مبادلة
MUBADALA

mubadala: realizing opportunity

Unbound by convention, Mubadala's dynamism and innovation are complemented by a focused and diligent approach to realizing value.

From identifying a need to conceiving a solution and rapidly implementing it, Mubadala facilitates the creation of sustainable commercial and social value.

our vision

To be a catalyst that facilitates Abu Dhabi's ambition to diversify and transform its economy, to develop a new generation of business leaders and to build a prosperous future for its people.

our mission

By harnessing expertise and resources, we generate sustainable financial returns and build businesses, clusters of expertise and even whole new industries. We bring together and manage a diverse portfolio of opportunities, investing for the long term as an active and diligent partner.

our values

Our values are reflected in everything we do.
We are:

driven and passionate

We are driven by our clarity of purpose, a sense of pride and a passion for the work we do. We have been entrusted with an enormous responsibility which inspires us to do the extraordinary.

collaborative and flexible

We work enthusiastically with our partners for our mutual benefit; searching for new and innovative ways of realizing value while maintaining the highest ethical standards.

unconventional yet responsible

We are dynamic and innovative, yet retain a focused and diligent approach to realizing value.

our story

Realizing opportunity has always been at the core of Mubadala's mission. From identifying a need to conceiving a solution and rapidly implementing it, Mubadala facilitates the creation of sustainable commercial value.

Although Abu Dhabi is blessed with substantial natural resources, from the outset Mubadala's mandate has been to act as a catalyst for change from within. Mubadala transforms the economy by harnessing existing resources and investing in a diverse range of sectors, both at home and abroad, through partnerships that support the diversification and development of our economy.

We engage in technology, knowledge, energy and capital intensive opportunities that help diversify the economic base of Abu Dhabi and yield strong, competitive returns.

Mubadala's first project took place on familiar territory, with the objective of meeting the growing demand for power and water in the Emirate using clean-burning natural gas. This project was Dolphin Energy, an integrated upstream development with a processing plant, compression facilities, subsea pipeline and distribution network, which involved 364 km of pipeline being laid to transport natural gas from Qatar to customers in Abu Dhabi, Dubai, the Northern Emirates and Oman.

Conscious of the tremendous economic and industrial development underway in Abu Dhabi, Mubadala recognized that having access to an additional source of natural gas for import was both a national priority and a significant commercial opportunity. While Abu Dhabi is oil and gas rich, its own gas resources are used for export, power generation or for re-injection into oil wells for reservoir pressure maintenance and production growth. Dolphin Energy, which is 51% owned by Mubadala with the balance of ownership evenly split between Total S.A. and Occidental Petroleum Corporation (OXY), established a working model that would become familiar over the years – Mubadala the involved investor, harnessing the expertise of our partners for mutual benefit.

The first gas began flowing in 2007 and helped to establish our reputation with international business audiences. The project also introduced Mubadala to the international financial community, with a portion of the project's capital commitments covered by a conventional bank facility of US$1.36 billion, which was then refinanced through a combination of Islamic and conventional financing amounting to US$3.45 billion.

Such knowledge-based, energy-intensive investments have allowed us to create clusters in a variety of other industries, including aerospace. Mubadala is developing a composite aerostructures plant in Abu Dhabi, the first of its kind in the region, which marks a significant step forward in the creation of a robust aerospace hub within the Emirate. It will manufacture technology intensive aerostructures composite components and assemblies. Alenia Aeronautica, a subsidiary of leading Italian aerospace conglomerate Finmeccanica, is one of the companies that will provide technology, technical assistance and specialized training, as well as the transfer of composite aerostructure manufacturing work to the new composites plant.

A sustainable industrial ecosystem has also been created through projects like EMAL (Emirates Aluminium Company Limited). Established in 2007, EMAL is a strategic joint venture between Dubal (Dubai Aluminium) and Mubadala, and is responsible for owning, constructing and operating a 1.5 million tonne /annum primary aluminium smelter at Al Taweelah in Abu Dhabi. Phase one will have a nominal production capacity of approximately 718,000 tonne/annum and when complete, it is expected to be the largest greenfield aluminium smelter in the world. Environmental controls will ensure that the plant can operate without damage to the surrounding flora and fauna.

From its early foundations, Mubadala's business has diversified into the development of infrastructure, utilities and services within Abu Dhabi. Our contribution to the community has grown through the development of facilities fostered through partnerships in the real estate, healthcare and education sectors where, for example, we are in the process of building and developing learning facilities for approximately 25,000 higher education students. These initiatives enable us to deliver against the twin objectives of profit generation and economic diversification.

