

**Mubadala Development Company PJSC**

Unaudited interim condensed  
consolidated financial statements  
for the period ended 30 June 2017

## **Mubadala Development Company PJSC**

### **Review report and interim condensed consolidated financial statements for the six-month period ended 30 June 2017**

<i>Contents</i>	<i>Page</i>
Report on review of interim condensed consolidated financial statements	1
Interim consolidated statement of comprehensive income	2 - 3
Interim consolidated statement of financial position	4 - 5
Interim consolidated statement of changes in equity	6 - 7
Interim consolidated statement of cash flows	8 - 9
Notes to the interim condensed consolidated financial statements	10 - 28

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREDHOLDER OF MUBADALA DEVELOPMENT COMPANY PJSC (“MUBADALA”)**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of Mubadala Development Company PJSC (“Mubadala” or “the Company”) and its subsidiaries (together the “Group”), as at 30 June 2017, comprising of the interim condensed consolidated statement of financial position as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows 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 Financial Reporting Standard IAS 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 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 IAS 34.

For Ernst & Young

Signed by:  
Anthony O’Sullivan  
Partner  
Ernst & Young  
Registration No. 687

25 September 2017  
Abu Dhabi

**Interim consolidated statement of comprehensive income***For the six-month period ended 30 June 2017*

	<i>Notes</i>	<b>Six-month period ended 2017 AED'000 (unaudited)</b>	Six-month period ended 2016 AED'000 (unaudited)
<b><u>Continuing operations</u></b>			
Revenue from sale of goods and services	5	<b>16,138,958</b>	13,793,109
Cost of sales of goods and services	6	<b>(15,058,600)</b>	(15,486,262)
<b>Gross profit / (loss)</b>		<b>1,080,358</b>	(1,693,153)
Share of results of associates and joint ventures		<b>1,938,987</b>	1,648,333
Government grant income		<b>267,070</b>	417,732
Dividend income from equity investments		<b>770,968</b>	540,268
Other income ( <i>net</i> )	7	<b>713,776</b>	650,946
Research and development expenses		<b>(1,819,844)</b>	(1,481,373)
Exploration costs		<b>(28,050)</b>	(82,609)
Other general and administrative expenses		<b>(2,664,255)</b>	(2,613,293)
<b>Profit / (loss) before unrealised fair value changes, impairments, net finance expense and taxes</b>		<b>259,010</b>	(2,613,149)
Gains from financial investments ( <i>net</i> )	8	<b>617,655</b>	328,728
(Decrease) / increase in fair value of investment properties ( <i>net</i> )		<b>(2,646)</b>	6,953
Impairment on loans and receivables ( <i>net</i> )		<b>(15,824)</b>	(1,552,764)
Impairment on intangible assets		<b>-</b>	(43,223)
Impairment of investments in associates and joint ventures		<b>(68,425)</b>	(152,973)
<b>Profit / (loss) before net finance expense and taxes</b>		<b>789,770</b>	(4,026,428)
Finance income		<b>489,625</b>	438,049
Finance expense		<b>(907,036)</b>	(926,816)
Net foreign exchange losses		<b>(169,299)</b>	(103,999)
<b>Net finance expense</b>		<b>(586,710)</b>	(592,766)
<b>Profit / (loss) before income tax</b>		<b>203,060</b>	(4,619,194)
Income tax benefit		<b>267,217</b>	105,820
<b>Profit / (loss) for the period from continuing operations</b>		<b>470,277</b>	(4,513,374)
<b><u>Discontinued operations</u></b>			
Profit for the period from discontinued operations	13	<b>208,730</b>	83,421
<b>Profit / (loss) for the period</b>		<b>679,007</b>	(4,429,953)

*Cont'd...*

**Interim consolidated statement of comprehensive income** *(continued)**For the six-month period ended 30 June 2017*

	<b>Six-month period ended 2017 AED'000 (unaudited)</b>	Six-month period ended 2016 AED'000 (unaudited)
	<i>Notes</i>	
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Increase / (decrease) in fair value of available-for-sale financial assets <i>(net)</i>	<b>458,325</b>	(28,941)
Effective portion of changes in fair values of cash flow hedges and other reserves net of taxes	<b>199,569</b>	(29,185)
Exchange difference on translation of foreign operations	<b>63,752</b>	(60,527)
Share of other comprehensive income of associates and joint ventures	<b>(41,059)</b>	(246,951)
Reserves recycled from equity to profit or loss on disposal of a subsidiary	7 <b>377,143</b>	-
	<b>1,057,730</b>	(365,604)
Other comprehensive loss from discontinued operations	<b>(20,487)</b>	(181,498)
<b>Other comprehensive income / (loss) for the period, net of income tax</b>	<b>1,037,243</b>	(547,102)
<b>Total comprehensive income / (loss) for the period</b>	<b>1,716,250</b>	(4,977,055)
<b>Profit / (loss) for the period attributable to the:</b>		
Owner of the Group	<b>578,410</b>	(4,430,039)
Non-controlling interests	<b>100,597</b>	86
	<b>679,007</b>	(4,429,953)
<b>Total comprehensive income / (loss) for the period attributable to the:</b>		
Owner of the Group	<b>1,601,771</b>	(4,959,190)
Non-controlling interests	<b>114,479</b>	(17,865)
	<b>1,716,250</b>	(4,977,055)

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

**Interim consolidated statement of financial position***As at 30 June 2017*

	<i>Notes</i>	<b>30 Jun 2017</b> AED'000 (unaudited)	31 Dec 2016 AED'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>74,078,298</b>	78,448,222
Intangible assets	<i>11</i>	<b>7,599,887</b>	7,705,863
Investment properties		<b>7,979,548</b>	7,928,937
Investments in associates		<b>10,044,860</b>	10,639,453
Investments in joint ventures		<b>25,664,862</b>	25,638,806
Other financial investments	<i>12</i>	<b>38,944,612</b>	43,255,564
Loans receivable		<b>7,937,551</b>	8,707,870
Trade receivable		<b>167,017</b>	238,721
Other receivables and prepayments		<b>13,047,789</b>	11,907,759
Finance lease receivables		<b>2,407,322</b>	4,963,572
Deferred tax assets		<b>2,504,523</b>	2,327,315
<b>Total non-current assets</b>		<b>190,376,269</b>	201,762,082
<b>Current assets</b>			
Inventories		<b>8,400,307</b>	7,801,595
Other financial investments	<i>12</i>	<b>1,579,718</b>	1,719,458
Loans receivable		<b>842,566</b>	899,013
Trade receivable		<b>3,787,425</b>	4,804,422
Other receivables and prepayments		<b>18,469,952</b>	19,017,781
Finance lease receivables		<b>103,779</b>	334,468
Cash and cash equivalents		<b>24,363,455</b>	11,971,020
Assets classified as held for sale	<i>13</i>	<b>57,547,202</b> <b>8,427,790</b>	46,547,757 -
<b>Total current assets</b>		<b>65,974,992</b>	46,547,757
<b>Total assets</b>		<b>256,351,261</b>	248,309,839

