,664	2,326,177
Credit card receivables	6,551,575	6,397,236
	<u>304,317,961</u>	<u>295,330,280</u>
Gross loan and receivables	304,317,961	295,330,280
Less: Allowance for impairment (see note below)	(21,377,752)	(21,117,025)
	<u>282,940,209</u>	<u>274,213,255</u>
Net loans and receivables	282,940,209	274,213,255
Disclosed as follows:		
Non-current assets	94,911,779	91,576,692
Current assets	188,028,430	182,636,563
	<u>282,940,209</u>	<u>274,213,255</u>
Net loans and receivables	282,940,209	274,213,255
	<u>16,136,047</u>	<u>15,922,201</u>
Total of impaired loans and receivables	16,136,047	15,922,201

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 LOANS AND RECEIVABLES (continued)

	<i>30 June</i> <i>2019</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED'000</i> <i>(Audited)</i>
<i>Analysis by economic activity:</i>		
Services (includes financial services)	15,785,952	14,705,843
Personal	39,689,091	39,543,759
Sovereign	154,668,996	150,269,100
Construction and real estate	46,615,221	43,864,351
Manufacturing	6,655,919	6,234,352
Trade	16,452,866	16,899,166
Transport and communication	1,396,147	1,376,943
Others	23,053,769	22,436,766
	<hr/>	<hr/>
Gross loan and receivables	304,317,961	295,330,280
Less: Allowance for impairment (see note below)	(21,377,752)	(21,117,025)
	<hr/>	<hr/>
Net loans and receivables	282,940,209	274,213,255
	<hr/> <hr/>	<hr/> <hr/>

	<i>Six-month period ended</i> <i>30 June</i>	
	<i>2019</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2018</i> <i>AED'000</i> <i>(Unaudited)</i>
<i>Movement in allowances for impairment:</i>		
Balance at the beginning of the period	21,117,025	20,648,034
Impact on adoption of IFRS 9	-	748,354
	<hr/>	<hr/>
Restated balance at the beginning of the period	21,117,025	21,396,388
Allowance for impairment made during the period (net of recoveries (see note 3))	1,079,703	592,252
Amounts written-off during the period	(823,722)	(1,612,568)
Exchange and other adjustments	4,746	3,338
	<hr/>	<hr/>
Balance at the end of the period	21,377,752	20,379,410
	<hr/> <hr/>	<hr/> <hr/>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 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.

14 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Aircraft held for sale

During the period, a Group's subsidiary sold 16 aircraft and one forward order aircraft that were previously classified as held-for-sale, for a net gain of AED 114 million (unaudited). Such gain has been recorded under ‘other income’. As at 30 June 2019, there are no assets classified as held-for sale.

15 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 to the Government.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 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>Hedge reserve 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 2019 (audited)	2,920,537	1,004,388	9,177,030	(1,797,797)	(914,722)	980,647	9,529	(2,657,447)	(267,678)	8,454,487
Other comprehensive income / (loss) for the period	-	-	-	230,465	(423,897)	-	-	(79,147)	-	(272,579)
Transfers (to) / from retained earnings – net	(22,127)	(31,955)	-	-	-	-	1,623	-	-	(52,459)
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	(183,689)	-	-	-	-	-	(183,689)
Change in Group's ownership in existing subsidiaries	-	-	-	-	(1,684)	-	-	(1,154)	196	(2,642)
Other movements	(8)	(41,980)	-	660,446	-	-	-	(660,417)	302,195	260,236
Total at 30 June 2019	2,898,402	930,453	9,177,030	(1,090,575)	(1,340,303)	980,647	11,152	(3,398,165)	34,713	8,203,354

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 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>Hedge reserve 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 2018 (audited)	2,983,799	1,016,791	9,179,312	2,741,434	(951,207)	812,703	5,228	(1,715,096)	(337,336)	13,735,628
Impact on adoption of IFRS 9	(108,328)	-	-	(3,652,836)	(39,396)	-	-	-	-	(3,800,560)
Impact on adoption of IFRS 15	-	-	-	-	-	-	-	(222,186)	-	(222,186)
Restated balance at 1 January 2018	2,875,471	1,016,791	9,179,312	(911,402)	(990,603)	812,703	5,228	(1,937,282)	(337,336)	9,712,882
Other comprehensive (loss) / income for the period	-	-	-	(955,365)	117,036	-	-	(510,165)	-	(1,348,494)
Transfers from / (to) retained earnings – net	344	(802)	-	1,128	-	(2,309)	2,952	-	-	1,313
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	(54,046)	-	-	-	-	-	(54,046)
Change in Group's ownership in existing subsidiaries	3	-	-	-	(22)	-	-	(2,569)	(118)	(2,706)
Other movements	-	(73,255)	(2,282)	2	-	-	-	-	75,858	323
Total at 30 June 2018	2,875,818	942,734	9,177,030	(1,919,683)	(873,589)	810,394	8,180	(2,450,016)	(261,596)	8,309,272

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 NON-CONTROLLING INTERESTS

As at 30 June 2019, non-controlling interests includes three series of regulatory Tier 1 Capital notes (“Capital Notes”) issued in 2009 (“2009 Notes”), 2014 (“2014 Notes”) and 2019 (“2019 Notes”) by the Bank for an amount of AED 4 billion, USD 500 million (AED 1.83 billion (net of issuance cost)), and USD 1 billion (AED 3.66 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 2014 Notes and 2019 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. Noteholders 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’.