We are driven by passion and are not restricted by convention; we put innovation at the heart of everything we do; we partner with world class organizations whose skills complement our own; and we are firmly focused upon best-in-class execution, prizing the management of our existing investments as highly as potential new commitments.

contents

His Highness Sheikh Mohamed bin Zayed Al Nahyan
Crown Prince of Abu Dhabi and Chairman of the Board

a message from our chairman

Under the guidance of His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates and Ruler of Abu Dhabi, the diversification of the Emirate's economy is an immediate priority for the Government of Abu Dhabi.

In delivering against its commercial mandate, Mubadala contributes significantly to the implementation of that diversification process.

As its shareholder, the Government of Abu Dhabi highly values Mubadala for both its economic significance and commercial integrity, and expects the scale and diversity of its operations to continue to grow in the future.

The work of Mubadala as a catalyst for diversification is particularly important. Through partnerships with local and international organizations, Mubadala builds new businesses and in some cases entire new sectors within the economy of the Emirate of Abu Dhabi. These initiatives expand the economic base of the Emirate and in doing so promise to deliver greater stability and sustainability to its economic performance over time.

Through the patient and robust support of its shareholder, Mubadala is able to take a long term perspective when developing projects and deploying capital, both within the UAE and internationally. This has helped to make it an important partner-of-choice for a number of the world's leading companies, and we expect that approach and its associated benefits to continue.

At present, the Government of Abu Dhabi's long term commitment to economic diversification represents the greatest single source of opportunity for Mubadala and its partners. The organization continues to excel in Abu Dhabi's traditional areas of expertise such as energy and industrial development, while also charting new ground in a diverse and rapidly expanding range of industries.

I wish to thank the board, executive leadership and all of the employees of Mubadala for their work in establishing such a dynamic and successful company with the potential to contribute so significantly to the growth and diversification of our economy.

our board

His Highness Sheikh Mohamed bin Zayed Al Nahyan
Crown Prince of Abu Dhabi and Chairman of the Board

Mohammed Ahmed Al Bowardi
Vice Chairman

Mr. Al Bowardi's principal responsibilities outside Mubadala are as Secretary-General and Member of the Abu Dhabi Executive Council, Chairman of the Abu Dhabi Award for Excellence in Government Performance; board member and Managing Director of the Environment Agency – Abu Dhabi (EAD) and board member of the UAE Offset Program Bureau, Dolphin Energy, Union National Bank and Abu Dhabi Water & Electricity Authority. Mr. Al Bowardi holds a degree in History and Political Science from Lewis & Clark College, U.S.A.

Khaldoon Khalifa Al Mubarak
CEO and Managing Director

Hamad Al Hurr Al Suwaidi

Mr. Al Suwaidi's principal responsibilities outside Mubadala are as Under-Secretary of the Abu Dhabi Government Department of Finance, board member of the Abu Dhabi Investment Authority, Chairman of the Abu Dhabi National Energy Company (TAQA) and Chairman of the Financial Support Fund for Farm Owners in the Emirate of Abu Dhabi. He is also a member of the Supreme Petroleum Council and the Abu Dhabi Executive Council. Mr. Al Suwaidi holds a Master of Business Administration in Finance from California State University and a Bachelor of Business Administration from Dominican University in California, U.S.A.

Ahmed Ali Al Sayegh

Mr. Al Sayegh's principal responsibilities outside Mubadala are as Chairman of Aldar Properties, Chief Executive Officer of Dolphin Energy, Chairman of Abu Dhabi Future Energy Company (Masdar) and board member of a number of private and governmental associations including the UAE Offset Program Bureau, Abu Dhabi Water & Electricity Authority, Etihad Airways, First Gulf Bank and the Emirates Foundation. Mr. Al Sayegh holds a degree in Economics and Finance from Lewis & Clark College, U.S.A.

Nasser Ahmed Khalifa Alsowaidi

Mr. Alsowaidi's principal responsibilities outside Mubadala are as member of the Abu Dhabi Executive Council, Chairman of the Department of Planning and Economy - Abu Dhabi, Chairman of the Abu Dhabi Securities Exchange, Chairman of Abu Dhabi Ports Company, Chairman of National Bank of Abu Dhabi and board member of Aldar Properties. Mr. Alsowaidi holds a degree in Economics from the California State Polytechnic University, U.S.A.

Mohamed Saif Al Mazrouei

Mr. Al Mazrouei's principal responsibilities outside Mubadala are as board member and advisor to the Chairman of the UAE Offset Program Bureau; board member of Dolphin Energy, Abu Dhabi Tourism Authority, Tourism Development & Investment Company and Abu Dhabi Water & Electricity Authority. Mr. Al Mazrouei holds a Bachelor of Business Administration from the University of La Verne, U.S.A.