*Cont'd...*

**Interim consolidated statement of financial position (continued)***As at 30 June 2017*

	<i>Notes</i>	<b>30 Jun 2017</b> <b>AED'000</b> <b>(unaudited)</b>	31 Dec 2016 AED'000 (audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		<b>28,600,000</b>	28,600,000
Application for share capital	<i>16 (e)</i>	<b>27,535,590</b>	26,522,670
Additional shareholder contributions	<i>16 (f)</i>	<b>123,155,278</b>	123,155,278
Reserves and surplus		<b>6,261,956</b>	4,651,697
Government grants		<b>367,350</b>	367,350
<b>Total equity attributable to the Owner of the Group</b>		<b>185,920,174</b>	183,296,995
Non-controlling interests		<b>1,378,556</b>	1,697,930
<b>Total equity</b>		<b>187,298,730</b>	184,994,925
<b>Non-current liabilities</b>			
Interest bearing borrowings	<i>14</i>	<b>33,320,755</b>	30,026,680
Government grants		<b>504,297</b>	663,417
Obligations under finance leases		<b>1,199,090</b>	1,121,733
Deferred tax liabilities		<b>460,951</b>	551,990
Financial liabilities at fair value through profit or loss		<b>820,787</b>	903,445
Other liabilities		<b>7,754,123</b>	8,931,541
<b>Total non-current liabilities</b>		<b>44,060,003</b>	42,198,806
<b>Current liabilities</b>			
Interest bearing borrowings	<i>14</i>	<b>4,981,851</b>	4,063,170
Government grants		<b>363,739</b>	325,977
Obligations under finance leases		<b>34,408</b>	130,633
Trade payables		<b>2,839,037</b>	3,854,115
Other payables and accruals		<b>12,423,860</b>	11,896,554
Income tax payable		<b>369,173</b>	310,849
Financial liabilities at fair value through profit or loss		<b>195,704</b>	534,810
		<b>21,207,772</b>	21,116,108
Liabilities classified as held for sale	<i>13</i>	<b>3,784,756</b>	-
<b>Total current liabilities</b>		<b>24,992,528</b>	21,116,108
<b>Total liabilities</b>		<b>69,052,531</b>	63,314,914
<b>Total equity and liabilities</b>		<b>256,351,261</b>	248,309,839

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*Chairman*  
Waleed Al Mokarrab Al Muhairi

\_\_\_\_\_  
*Group Chief Financial officer*  
Carlos Obeid

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Mubadala Development Company PJSC

6

### Interim consolidated statement of changes in equity For the six-month period ended 30 June 2016 (unaudited)

	Share capital AED'000	Application for share capital AED'000 <i>(note 16(e))</i>	Additional shareholder contributions AED'000 <i>(note 16(f))</i>	Statutory reserve AED'000	Fair value reserve AED'000	Foreign currency translation reserve AED'000	Pension reserve AED'000	Hedging and other reserves AED'000	Retained earnings / (Accumulated losses) AED'000	Reserves and surplus AED'000	Government grants AED'000	Total equity attributable to the Owner of the Group AED'000	Non-controlling interests AED'000	Total equity AED'000
At 1 January 2016 (audited)	28,600,000	18,367,500	123,155,278	1,249,747	3,841,698	143,483	(866,748)	(702,217)	(2,125,502)	1,540,461	367,350	172,030,589	1,939,089	173,969,678
(Loss) / Profit for the period	-	-	-	-	-	-	-	-	(4,430,039)	(4,430,039)	-	(4,430,039)	86	(4,429,953)
Decrease in fair value of available-for-sale financial assets <i>(net)</i>	-	-	-	-	(28,941)	-	-	-	-	(28,941)	-	(28,941)	-	(28,941)
Effective portion of changes in fair values of cash flow hedges and other reserves net of taxes	-	-	-	-	-	-	-	(29,185)	-	(29,185)	-	(29,185)	-	(29,185)
Exchange difference on translation of foreign operations	-	-	-	-	-	(42,576)	-	-	-	(42,576)	-	(42,576)	(17,951)	(60,527)
Share of other comprehensive loss of associates and joint ventures	-	-	-	-	-	(51,103)	-	(195,848)	-	(246,951)	-	(246,951)	-	(246,951)
Other comprehensive income / (income) from discontinued operations	-	-	-	-	-	9,405	(159,118)	(31,785)	-	(181,498)	-	(181,498)	-	(181,498)
<b>Other comprehensive loss</b>	-	-	-	-	(28,941)	(84,274)	(159,118)	(256,818)	-	(529,151)	-	(529,151)	(17,951)	(547,102)
<b>Total comprehensive loss</b>	-	-	-	-	(28,941)	(84,274)	(159,118)	(256,818)	(4,430,039)	(4,959,190)	-	(4,959,190)	(17,865)	(4,977,055)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(10,525)	(10,525)	-	(10,525)	10,525	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(42,880)	(42,880)
Other movements	-	-	-	-	-	-	-	-	12,946	12,946	-	12,946	10,767	23,713
<b>At 30 June 2016 (unaudited)</b>	<b>28,600,000</b>	<b>18,367,500</b>	<b>123,155,278</b>	<b>1,249,747</b>	<b>3,812,757</b>	<b>59,209</b>	<b>(1,025,866)</b>	<b>(959,035)</b>	<b>(6,553,120)</b>	<b>(3,416,308)</b>	<b>367,350</b>	<b>167,073,820</b>	<b>1,899,636</b>	<b>168,973,456</b>

## Mubadala Development Company PJSC

7

### Interim consolidated statement of changes in equity (continued) For the six-month period ended 30 June 2017 (unaudited)