During the period, the Bank issued the aforementioned 2019 Notes and exercised its option to redeem Tier 1 capital notes issued in 2013 for an amount of USD 1 billion (AED 3.67 billion).

18 COMMITMENTS AND CONTINGENCIES

(a) Investment commitments

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

	<i>30 June 2019 AED’000 (Unaudited)</i>	<i>31 December 2018 AED’000 (Audited)</i>
Investment securities	<u>158,805</u>	<u>134,789</u>
Investments in associates	<u>718,476</u>	<u>719,206</u>

(b) Capital commitments

Capital expenditure contracted for and still outstanding at the reporting date, is as follows:

	<i>30 June 2019 AED’000 (Unaudited)</i>	<i>31 December 2018 AED’000 (Audited)</i>
Capital commitments for the purchase of aircraft:		
Within one year	18,070,267	9,402,411
After one year but not more than five years	131,275,278	120,147,578
More than five years	<u>160,094,106</u>	<u>177,095,431</u>
	309,439,651	306,645,420
Contractual capital commitment in relation to other non-financial assets	<u>14,975,370</u>	17,824,724
Group’s share of associates and joint ventures’ capital expenditure commitments	<u>6,532,798</u>	6,220,131
	<u>330,947,819</u>	<u>330,690,275</u>

(c) Assets held in fiduciary capacity

The Group’s financial services subsidiaries hold assets in a fiduciary capacity and provide custodian services to some of their customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingencies

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

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Letters of credit	12,969,830	13,798,684
Financial guarantees	52,576,366	50,663,968
Performance bonds	6,135,540	5,635,595
Liabilities on risk participation	148,580	593,804
Group's share of financial guarantees issued by associates and joint ventures	10,112,072	9,044,104
Group's share of letters of credit issued by associates and joint ventures	1,068,336	1,050,379
Third party claims*	471,135	370,322

* 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 alleged delays in work or non-fulfilment of contractual obligations. Once the relevant assessments of these claims are completed by the relevant subsidiaries and equity accounted investees of the Group, and the amount of potential loss is reasonably estimated, an appropriate adjustment to account for any adverse effects on their financial standing is made. Proper controls and policies to manage such claims are in place. As a result, at the reporting date, it is believed that any adverse outcome from these claims is remote. Accordingly, no liability is recognised in respect of these contingencies.

In addition, the approved rehabilitation plan of one of the Group's subsidiaries includes performance bonds and payment guarantees of AED 1,039,437 thousand (unaudited) as at 30 June 2019 (31 December 2018: AED 1,075,614 thousand (audited)) issued in the normal course of business. As at 30 June 2019, the management estimates that AED 3,285 thousand (unaudited) (31 December 2018: AED 3,664 thousand (audited)) may crystallise and accordingly a provision was recognised for "rehabilitation liabilities". This provision for rehabilitation liabilities is subject to debt to equity swap and cash settlement.

(e) Operational commitments

The Group has operational commitments of AED 2,680,136 thousand (unaudited) relating to sales and marketing as at 30 June 2019 (31 December 2018: AED 3,145,919 thousand (audited)).

(f) Undrawn loan commitments

The Group's banking operations (including Group's share of associates) have undrawn loan commitments of AED 39,204,468 thousand (unaudited) outstanding at 30 June 2019 (31 December 2018: AED 30,878,457 thousand (audited)). This represents a contractual commitment to permit drawdowns on a facility within a defined period, subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to the drawdowns will have to be fulfilled, the total contract amounts do not necessarily represent the exact future cash requirements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the owner, associated companies, joint ventures, directors and key management personnel of the Group, and entities controlled, 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 available in IAS 24, management has chosen not to disclose such transactions that are entered in the normal course of business with these related Government entities.

a) Significant transactions with related parties during the period are as follows:

	<i>Purchase of goods and services (including cost of revenue) AED'000</i>	<i>Sale of goods and services (including revenue) AED'000</i>	<i>Other finance income AED'000</i>	<i>Other finance costs AED'000</i>
<i>Six-month period ended 30 June 2019 (Unaudited)</i>				
Associates and joint ventures	<u>2,065,221</u>	<u>2,264,453</u>	<u>343,290</u>	<u>225,184</u>
Government, Ministry of Finance of the UAE ("MOF") and other related parties	<u>40,616</u>	<u>315,391</u>	<u>255,810</u>	<u>239,660</u>
<i>Six-month period ended 30 June 2018 (Unaudited)</i>				
Associates and joint ventures	<u>1,958,722</u>	<u>1,932,310</u>	<u>220,237</u>	<u>238,230</u>
Government, MOF and other related parties	<u>48,361</u>	<u>309,884</u>	<u>185,469</u>	<u>190,932</u>

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

	<i>30 June 2019</i>		<i>31 December 2018</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	<u>19,908,411</u>	<u>13,416,243</u>	22,220,093	12,354,929
Government, MOF and other related parties	<u>163,280,124*</u>	<u>19,278,198</u>	162,183,915*	13,762,309
	<u>183,188,535</u>	<u>32,694,441</u>	<u>184,404,008</u>	<u>26,117,238</u>

* This includes an amount of AED 154,668,996 thousand (unaudited) as at 30 June 2019 (31 December 2018: AED 150,218,137 thousand (audited)), which represents loans and receivables provided by the Bank to the Government on normal commercial terms.

c) The investments made in associates and joint ventures, the Group's share of results of associates and joint ventures and the dividends received from them during the current and prior period are disclosed in note 9 to these interim condensed consolidated financial statements. The contribution from and distributions to the Government have been disclosed in the interim condensed consolidated statement of changes in equity. In addition, a transaction with an associate is disclosed in note 4(a).

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 OPERATING SEGMENTS

The following table presents the revenue and profit / (loss) related information of the Group's operating segments for the six-month period ended 30 June 2019 and 30 June 2018:

	<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 2019 (Unaudited)					
Revenue:					
Banking and other financial services	11,344,114	-	-	163,301	11,507,415
Lease revenue	41,780	2,119,850	94,370	567,967	2,823,967
Revenue from contracts with customers – IFRS 15:					
- Over a period of time	9,375	49,000,977	-	5,311,471	54,321,823
- Single point in time	2,216,015	4,448,021	25,292,137	5,659,459	37,615,632
Total revenue from external customers	13,611,284	55,568,848	25,386,507	11,702,198	106,268,837
Results:					
Profit / (loss) for the period before tax	8,958,279	407,751	(78,510)	1,510,951	10,798,471
Six-month period ended 30 June 2018 (Unaudited)					
Revenue:					
Banking and other financial services	9,283,420	-	-	170,607	9,454,027
Lease revenue	19,457	2,077,077	99,563	559,819	2,755,916
Revenue from contracts with customers – IFRS 15:					
- Over a period of time	9,140	50,390,066	-	4,552,468	54,951,674
- Single point in time	2,103,857	3,258,507	36,646,777	5,943,568	47,952,709
Total revenue from external customers	11,415,874	55,725,650	36,746,340	11,226,462	115,114,326
Results:					
Profit / (loss) for the period before tax	6,210,896	(408,703)	1,434,789	3,241,387	10,478,369

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities related information of the Group's operating segments as at 30 June 2019 and 31 December 2018:

	<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 2019 (Unaudited)					
Segmental assets	<u>566,139,565</u>	<u>242,272,209</u>	<u>44,381,445</u>	<u>118,274,445</u>	<u>971,067,664</u>
Segmental liabilities	<u>461,746,940</u>	<u>203,677,326</u>	<u>24,281,368</u>	<u>49,624,219</u>	<u>739,329,853</u>
At 31 December 2018* (Audited)					
Segmental assets	<u>526,920,848</u>	<u>190,114,918</u>	<u>43,036,608</u>	<u>117,239,886</u>	<u>877,312,260</u>
Segmental liabilities	<u>431,851,865</u>	<u>141,047,151</u>	<u>20,963,118</u>	<u>47,153,370</u>	<u>641,015,504</u>

*Assets and liabilities classified as held for sale as at 31 December 2018 have not been considered for IFRS 8 – Operating Segments disclosures.

21 SUBSEQUENT EVENTS

21.1 Subsequent to the period-end, the Bank:

- a) announced a rights issue to raise up to AED 6.45 billion. The new shares will be issued at an issue price of AED 8.50 per new share, reflecting the nominal value of AED 1.00 per new share and a share premium of AED 7.50 per new share;
- b) completed purchase of 99.85% stake in Denizbank A.S. from Sberbank of Russia for a purchase consideration of Turkish Lira 15.48 billion and accordingly, assumed control of the entity; and
- c) sold 10.5% stake or 52.6 million shares in Network International Holdings Plc and retains 11.9%.

21.2 Subsequent to the period-end, Dragon Oil Limited, a wholly-owned subsidiary of Emirates National Oil Co. Limited (ENOC) LLC, acquired BP's stake in the Gulf of Suez Petroleum Company in Egypt.