Khaldoon Khalifa Al Mubarak
CEO and Managing Director

Mr. Al Mubarak's principal responsibilities outside Mubadala are as Chairman of the Abu Dhabi Executive Affairs Authority, a specialized government agency mandated to provide strategic policy advice to the Chairman of the Abu Dhabi Executive Council; Vice Chairman of the Urban Planning Council and member of the Abu Dhabi Council for Economic Development. He is also a board member of Dolphin Energy, First Gulf Bank and Aldar Properties, and a member of Mubadala's Investment Committee. Mr. Al Mubarak holds a degree in Economics and Finance from Tufts University in Boston, U.S.A.

a message from our chief executive officer

Mubadala has grown rapidly since its establishment in 2002. This report is designed to provide a snapshot of our progress to date and an insight into the organization's commercial strategy and immediate priorities.

In its relatively short history, Mubadala has already delivered a number of landmark projects and made a number of significant international investments, laying solid foundations for the delivery of sound financial returns in the future.

While our commercial activities are increasingly global in scale, Mubadala has always been, and remains, a truly Abu Dhabi company. We continue to benefit from the patient and driven investment philosophy of our shareholder, and consistently draw inspiration from the visionary decisions of Abu Dhabi's past that created the prosperous Emirate the world knows today.

The establishment of mutually beneficial partnerships remains a fundamental element of the Mubadala strategy. We work with leading international organizations across a range of industries, and continue to seek constructive, multidimensional relationships with current and potential leaders in their respective fields.

The publication of this annual report marks an important milestone in the evolution of Mubadala and reflects an ongoing commitment to transparency in relation to our investment strategy, finances and operations.

I wish to thank all of our employees and partners for their considerable efforts to date, and look forward to continuing the work in the year ahead to further develop the projects we have already established, and to identify even greater opportunities.

Waleed Ahmed Al Mokarrab Al Muhairi
COO

Mr. Al Muhairi's primary responsibilities are to oversee Mubadala's operational and business development activities. Prior to joining Mubadala, Mr. Al Muhairi worked with the UAE Offset Program Bureau as a senior projects manager. He also spent a number of years as a consultant at McKinsey & Company, advising on a range of industrial and governmental projects. Mr. Al Muhairi is a member of Mubadala's Investment Committee and holds a Bachelor of Science in Foreign Service from Georgetown University Edmund A. Walsh School of Foreign Service, and a Masters from Harvard University, both in the U.S.A.

Board Positions: Chairman of Yahsat, Mubadala Infrastructure Partners and Advanced Technology Investment Company; Vice Chairman of LeasePlan Corporation and Tabreed; board member of Advanced Micro Devices (AMD) and Emirates Telecommunication Integrated Company (du).
Government Positions: Chairman of Abu Dhabi General Services Company (Musanada); Director General of the Abu Dhabi Council for Economic Development.

a message from our chief operating officer

Mubadala's mandate has always provided us with clarity of purpose without constraining our ability to think creatively. In the last twelve months we have become bolder and more diverse in our deal-making and the partners we work with reflect the scale of our growing ambition.

Transactions of note in 2008 included a multi-faceted agreement with the European aerospace group EADS, marking an important step forward in the creation of a global aerospace hub for Abu Dhabi; a wide-ranging agreement with GE that provides us with diverse opportunities in commercial finance, clean energy research and leadership development; the acquisition of Pearl Energy, a significant landmark in our strategy to become an active participant in the international upstream petroleum sector; as well as a growing focus on healthcare and real estate.

Many of our projects do not fall within a single business unit, but are the product of collaboration across a number of teams. Our businesses operate both independently and collaboratively, while delivering the financial, social and operational returns required of our investment mandate - this is what makes Mubadala special and unique.

Mubadala deploys capital over the long term, and while our ability to identify, negotiate and close a deal is crucial, of equal importance is the ability to maximize the ongoing value of an investment. In order to do this, we embed discipline in every aspect of our business, from evaluating new opportunities to the management of existing relationships. We are actively involved in our investments - many of our senior managers hold board positions with associated companies in order to participate in, and guide, the strategic direction of the business.

One of the challenges of a growing business is finding people who support the vision and culture of the organization. Having almost doubled in size in the last year – from 243 employees on January 1st 2008 to 459 on December 31st 2008 - it is important that our people believe in Mubadala's mandate and are committed to our values. We believe in the nurturing of talent and the transfer of knowledge - in December 2008, 91% of Mubadala trainees passed level one of the prestigious Chartered Financial Analyst (CFA) exam, well above the worldwide average of 35%.

An ability to adapt to changing circumstances has characterized Mubadala since we were established in 2002. We have continued to rise to the challenges our rapid growth has created, responding to internal and external developments as they have occurred. In 2009, this flexibility will be an even more significant asset as we respond to the challenging global economic circumstances, embrace change and seek to build on our past successes.