	Share capital AED'000	Application for share capital AED'000 (note 16(e))	Additional shareholder contributions AED'000 (note 16(f))	Statutory reserve AED'000	Fair value reserve AED'000	Foreign currency translation reserve AED'000	Hedging and other reserves AED'000	Retained earnings AED'000	Reserves and surplus AED'000	Government grants AED'000	Total equity attributable to the Owner of the Group AED'000	Non-controlling interests AED'000	Total equity AED'000
At 1 January 2017 (audited)	28,600,000	26,522,670	123,155,278	1,581,715	4,164,133	(225,638)	(742,088)	(126,425)	4,651,697	367,350	183,296,995	1,697,930	184,994,925
Profit for the period	-	-	-	-	-	-	-	578,410	578,410	-	578,410	100,597	679,007
Increase in fair value of available-for-sale financial assets (net)	-	-	-	-	458,325	-	-	-	458,325	-	458,325	-	458,325
Effective portion of changes in fair values of cash flow hedges and other reserves net of taxes	-	-	-	-	-	-	199,569	-	199,569	-	199,569	-	199,569
Exchange difference on translation of foreign operations	-	-	-	-	-	63,752	-	-	63,752	-	63,752	-	63,752
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	49,555	(90,614)	-	(41,059)	-	(41,059)	-	(41,059)
Reserves recycled from equity to profit or loss on disposal of a subsidiary (note 7)	-	-	-	-	-	363,261	-	-	363,261	-	363,261	13,882	377,143
Other comprehensive income / (income) from discontinued operations	-	-	-	-	-	(30)	(20,457)	-	(20,487)	-	(20,487)	-	(20,487)
<b>Other comprehensive income / (loss)</b>	-	-	-	-	458,325	476,538	88,498	-	1,023,361	-	1,023,361	13,882	1,037,243
<b>Total comprehensive income / (loss)</b>	-	-	-	-	458,325	476,538	88,498	578,410	1,601,771	-	1,601,771	114,479	1,716,250
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(107,890)	(107,890)
Movements in additional shareholder contribution	-	-	-	-	-	-	-	-	-	-	-	35,441	35,441
Application for share capital (note 16(e))	-	1,012,920	-	-	-	-	-	-	-	-	1,012,920	-	1,012,920
Disposal of interest in a subsidiary (note 7)	-	-	-	-	-	-	-	-	-	-	-	(361,404)	(361,404)
Other movements	-	-	-	-	-	-	-	8,488	8,488	-	8,488	-	8,488
<b>At 30 June 2017 (unaudited)</b>	<b>28,600,000</b>	<b>27,535,590</b>	<b>123,155,278</b>	<b>1,581,715</b>	<b>4,622,458</b>	<b>250,900</b>	<b>(653,590)</b>	<b>460,473</b>	<b>6,261,956</b>	<b>367,350</b>	<b>185,920,174</b>	<b>1,378,556</b>	<b>187,298,730</b>

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

**Interim consolidated statement of cash flows***For the six-month period ended 30 June*

	<i>Notes</i>	<b>Six-month period ended 2017 AED'000 (unaudited)</b>	Six-month period ended 2016 AED'000 (unaudited)
<b>Cash flows from operating activities</b>			
Profit / (loss) for the period from continuing operations		<b>470,277</b>	(4,513,374)
Profit for the period from discontinued operations		<b>208,730</b>	83,421
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		<b>6,035,215</b>	6,127,757
Amortisation of intangible assets		<b>434,694</b>	384,022
Amortisation of government grants		<b>(267,070)</b>	(417,732)
Change in fair value of investment properties		<b>2,646</b>	(6,953)
Impairment on property, plant and equipment and intangible assets		-	55,633
Gain on disposal of property, plant and equipment		<b>(16,821)</b>	(79,010)
(Reversal) / provision for inventory obsolescence		<b>(155,261)</b>	1,306,791
Unrealised gain on financial assets at fair value through profit or loss ( <i>net</i> )		<b>(248,903)</b>	(453,468)
Net change in the fair value of derivatives		<b>(368,752)</b>	113,592
Finance lease income		<b>(166,740)</b>	(161,192)
Impairment of investments in associates and joint ventures		<b>68,425</b>	152,973
Foreign exchange loss		<b>169,299</b>	103,999
Amortisation of deferred revenue		<b>(850,066)</b>	-
Impairment on loans and receivables		<b>15,824</b>	1,554,022
Gain on disposal of subsidiaries	7	<b>(945,526)</b>	(81,001)
Gain on divestment of holding in equity accounted investees	7	<b>(204,486)</b>	-
Realised loss / (gain) on financial assets at fair value through profit or loss ( <i>net</i> )	7	<b>597,008</b>	(22,585)
Share of results of joint ventures		<b>(1,463,020)</b>	(1,222,965)
Share of results of associates		<b>(540,519)</b>	(473,577)
Finance income		<b>(563,065)</b>	(373,635)
Finance expense		<b>987,187</b>	1,020,341
Income tax benefit		<b>(267,217)</b>	(103,576)
Dividend income from equity instruments		<b>(770,968)</b>	(540,268)
		<b>2,160,891</b>	2,453,215
Change in inventories		<b>(414,755)</b>	(1,141,588)
Change in trade receivables		<b>1,088,701</b>	306,436
Change in other receivables and prepayments		<b>2,786,107</b>	2,596,252
Change in trade payable		<b>(1,015,078)</b>	(710,466)
Change in other payables and accruals		<b>483,613</b>	(1,762,775)
Change in other liabilities		<b>(1,056,233)</b>	(239,161)
Dividends received from financial investments		<b>778,089</b>	523,805
Dividends received from associates and joint ventures		<b>972,138</b>	1,196,935
Finance lease rentals paid		<b>(51,701)</b>	(55,719)
Lease rentals received		<b>176,130</b>	171,216
Income taxes paid		<b>(60,363)</b>	(21,748)
<b>Net cash generated from operating activities</b>		<b>5,847,539</b>	3,316,402

*Cont'd...*

**Interim consolidated statement of cash flows (continued)***For the six-month period ended 30 June*

	<i>Notes</i>	<b>Six-month period ended 2017 AED'000 (unaudited)</b>	<b>Six-month period ended 2016 AED'000 (unaudited)</b>
<b>Cash flows from investing activities</b>			
Investment in associates and joint ventures		(727,488)	(506,811)
Disposal of financial investments ( <i>net</i> )		5,577,576	3,155,774
Proceeds from disposal of subsidiaries, working interest and net assets classified as held for sale (net of cash disposed)		-	15,429
Distributions from a joint venture		37,965	1,482,191
Acquisition of property, plant and equipment		(5,802,569)	(3,137,977)
Acquisition of investment properties		(148,264)	(227,753)
Acquisition of intangible assets		(465,821)	(315,864)
Proceeds from disposal of property, plant and equipment		77,600	135,600
Loans recovered		1,689,117	1,989,714
Loans disbursed		(933,646)	(558,869)
Interest received		245,018	240,844
<b>Net cash (used in) / generated from investing activities</b>		<b>(450,512)</b>	<b>2,272,278</b>
<b>Cash flows from financing activities</b>			
Additions to application for share capital	<i>16(e)</i>	1,012,920	-
Proceeds from interest bearing borrowings	<i>14</i>	11,817,763	4,813,644
Repayments of interest bearing borrowings	<i>14</i>	(4,493,713)	(9,738,174)
Proceeds from government grants		426,221	411,966
Interest paid		(832,521)	(816,267)
Dividends paid to non-controlling interest		(107,890)	(42,880)
<b>Net cash generated from / (used in) financing activities</b>		<b>7,822,780</b>	<b>(5,371,711)</b>
<b>Net increase in cash and cash equivalents</b>		<b>13,219,807</b>	<b>216,969</b>
Cash and cash equivalents at 1 January		11,971,020	13,402,998
Net foreign exchange fluctuation		(327,219)	(108,214)
<b>Cash and cash equivalents at 30 June</b>		<b>24,863,608</b>	<b>13,511,753</b>

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

**Notes to the interim condensed consolidated financial statements**

30 June 2017

**1 Legal status and principal activities**

Mubadala Development Company PJSC (“Mubadala” or “the Company”) is registered as a public joint stock company in the Emirate of Abu Dhabi, UAE. The Company was established by the Emiri Decree No. 12, dated 6 October 2002 and was incorporated on 27 October 2002. The Company’s registered head office is PO Box 45005, Abu Dhabi, UAE.

These interim condensed consolidated financial statements include the financial performance and position of the Company, its subsidiaries and its joint operations, (collectively referred to as “the Group”), and the Group’s interests in its equity accounted investees.

The Company is engaged in investing and management of investments, primarily in sectors or entities that contribute to the Emirate of Abu Dhabi’s strategy to diversify its economy. Consequently, the Group holds interests in a wide range of sectors including oil and gas and energy, renewable energy, semiconductor technology, industry, real estate and infrastructure, financial investments, commercial finance, healthcare, aerospace and defence services, and information and communications technology.

On 19th January 2017, His Highness Sheikh Khalifa Bin Zayed Al Nahyan, the Ruler of Abu Dhabi, issued a law creating the Mubadala Investment Company PJSC, a company wholly owned by the Government of the Emirate of Abu Dhabi. Mubadala Investment Company PJSC will comprise both the International Petroleum Investment Company (“IPIC”) and the Company and their respective assets. This law formalises the June 29, 2016 announcement that IPIC and Mubadala would merge, a strategic decision intended to create an international investment powerhouse for the Emirate of Abu Dhabi.

The immediate parent of Mubadala Development Company PJSC is Mubadala Investment Company PJSC (“Shareholder”) and the ultimate parent (“Ultimate parent”) is the Government of the Emirate of Abu Dhabi.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 25 September 2017.

**2 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting*”. It does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016, prepared in accordance with IFRS.

**3 Significant accounting policies**

The significant accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements as at and for the year ended 31 December 2016.

**4 Estimates and judgments**

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

In preparing these interim condensed consolidated financial statements the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

**Notes to the interim condensed consolidated financial statements** *(continued)*

30 June 2017

**5 Revenue from sale of goods and services**

	<b>Six-month period ended 30 Jun 2017 AED'000 (unaudited)</b>	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
Sale of semiconductor wafers	<b>10,406,177</b>	9,163,580
Sale of hydrocarbons	<b>2,041,673</b>	1,755,653
Revenue from aircraft maintenance and repairs, components leasing and sales	<b>1,031,169</b>	677,128
Revenue from medical services	<b>819,859</b>	715,878
Satellite capacity leasing revenue	<b>595,359</b>	547,804
Information technology services	<b>184,706</b>	194,757
Supply of renewable energy	<b>113,835</b>	131,667
Others	<b>946,180</b>	606,642
	<b>16,138,958</b>	13,793,109

**6 Cost of sales of goods and services**

	<b>Six-month period ended 30 Jun 2017 AED'000 (unaudited)</b>	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
Depreciation of property, plant and equipment	<b>5,552,333</b>	5,601,644
Raw materials consumed	<b>2,438,714</b>	2,192,994
Staff costs	<b>2,473,633</b>	2,525,105
Maintenance costs	<b>1,376,847</b>	1,212,097
(Reversal) / write down of excess and obsolete inventories to their estimated net realizable value <i>(net)</i>	<b>(155,261)</b>	1,667,051
Amortisation of intangible assets	<b>162,064</b>	148,786
Others	<b>3,210,270</b>	2,138,585
	<b>15,058,600</b>	15,486,262

## Notes to the interim condensed consolidated financial statements (continued)

30 June 2017

## 7 Other income (net)

	Six-month period ended 30 Jun 2017 AED'000 (unaudited)	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
<i>Other income includes:</i>		
Gain on disposal of subsidiaries <sup>1</sup>	945,526	81,001
Realised (loss) / gain on financial assets at fair value through profit or loss (net)	(597,008)	22,585
Gain on disposal of property, plant and equipment intangible assets (net)	16,821	59,957
Derecognition of decommissioning liability	-	242,006
Gain on divestment of holding in equity accounted investees	204,486	-
Others	143,951	245,397
	<u>713,776</u>	<u>650,946</u>

<sup>1</sup>During the period, the Group disposed of its investment in Nile Acquisition Holdings Company Limited, a subsidiary, resulting in a gain of AED 945,526 thousand recognised in the interim condensed consolidated income statement.

	AED'000 (unaudited)
Sale consideration – net of professional fees	2,141,976
Less: Carrying value of net assets disposed	(1,180,711)
Foreign currency translation reserve reclassified to profit and loss	(377,143)
Non-controlling interests derecognised	361,404
Gain on disposal of a subsidiary	<u>945,526</u>

## 8 (Loss) / gain from financial investments (net)

	Six-month period ended 30 Jun 2017 AED'000 (unaudited)	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
<i>Financial assets / liabilities at fair value through profit or loss</i>		
Unrealised (loss) / gain on financial assets at fair value through profit or loss (net)	248,903	454,168
Net change in the fair value of derivatives	368,752	(125,440)
	<u>617,655</u>	<u>328,728</u>

Refer to note 12 for a summary of 'other financial investments'.

Notes to the interim condensed consolidated financial statements (continued)

30 June 2017

9 Operating segments

In order to maximise portfolio synergies and asset management, Mubadala reorganised some of its internal business units and asset reporting lines which has resulted in a change to the composition of certain reportable segments. Technology and Industry was renamed as ‘Technology, Manufacturing & Mining’ with ‘Utilities’ assets moving into the ‘Aerospace, Renewables and ICT’. ‘Renewables and Utilities’ business units and their respective assets were merged into the ‘Aerospace, Renewables and ICT’ segment. The ‘Energy’ sector was renamed as ‘Petroleum & Petrochemicals’ with ‘Renewables’ assets moving to ‘Aerospace, Renewables and ICT’ segment. Emerging sectors was renamed as ‘Alternative Investments & Infrastructure’.