We are proud of the achievements of all of our staff, and the passion and commitment they bring into the workplace. With such a highly skilled and motivated workforce driving Mubadala's vision, we look forward to working with new and existing partners to facilitate the economic diversification of Abu Dhabi while providing strong investment returns to our shareholder. I am confident we are well placed to achieve this goal.

Carlos Obeid
CFO

Mr. Obeid was responsible for establishing Mubadala's organizational structure and now oversees its corporate functions. This includes legal, finance, project finance, strategic planning and portfolio management, human resources and administration, and management information systems. Mr. Obeid joined Mubadala from the UAE Offset Program Bureau where he led a wide range of projects in areas such as privatization, utilities and financial services. Mr. Obeid is a member of Mubadala's Investment Committee and holds a Bachelor of Science in Electrical Engineering from the American University of Beirut, Lebanon, and a Master of Business Administration from INSEAD in Fontainebleau, France.

Board Positions: Chairman of John Buck International Properties, Mubadala CapitaLand Real Estate and Abu Dhabi Knee & Sports Medicine Centre; Director of Yahsat, LeasePlan Corporation and KOR Hotel Group.

a message from our chief financial officer

Discipline and delivery are two of our key themes moving forward, and nowhere is this more important than in financial management. As Mubadala's business has matured and our investments have become more substantial and diverse, the ability to evaluate assets and track progress and projected returns over a project's life cycle have become core competencies. While not losing sight of new opportunities, we are also focused on delivering world-class business performance by managing and developing our broad portfolio of assets.

In 2008 we enhanced our operational infrastructure, establishing a Group Treasury to manage corporate funding, risk, tax, insurance and investor relations, and a Strategic Planning & Portfolio Management unit which focuses on asset and company valuations, project life cycles and delivery. We have also responded to growing external interest by enhancing our communications function, reviewing our policies on corporate governance and compliance, and placing greater emphasis on transparency.

While the consistent and increased backing of our shareholder gives us a base from which to fund and develop our investments, we are focused on implementing best practice commercial principles and the pursuit of solid returns. Mubadala optimizes the financial leverage in each of its assets to complement the capital contributions from the Government of Abu Dhabi. This increases capital efficiency, instills financial discipline and diversifies transaction risk profiles. It also creates a requirement for all of our businesses to adhere to principles of best practice in financial management.

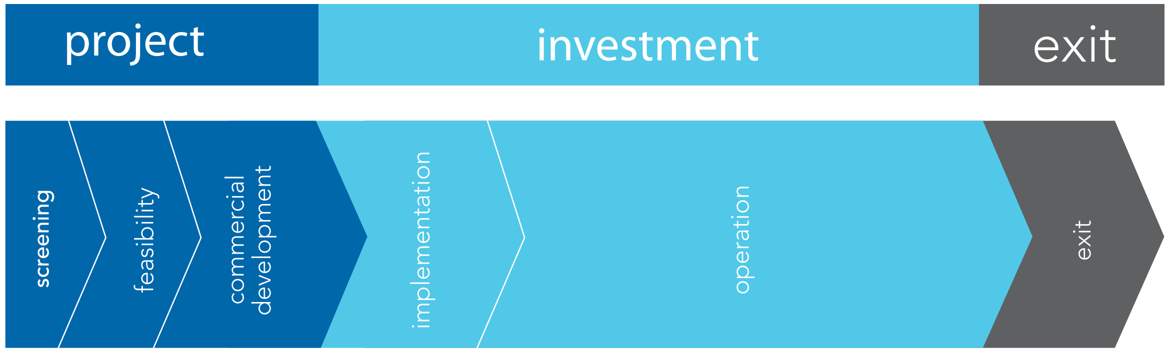
As well as pursuing a conservative approach to risk management, we are also active managers of our balance sheet. In the last twelve months we closed two award winning financing deals in the international banking market. The first involved raising US$1.2 billion of non-recourse financing to support the construction of Yahsat's satellite communications system, an Abu Dhabi-based company and the first hybrid (commercial and government) satellite communications system to be launched in the region. We also completed the non-recourse financing of the Paris-Sorbonne University Abu Dhabi public-private partnership project. A syndicate of international and regional banks provided a US$327 million debt package with a 20 year tenor.

In September we were assigned long term credit ratings by the three global credit rating agencies: Moody's, Fitch Ratings and Standard & Poor's assigned Aa2/AA/AA respectively. Consistent with the sovereign rating of the Government of Abu Dhabi, these ratings are indicative of the strong financial and leadership support of our shareholder.