	Technology AED'000 <i>(unaudited)</i>	Manufacturing and Mining AED'000 <i>(unaudited)</i>	Technology, Manufacturing & Mining AED'000 <i>(unaudited)</i>	Aerospace and Defence Services AED'000 <i>(unaudited)</i>	Information and Communications Technology AED'000 <i>(unaudited)</i>	Renewables and Utilities AED'000 <i>(unaudited)</i>	Aerospace, Renewables and ICT AED'000 <i>(unaudited)</i>	Petroleum & Petrochemicals AED'000 <i>(unaudited)</i>	MREH & Infrastructure AED'000 <i>(unaudited)</i>	Capital AED'000 <i>(unaudited)</i>	Healthcare AED'000 <i>(unaudited)</i>	Alternative Investments & Infrastructure AED'000 <i>(unaudited)</i>	Corporate AED'000 <i>(unaudited)</i>	Consolidated AED'000 <i>(unaudited)</i>
<i>For the period ended 30 June 2017</i>														
Revenues from external customers	10,406,177	-	10,406,177	1,165,225	779,747	289,475	2,234,447	2,028,200	580,742	36,518	826,343	1,443,603	26,531	16,138,958
Profit / (loss) for the period attributable to the Owner of the Group	(2,132,914)	776,353	(1,356,561)	347,973	122,689	245,887	716,549	667,102	629,128	510,703	95,349	1,235,180	(683,860)	578,410
Total comprehensive income / (loss) for the period attributable to the Owner of the Group	(1,917,109)	642,329	(1,274,780)	350,492	144,760	335,685	830,937	643,653	626,672	1,363,462	95,349	2,085,483	(683,522)	1,601,771
<i>At 30 June 2017</i>														
Total assets	78,041,621	19,971,131	98,012,752	11,687,291	9,758,017	16,558,896	38,004,204	9,750,928	30,305,274	43,813,636	8,363,340	82,482,250	28,101,127	256,351,261
Total liabilities	19,122,308	1,721,992	20,844,300	3,213,103	4,643,573	6,405,661	14,262,337	4,156,328	5,615,831	1,178,596	121,650	6,916,077	22,873,489	69,052,531
<i>For the period ended 30 June 2016</i>														
Revenues from external customers	9,163,580	-	9,163,580	772,831	752,140	177,465	1,702,436	1,742,467	433,522	23,853	719,665	1,177,040	7,586	13,793,109
Loss / (profit) for the period attributable to the Owner of the Group	(4,969,481)	340,050	(4,629,431)	70,126	(1,311,132)	110,550	(1,130,456)	196,027	502,396	1,143,965	77,576	1,723,937	(590,116)	(4,430,039)
Total comprehensive (loss) / income for the period attributable to the Owner of the Group	(4,939,882)	338,719	(4,601,163)	(121,276)	(1,351,987)	(262,603)	(1,735,866)	196,148	505,028	1,187,649	77,323	1,770,000	(588,309)	(4,959,190)
<i>At 31 December 2016</i>														
Total assets	82,251,103	20,512,285	102,763,388	11,441,383	10,070,032	16,263,224	37,774,639	9,911,209	30,331,384	44,433,281	8,148,522	82,913,187	14,947,416	248,309,839
Total liabilities	19,584,718	1,402,119	20,986,837	3,513,773	4,807,814	6,482,226	14,803,813	4,189,852	5,764,298	1,659,298	431,584	7,855,180	15,479,232	63,314,914

**Notes to the interim condensed consolidated financial statements (continued)**

30 June 2017

**10 Property, plant and equipment**

During the six-month period ended 30 June 2017, the Group acquired and / or constructed property, plant and equipment with a cost of AED 5,630,756 thousand (*six-month period ended 30 June 2016: AED 2,552,896 thousand*) and transferred property, plant and equipment with a carrying value of AED 4,441,063 thousand to assets held for sale (*six-month period ended 30 June 2016 carrying value of AED 1,064,064 thousand*).

**11 Intangible assets**

During the six-month period ended 30 June 2017, the Group acquired intangible assets with a cost of AED 260,960 thousand (*six-month period ended 30 June 2016: AED 232,166 thousand*).

**12 Other financial investments**

	<b>30 Jun 2017</b>	31 Dec 2016
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
<i>Financial assets at fair value through profit or loss</i>		
<u>Financial assets designated at FVTPL</u>		
Quoted investments		
Equity securities	<b>18,989,571</b>	23,008,858
Debt securities	<b>2,026,827</b>	2,026,827
Unquoted investments		
Convertible bonds	<b>1,643,763</b>	1,643,763
Equity securities	<b>1,494,617</b>	2,938,662
Investments funds	<b>6,334,213</b>	5,890,740
Derivative assets	<b>2,162,765</b>	1,940,952
	<b>32,651,756</b>	37,449,802
<u>Financial assets held for trading</u>		
Quoted investments		
Equity securities	<b>1,235,858</b>	901,024
Debt securities other than convertible bonds	<b>82,825</b>	586,495
Derivative assets	<b>42,151</b>	2,654
	<b>1,360,834</b>	1,490,173
<i>Total of financial assets at fair value through profit or loss</i>	<b>34,012,590</b>	38,939,975

## Notes to the interim condensed consolidated financial statements (continued)

30 June 2017

## 12 Other financial investments (continued)

	<b>30 Jun 2017</b> <b>AED'000</b> <b>(unaudited)</b>	31 Dec 2016 AED'000 (audited)
<i>Available-for-sale financial assets</i>		
Equity investments		
Quoted	<b>6,456,082</b>	5,976,222
Unquoted	<b>55,658</b>	58,825
<b>Total of available-for-sale financial assets</b>	<b>6,511,740</b>	6,035,047
<b>Other financial investments</b>	<b>40,524,330</b>	44,975,022
<i>Disclosed as:</i>		
Current portion	<b>1,579,718</b>	1,719,458
Non-current portion	<b>38,944,612</b>	43,255,564
	<b>40,524,330</b>	44,975,022

## 13 Discontinued operations

On 19 June 2017, the Group announced the decision that it has agreed to sell a 40 percent stake in its subsidiary National Cooling Company PJSC (Tabreed) to Kahrabel FZE a subsidiary of ENGIE Group. ENGIE is a French-based and worldwide leading district cooling and energy company. The Group's investment in Tabreed has been presented as held for sale since the requirements of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* are met.

The results of operations of the subsidiary are set out below:

	<b>30 Jun 2017</b> <b>AED'000</b>	30 Jun 2016 AED'000
Revenue from sale of goods and services	<b>641,023</b>	581,887
Cost of sale of goods and services	<b>(324,607)</b>	(291,058)
Profit for the period	<b>208,730</b>	176,702

**Notes to the interim condensed consolidated financial statements** *(continued)*

30 June 2017

**13 Discontinued operations** *(continued)*

The total value of assets and liabilities of the subsidiary held for sale and recorded in the interim condensed consolidated financial statements and the cash flow are as follows:

	<b>30 Jun 2017</b> <b>AED'000</b>
Cash and cash equivalents	<b>500,153</b>
Current assets	<b>795,685</b>
Non-current assets	<b>7,131,952</b>
Total assets	<b>8,427,790</b>
Current liabilities	<b>582,198</b>
Non-current liabilities	<b>3,202,558</b>
Total liabilities	<b>3,784,756</b>

The net cash flows of the subsidiary are presented below:

	<b>30 Jun 2017</b> <b>AED'000</b>	30 Jun 2016 AED'000
Net cash generated from operating activities	<b>282,857</b>	258,112
Net cash used in investing activities	<b>(100,552)</b>	(154,444)
Net cash used in financing activities	<b>(72,113)</b>	(92,065)
<b>Net cash inflow</b>	<b>110,192</b>	11,603

During 2016, the Group announced to dispose of 80 percent of its interests in SR Technics HoldCo I GmbH, an aircraft maintenance, repair and overhaul company. As a result, prior year comparatives have been re-presented.

The results of operations of the subsidiary for the period are presented below:

	Six month period ended 30 Jun 2016 AED'000 (unaudited)
Revenue from sale of goods and services	1,874,433
Cost of sales of goods and services	(1,750,559)
Loss for the period	(93,281)

**Notes to the interim condensed consolidated financial statements (continued)**

30 June 2017

**14 Interest bearing borrowings**

	<b>Current AED'000 (unaudited)</b>	<b>Non - Current AED'000 (unaudited)</b>	<b>Total AED'000 (unaudited)</b>
Unsecured corporate bonds	-	15,411,793	15,411,793
Unsecured bank loans	3,673,923	7,550,225	11,224,148
Unsecured loans	386,582	3,569,413	3,955,995
Secured bank loans	762,252	6,656,131	7,418,383
Secured loans	136,337	5,630	141,967
Secured bonds	22,757	127,563	150,320
<b>30 June 2017</b>	<b>4,981,851</b>	<b>33,320,755</b>	<b>38,302,606</b>
	<b>Current AED'000 (audited)</b>	<b>Non - Current AED'000 (audited)</b>	<b>Total AED'000 (audited)</b>
Unsecured corporate bonds	-	9,886,429	9,886,429
Unsecured bank loans	2,576,700	8,154,412	10,731,112
Unsecured loans	407,891	1,926,449	2,334,340
Secured bank loans	1,055,822	9,795,495	10,851,317
Secured loans	-	136,337	136,337
Secured bonds	22,757	127,558	150,315
<b>31 December 2016</b>	<b>4,063,170</b>	<b>30,026,680</b>	<b>34,089,850</b>

Aggregate secured borrowings amounting to AED 7,560,350 thousand, availed from banks or otherwise are secured against property plant and equipment and intangible assets.

Movements in interest bearing borrowings during the period / year were as follows:

	<b>30 Jun 2017 AED'000 (unaudited)</b>	<b>31 Dec 2016 AED'000 (audited)</b>
At the beginning of the period / year	<b>34,089,850</b>	40,463,578
Additions	<b>11,817,763</b>	8,214,366
Repayments	<b>(4,493,713)</b>	(13,445,324)
Disposal of a subsidiary	-	(700,877)
Transfer to liabilities held for sale	<b>(3,437,346)</b>	-
Foreign exchange difference and other movements	<b>326,052</b>	(441,893)
<b>At the end of the period / year</b>	<b>38,302,606</b>	<b>34,089,850</b>

**Notes to the interim condensed consolidated financial statements** *(continued)*

30 June 2017

**15 Commitments and contingent liabilities***Commitments and contingencies*

Commitments and contingencies at the end of the reporting period are as follows:

	<b>30 Jun 2017</b>	31 Dec 2016
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
Capital commitments		
Commitments for equity investments <sup>1</sup>	<b>67,349,413</b>	10,944,463
Commitments for other capital expenditure	<b>8,115,762</b>	8,766,029
Unfunded loan commitments	<b>27,300</b>	385,459
Commitments for exploration activities	<b>87,899</b>	110,506
Contingent liabilities <sup>2</sup>	<b>1,365,697</b>	1,521,058
	<b>76,946,071</b>	21,727,515

<sup>1</sup> Commitments for equity investments includes US\$15 billion commitment made on 20 May 2017 to the Softbank Vision Fund, a major technology and innovation focused fund, alongside a consortium of leading investors.

*Operating lease commitments*

The operating lease commitments of the Group are as follows:

	<b>30 Jun 2017</b>	31 Dec 2016
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
Within one year	<b>556,077</b>	490,883
After one year but not more than five years	<b>1,969,724</b>	1,591,251
After five years	<b>1,068,513</b>	981,617
Total	<b>3,594,314</b>	3,063,751

**Notes to the interim condensed consolidated financial statements** *(continued)*

30 June 2017

**15 Commitments and contingent liabilities** *(continued)*

In addition to the above, the Group's share in the capital made jointly with other ventures relating to its joint ventures, and contingencies of its joint ventures and associates, are as follows:

	<b>30 Jun 2017</b> <b>AED'000</b> <b>(unaudited)</b>	31 Dec 2016 AED'000 (audited)
Capital commitments		
Commitments for other capital expenditure	<b>3,037,009</b>	3,463,710
Commitment to provide loans	<b>1,176,724</b>	1,297,355
Operating lease commitments	<b>142,547</b>	146,563
Contingent liabilities <sup>2</sup>	<b>3,528,189</b>	3,513,933
	<b>7,884,469</b>	8,421,561

<sup>2</sup> Contingent liabilities include bank guarantees, performance bonds, advance payment bonds and completion guarantees.

**16 Significant transactions and balances with related parties****(a) Identity of related parties**

The Group has related party relationship with its ultimate parent, shareholder, joint ventures and associates, and with its board of directors, executive officers and parties which are under common control of the above parties.

**(b) Transactions with key management personnel**

Key management personnel compensation of the Group is as follows:

	<b>Six-month</b> <b>period ended</b> <b>30 Jun 2017</b> <b>AED'000</b> <b>(unaudited)</b>	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
<i>Other key management personnel</i>		
Short term benefits	<b>81,565</b>	84,964
Post-employment benefits	<b>10,292</b>	2,875
	<b>91,857</b>	87,839

**Notes to the interim condensed consolidated financial statements** *(continued)*  
30 June 2017

**16 Significant transactions and balances with related parties** *(continued)*

*(c) Other related party transactions*

In the ordinary course of business the Group provides services to, and receives services from related parties on terms agreed by management.

Significant transactions with related parties during the period were as follows:

	<b>Six-month period ended 30 Jun 2017 AED'000 (unaudited)</b>	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
<b><i>Revenue</i></b>		
Entities under common control	<b>1,058,846</b>	1,017,987
Joint ventures	<b>266,234</b>	291,504
Associates	<b>70,845</b>	492,013
Ultimate parent	<b>49,512</b>	46,290
	<b>1,445,437</b>	1,847,794
<b><i>Interest income</i></b>		
Entities under common control	<b>200,908</b>	219,181
Joint ventures	<b>100,342</b>	69,385
Ultimate parent	<b>12,921</b>	14,904
	<b>314,171</b>	303,470
<b><i>Income from provision of manpower, project management and consultancy services</i></b>		
Joint ventures	<b>74,771</b>	81,935

**Notes to the interim condensed consolidated financial statements (continued)**

30 June 2017

**16 Significant transactions and balances with related parties (continued)****(c) Other related party transactions (continued)**

	<b>Six- month period ended 30 Jun 2017 AED'000 (unaudited)</b>	<b>Six-month period ended 30 Jun 2016 AED'000 (unaudited)</b>
<b><i>Purchase of goods and services</i></b>		
Joint ventures	321,243	419,020
Entities under common control	165,918	86,308
Associates	42,842	93,792
	<u>530,003</u>	<u>599,120</u>
<b><i>Interest bearing borrowing repaid</i></b>		
Entity under common control	208,637	218,383
Joint ventures	171,167	169,943
	<u>379,804</u>	<u>388,326</u>
<b><i>Interest bearing borrowing drawn from entities under common control</i></b>		
Entities under common control	520,054	69,529
	<u>520,054</u>	<u>69,529</u>
<b><i>Loans given</i></b>		
Joint ventures	636,398	337,283
Associates	-	19,672
	<u>636,398</u>	<u>356,955</u>
<b><i>Loans recovered</i></b>		
Joint ventures	1,511,890	1,876,579
Entities under common control	162,276	-
	<u>1,674,166</u>	<u>1,876,579</u>
<b><i>Interest expense</i></b>		
Entities under common control	138,839	151,092
Joint ventures	64,957	76,450
Associates	-	648
	<u>203,796</u>	<u>228,190</u>