Looking ahead, we are keen to participate in the development of capital markets in the Gulf. A stronger fixed income presence would enhance the region's economic stability by helping to offset the effects of the liquidity crunch.

Our long term investment horizon and pursuit of capital intensive initiatives require significant funding commitments. We are fortunate to have a very strong and supportive shareholder – the Government of Abu Dhabi – whose total (cash and non cash) contributions to Mubadala in 2008 equaled AED25.6 billion, bringing the total amount since inception to AED39.2 billion.

project life cycle
from a 'value creation' perspective



a message from
our chief financial officer continued...

2008 was a period of rapid business development, which required sizable upfront investment and also saw sharp increases in revenues, up more than 370%. These were offset by our cautious approach to the estimated fair value of certain investment properties and impairment charges against a number of Mubadala's investments. As a result, we posted a loss of AED11.8 billion during the year under review.

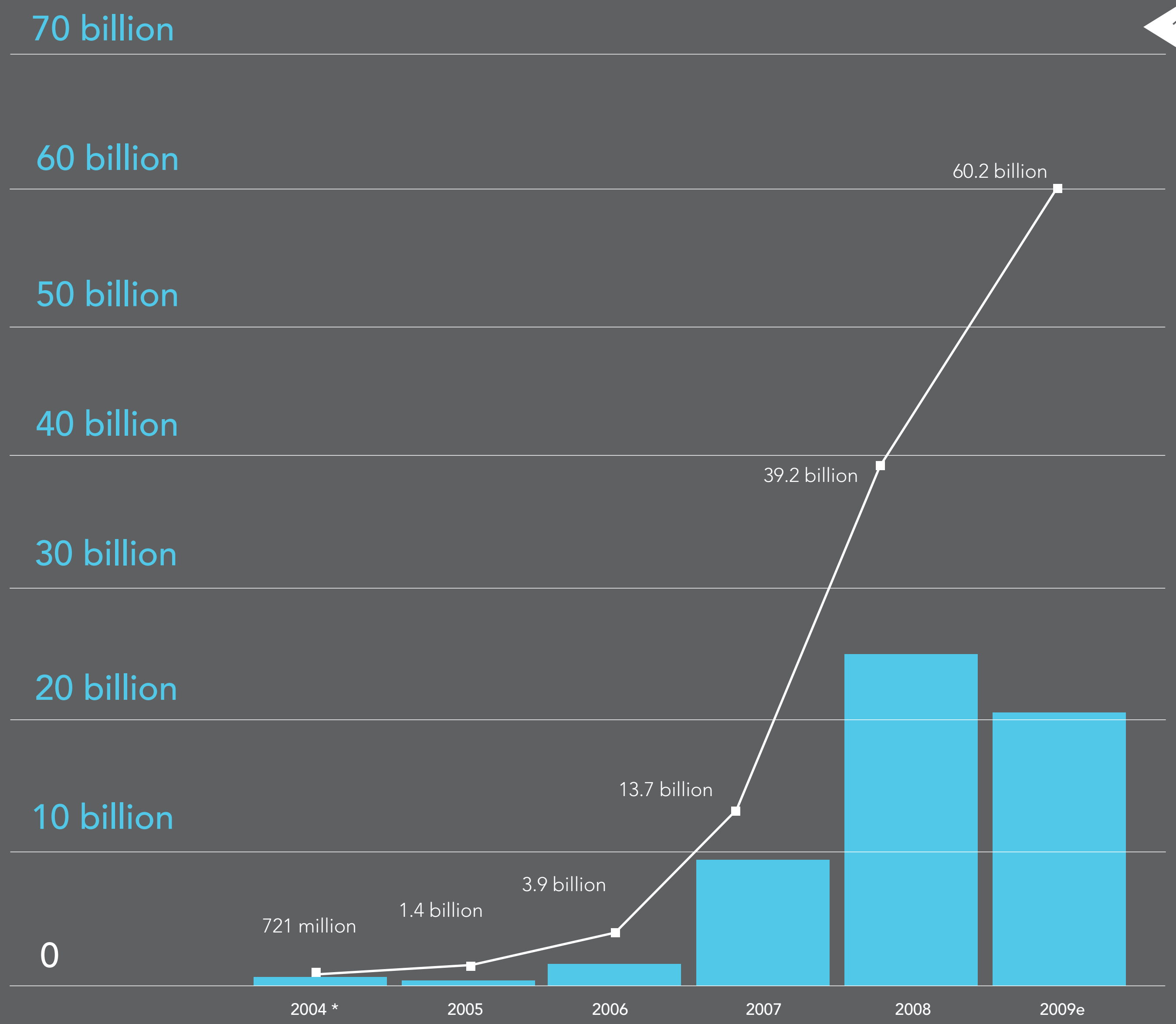
Total revenues from the sale of goods and services were AED6.7 billion compared to AED1.8 billion for 2007, principally reflecting increases in revenues from the sale of hydrocarbons – in particular the impact of the upstream activities of Dolphin Energy operating at full capacity for almost all of 2008 and the partial year impact of the acquisition of Pearl Energy in May 2008.

Contract revenues in 2008 amounted to AED1.1 billion, reflecting progress on the UAE University campus development project, the Paris-Sorbonne University Abu Dhabi campus development project and a full year of operations by Al Taif Technical Services, a leading maintenance, repair and overhaul (MRO) services provider. The change in the fair value of our investment properties amounted to an increase of AED741 million in 2008, reflecting progress made in the development of the Abu Dhabi Financial Centre on Sowwah Island.

Impairment charges for 2008 stood at AED8.8 billion. The principal contributory elements were a charge of AED961.2 million on our investment in Advanced Micro Devices (AMD) reflecting a decline in AMD's quoted share price; a AED2.0 billion impairment charge on our investment in Carlyle; and a AED3.3 billion impairment charge[1] primarily relating to a reappraisal of the value of Pearl's hydrocarbon reserves in the light of a decline in global oil prices.

Despite these significant declines, our balance sheet remains strong thanks to a prudent leverage policy. Our access to liquidity and credit was uninterrupted due to the strong relationships we have developed with the local, regional and international financial community. As the global economy recovers, we believe Mubadala will be well positioned to capitalize on the numerous opportunities that will arise.

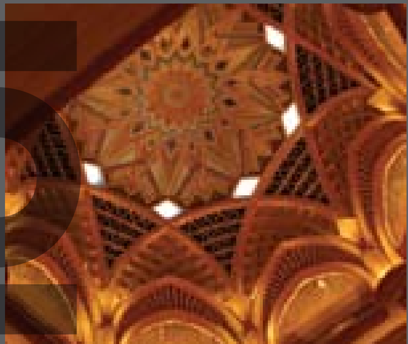
[1] Before deferred tax credit of AED1.5 billion



Government Contributions defined the sum of Share Capital. Additional Shareholder Contributions and Government Grants.

* Up to 31 December 2004
Government Contributions AED
Cumulative Government Contributions
e Expected Government Contributions