## Notes to the interim condensed consolidated financial statements (continued)

30 June 2017

## 16 Significant transactions and balances with related parties (continued)

## (c) Other related party transactions (continued)

	Six-month period ended 30 Jun 2017 AED'000 (unaudited)	Six-month period ended 30 Jun 2016 AED'000 (unaudited)
<i>Cash calls paid to jointly controlled entities for joint operations</i>	464,062	780,479
<i>Cost recharge from shareholder for shared services</i>	128,828	-
<i>Other miscellaneous transactions</i>		
Joint ventures	41,953	7,269
Entities under common control	38,223	108,620
Associates	6,547	6,404
	86,723	122,293
(d) <i>Related party balances</i>		
	30 Jun 2017 AED'000 (unaudited)	31 Dec 2016 AED'000 (audited)
<i>Amounts due to related parties</i> <sup>1</sup>		
Joint ventures	477,326	562,672
Entities under common control	172,048	195,479
Associates	48,081	45,020
Ultimate parent	19,168	42,984
Shareholder	11,857	-
	728,480	846,155
<i>Advances from related parties</i>		
Ultimate parent	1,745,663	1,764,355
Entity under common control	1,142,456	1,068,989
	2,888,119	2,833,344
<i>Unearned revenue</i>		
Entity under common control	1,774	-
Associates	1,091	1,091
	2,865	1,091

<sup>1</sup> Includes amounts due to related parties except for amounts due to a jointly controlled entity.

**Notes to the interim condensed consolidated financial statements (continued)**  
30 June 2017

**16 Significant transactions and balances with related parties (continued)**

**(d) Related party balances (continued)**

	<b>30 Jun 2017</b>	31 Dec 2016
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
<i>Amounts due from related parties</i>		
Ultimate parent	<b>6,563,193</b>	6,689,158
Entities under common control	<b>5,620,674</b>	1,272,236
Joint ventures	<b>780,034</b>	452,595
Associates	<b>55,524</b>	49,782
Shareholder	<b>13,660</b>	-
	<b>13,033,085</b>	8,463,771
	<b>706,230</b>	701,149
<b>Deposits from the Ultimate parent <sup>2</sup></b>		
	<b>19,725,295</b>	3,992,204
<i>Bank balances with entities under common control</i>		
<i>Loans to related parties</i>		
Joint ventures	<b>6,012,862</b>	6,541,974
Entities under common control	<b>162,276</b>	161,273
Associates	<b>1,720</b>	3,260
	<b>6,176,858</b>	6,706,507
<i>Preferred securities of a jointly controlled entity</i>	<b>2,026,827</b>	2,026,827
<i>Service concession receivables</i>		
Entities under common control	<b>5,275,934</b>	5,330,068
Ultimate parent	<b>371,971</b>	402,240
	<b>5,647,905</b>	5,732,308
<i>Interest bearing borrowings</i>		
Entities under common control	<b>6,669,277</b>	5,548,174
Joint ventures	<b>2,079,647</b>	2,240,887
Associates	<b>21,220</b>	21,220
	<b>8,770,144</b>	7,810,281
<i>Finance lease receivables</i>		
Entity under common control	<b>2,435,471</b>	2,455,717
Joint ventures	<b>958,167</b>	868,338
	<b>3,393,638</b>	3,324,055

<sup>2</sup> These deposits are included under payables and accruals.

**Notes to the interim condensed consolidated financial statements** *(continued)*  
30 June 2017

**16 Significant transactions and balances with related parties** *(continued)*

*(e) Application for share capital*

During the year, the Shareholder contributed equity contribution in cash of AED 1,012,920 thousand. The Company is in the process of issuing share capital for these contributions.

*(f) Additional shareholder contributions*

	<b>30 Jun 2017</b>	31 Dec 2016
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
Balance at the beginning and the end of the period / year	<b>123,155,278</b>	123,155,278
	<u><u>                    </u></u>	<u><u>                    </u></u>

**17 Fair value disclosures**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016. Fair value disclosures are mentioned below:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, which analyses financial instruments carried at fair value by valuation method. The different levels are defined as follows:

Notes to the interim condensed consolidated financial statements (*continued*)

30 June 2017

17 Fair value disclosures (*continued*)

Level 1: Quoted prices in active markets for assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2017 (*unaudited*)

Assets / liabilities	Carrying amount AED'000	Fair value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>Financial assets measured at fair value</b>					
<u>Financial assets designated at FVTPL</u>					
<i>Quoted investments</i>					
Equity securities	18,989,571	18,989,571	18,049,155	-	940,416
Debt securities	2,026,827	2,026,827			2,026,827
<i>Unquoted investments</i>					
Convertible bonds	1,643,763	1,643,763	-	-	1,643,763
Equity securities	1,494,617	1,494,617	-	-	1,494,617
Investment funds	6,334,213	6,334,213	-	-	6,334,213
Derivative assets	2,162,765	2,162,767	-	2,162,767	-
<u>Financial assets held for trading (FVTPL)</u>					
<i>Quoted investments</i>					
Equity securities	1,235,858	1,235,858	1,235,858	-	-
Debt securities other than convertible bonds	82,825	82,825	82,825	-	-
Derivative assets	42,151	42,151	-	42,151	-
<u>Available-for-sale financial assets</u>					
<i>Quoted investments</i>					
Equity securities	6,456,082	6,456,082	6,456,082	-	-
<i>Unquoted investments</i>					
Equity securities	55,658				
	<u>40,524,330</u>				
<b>Assets measured at fair value</b>					
Investment properties	7,979,548	7,979,548			
<b>Assets for which fair values are disclosed</b>					
Trade and other receivables	32,844,705	32,844,705			
Loans receivable	8,780,117	8,780,117			
Finance lease receivables	2,511,101	2,511,101			
Cash and cash equivalents	24,363,455	24,363,455			
	<u>68,499,378</u>				
<b>Financial liabilities measured at fair value</b>					
<i>Derivatives designated and effective as hedging instruments carried at fair value</i>					
Interest rate swaps	191,098	191,098	-	191,098	-
<i>Financial liabilities designated at fair value through profit or loss</i>					
Interest rate / cross currency swaps	703,000	703,000	-	703,000	-
Foreign exchange forward contracts	24,808	24,808	-	24,808	-
<i>Financial liabilities held for trading</i>					
Exchange traded securities	97,585	97,585	-	97,585	-
	<u>1,016,491</u>				
<b>Liabilities for which fair values are disclosed</b>					
Trade and other payables	6,762,622	6,762,622			
Obligation under finance lease	1,233,498	1,233,498			
Other liabilities	3,567,834	3,567,834			
Interest bearing borrowings	38,302,606	38,805,747	9,112,125	-	29,693,622
	<u>49,866,560</u>				