historical contributions from the government of abu dhabi to mubadala





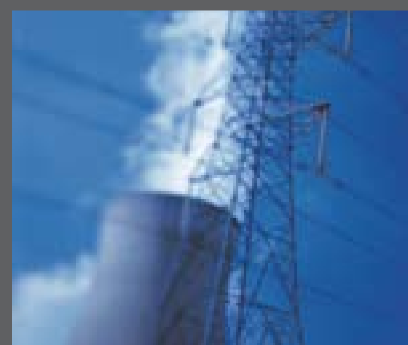


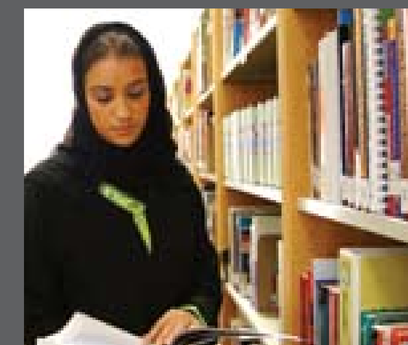






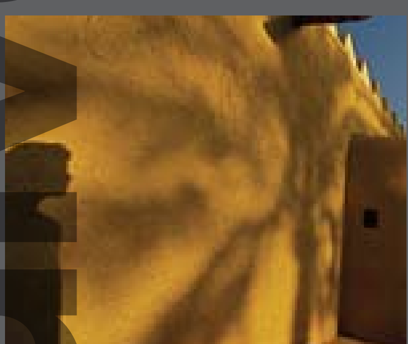




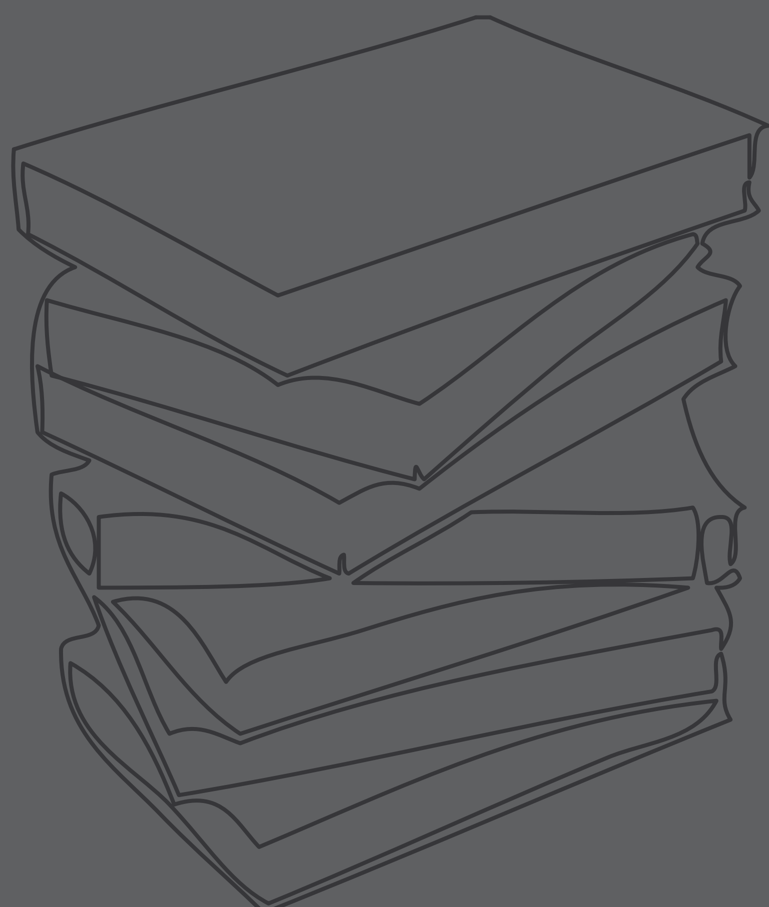







corporate governance



corporate governance

As is evident from Mubadala's Audit Committee Charter, Mubadala is committed to developing the highest standards of corporate governance. Responsibility for corporate governance rests with the Board, who delegates certain aspects of its authority for executive management to the CEO and Managing Director, Khaldoon Khalifa Al Mubarak.

The CEO describes how Mubadala's strategy is to be delivered, together with an assessment of risk and compliance issues, in the Annual Business Plan and Budget. During the year, the Board monitors the progress made in achieving the goals set out in the Annual Business Plan. The CEO reviews and discusses with the Board all strategic projects and developments affecting Mubadala and its performance in accordance with its Delegation of Authority.

Mubadala is currently developing a number of policies and guidance documents in order to operate in an environment that promotes best practice. To date, Mubadala has developed an updated Code of Conduct and Business Ethics; a Document Retention Policy; and a Code of Market Conduct dealing with insider trading and market abuse.

Mubadala is taking steps to appoint a dedicated Compliance Manager who will report directly to the General Counsel. Mubadala is also in the process of hiring an internal auditor and establishing a comprehensive enterprise risk management function.

committees

committees

audit committee

Mandated by the Board to oversee Mubadala's financial and reporting activities, the Audit Committee comprises three non-executive Board members. The current members are Mr. Mohamed Saif Al Mazrouei, Mr. Nasser Ahmed Khalifa Alsowaidi and Mr. Hamad Al Hurr Al Suwaidi. Audit Committee meetings include members of Mubadala's staff as well as external auditors when appropriate.

The Audit Committee reports to the Board on financial matters, such as recommendation of appointment of external auditors; integrity of financial statements; internal financial control and risk management systems; oversight of external audit process; independence of external auditors and the provision of non-audit services; and performance of internal audit department.

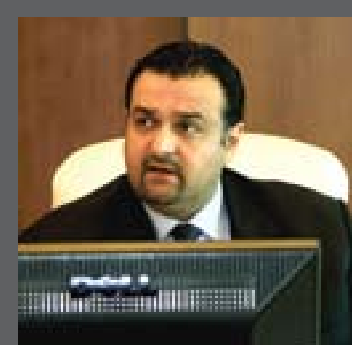
The Audit Committee meets as frequently as required, but at least twice annually following receipt of Mubadala's half year accounts and the final annual audited accounts.

investment committee

The Investment Committee is responsible to the Board for developing and monitoring Mubadala's investment strategy, for the overall performance of Mubadala and for managing Mubadala's business, as defined by the Investment Committee Charter.