## Notes to the interim condensed consolidated financial statements (continued)

30 June 2017

## 17 Fair value disclosures (continued)

As at 31 December 2016 (audited)

Assets / liabilities	Carrying amount AED'000	Fair value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>Financial assets measured at fair value</b>					
<u>Financial assets designated at FVTPL</u>					
<i>Quoted investments</i>					
Equity securities	23,008,858	23,008,858	22,539,120	-	469,738
Debt securities	2,026,827	2,026,827	-	-	2,026,827
<i>Un-quoted investments</i>					
Convertible bonds	1,643,763	1,643,763	-	-	1,643,763
Equity securities	2,938,662	2,938,662	-	-	2,938,662
Investment funds	5,890,740	5,890,740	-	-	5,890,740
Derivative assets	1,940,952	1,940,952	-	1,940,952	-
<u>Financial assets held for trading</u>					
<i>Quoted investments</i>					
Equity securities	901,024	901,024	901,024	-	-
Debt securities other than convertible bonds	586,495	586,495	586,495	-	-
Derivative assets	2,654	2,654	-	2,654	-
<u>Available-for-sale financial assets</u>					
<i>Quoted investments</i>					
Equity securities	5,976,222	5,976,222	5,976,222	-	-
<i>Unquoted investments</i>					
Equity securities	58,825				
	<hr/>	<hr/>			
<b>Assets measured at fair value</b>	44,975,022				
Investment properties	7,928,937	7,928,937			
<b>Assets for which fair values are disclosed</b>					
Receivables	33,214,300	33,214,300			
Loans receivable	9,606,883	9,606,883			
Finance lease receivables	5,298,040	5,298,040			
Cash and cash equivalents	11,971,020	11,971,020			
	<hr/>	<hr/>			
	60,090,243				
<b>Financial liabilities measured at fair value</b>					
<i>Derivatives designated and effective as hedging instruments carried at fair value</i>					
Interest rate swaps	220,792	220,792	-	220,792	-
<i>Financial liabilities designated at fair value through profit or loss</i>					
Interest rate swaps	753,627	753,627	-	753,627	-
Foreign exchange forward contracts	297,748	297,748	-	297,748	-
<i>Financial liabilities held for trading</i>					
Equity options	12	12	-	12	-
Equity swaps	8,620	8,620	-	8,620	-
Exchange traded securities	157,456	157,456	157,456	-	-
	<hr/>	<hr/>			
	1,438,255				
<b>Liabilities for which fair values are disclosed</b>					
Payables	5,083,649	5,083,649			
Obligation under finance lease	1,252,366	1,252,366			
Other liabilities	4,492,769	4,492,769			
Interest bearing borrowings	34,089,850	34,579,381	9,598,945	-	24,980,436
	<hr/>	<hr/>			
	44,918,634				

**Notes to the interim condensed consolidated financial statements** *(continued)*

30 June 2017

**17 Fair value disclosures** *(continued)*

The following table show the valuation techniques used in measuring Level 1, Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

<b>Type of financial asset / liability</b>	<b>Valuation techniques and key inputs</b>	<b>Significant unobservable inputs</b>
Financial assets designated at FVTPL -Unquoted convertible bonds	Combination of market and income approach	Discount rate of 6.2 percent, exit cap rates of 4.8 percent and rent growth rates of 4.1 percent, taking into account management's experience and knowledge of market conditions of the specific industries
Financial assets designated at FVTPL – Debt securities	Discounted cash flows (DCF)	Discount rate of 12.1 percent and a marketability discount of 20 percent
Investment funds designated at FVTPL	Combination of market and income approach	Net assets value provided by the fund manager taking into consideration management experience and knowledge of market conditions
Derivative assets designated at FVTPL	Market approach. Value is based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates	N/A
Derivative assets designated at FVTPL - warrants	Black Scholes model embedded in Bloomberg terminal	Share price, warrant term, 3 year historic volatility, discount rate of 16 percent and application of dilution factor
Debt securities other than convertible bonds held for trading	Market approach	N/A
Financial assets held for trading - Quoted equity securities	Quoted bid prices in an active market	N/A
Available-for-sale investments - Quoted equity securities	Quoted bid prices in an active market	N/A
Interest rate and foreign exchange forward contracts designated for hedging	Net present value of estimated cash flows, based on forward interest rates (from observable yield curves at the end of the reporting period)	N/A
Interest rate swaps and foreign exchange forward contracts designated at FVTPL	Net present value of estimated cash flows, based on forward interest rates (from observable yield curves at the end of the reporting period)	N/A
Exchange traded securities held for trading	Quoted bid prices in an active market	N/A

**Notes to the interim condensed consolidated financial statements (continued)**

30 June 2017

**17 Fair value disclosures (continued)**

The following table demonstrates the movement for the period / year in the level 3 of fair value hierarchy:

	<b>30 Jun 2017</b>			
	<b>Convertible bonds AED'000</b>	<b>Equity securities AED'000</b>	<b>Investments funds AED'000</b>	<b>Debt securities AED'000</b>
At the beginning of the year	1,643,763	3,408,400	5,890,740	2,026,827
Additions during the period	-	470,678	2,652,732	-
(Decrease) / Increase in fair value recognised in profit or loss ( <i>net</i> ) <sup>1</sup>	-	(97,482)	333,120	-
Disposals during the period	-	(1,591,625)	(2,167,002)	-
Other movements	-	245,062	(375,376)	-
At the end of the period	<u>1,643,763</u>	<u>2,435,033</u>	<u>6,334,214</u>	<u>2,026,827</u>
	<b>31 Dec 2016</b>			
	<b>Convertible bonds AED'000</b>	<b>Equity securities AED'000</b>	<b>Investments funds AED'000</b>	<b>Debt securities AED'000</b>
At the beginning of the year	1,460,758	1,863,588	5,102,590	2,102,744
Additions during the year	-	1,431,781	1,281,859	-
Increase / (decrease) in fair value recognised in profit or loss ( <i>net</i> ) <sup>1</sup>	183,005	150,067	622,915	(75,917)
Disposals during the year	-	(37,036)	(1,116,624)	-
At the end of the year	<u>1,643,763</u>	<u>3,408,400</u>	<u>5,890,740</u>	<u>2,026,827</u>

<sup>1</sup> Includes increase in fair value recognised in profit or loss, attributable to assets held at the reporting date. The total net increase in fair value was recorded in 'income from financial investments (*net*)' in the interim condensed consolidated statement of comprehensive income.

**18 Comparative figures**

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the interim condensed consolidated financial statements.

**19 Subsequent events**

Subsequent to the reporting period end, 40 percent stake in National Cooling Company PJSC (Tareed) were sold to Kahrabel FZE a subsidiary of ENGIE Group on 30 July 2017 which resulted in loss of control and deconsolidation. As at reporting period these were classified as assets held for sale note 13.