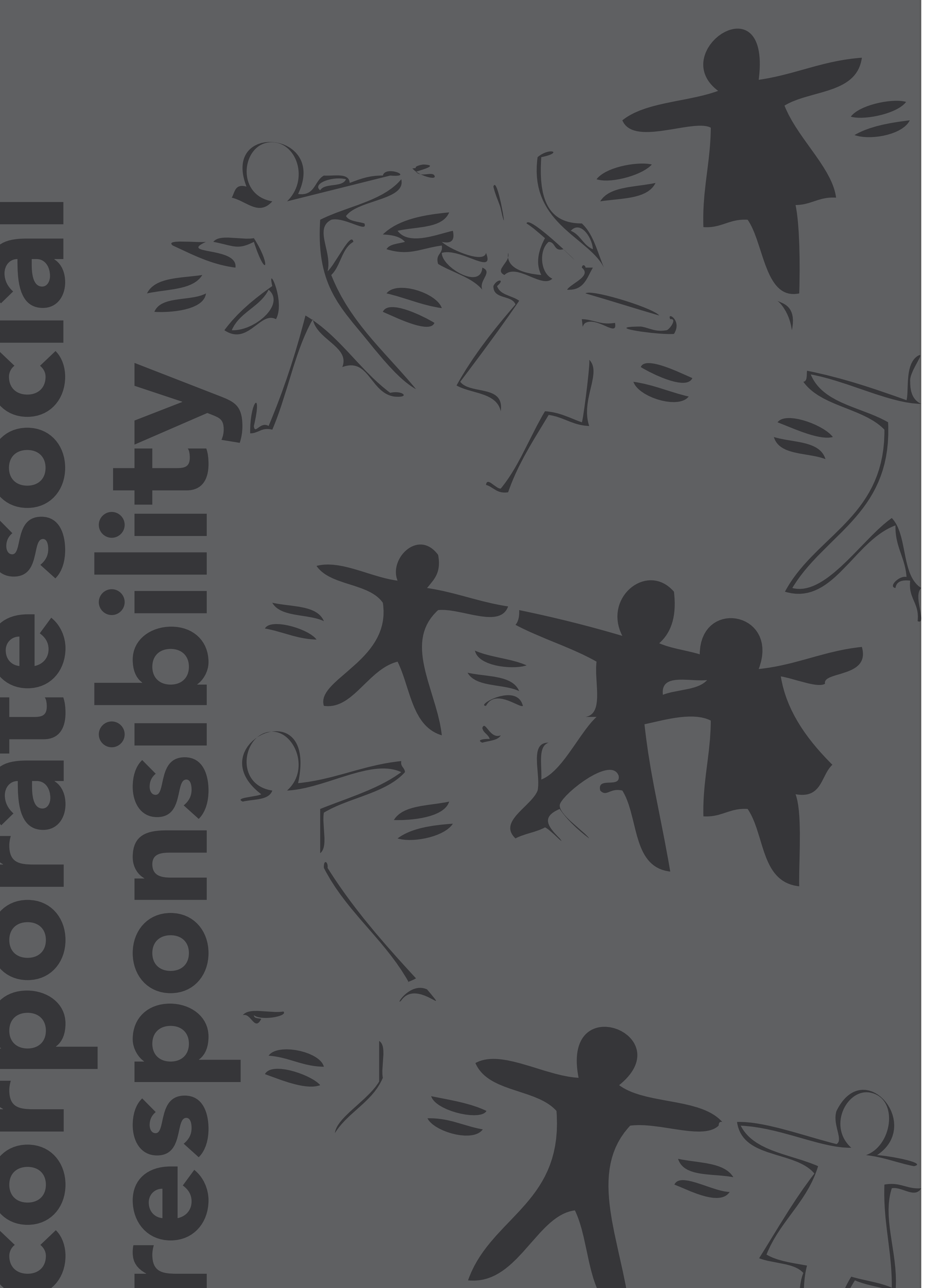
The mandate of the Investment Committee is to develop Mubadala's overall investment policies to be approved by the Board, and establish relevant investment guidelines; to ensure that Mubadala's funds are invested in accordance with the Annual Business Plan and Budget; and to examine matters that require the Board's approval and adopt the appropriate recommendations and executive decisions.

Assisted by a dedicated secretary, the Investment Committee comprises the CEO, the COO, the CFO and the General Counsel (Samer Halawa). The Investment Committee meets three to four times every month on average.



Samer Halawa
General Counsel and Company Secretary

Prior to joining Mubadala, Mr. Halawa practiced law in Dubai, during which time he headed the Corporate and Commercial Law practice of Habib Al Mulla & Co. a well established Dubai law firm. A member of the Jordanian BarAssociation, Mr. Halawa practices a wide variety of international and local corporate and commercial law, and is also a member of Mubadala's Investment Committee. As General Counsel and Company Secretary, Mr. Halawa is responsible for Mubadala's legal affairs, corporate governance and compliance. Samer holds a Bachelor of Laws from the University of Jordan.



corporate social responsibility

By driving and leveraging the diversification of the Abu Dhabi economy, Mubadala's mandate is to facilitate the creation of sustainable commercial and social value for future generations. Behaving as a responsible commercial organization is therefore implicit in our investment mandate and ingrained in our business culture.

A key element of Mubadala's CSR activity has been the support of a variety of educational, arts and cultural projects, both in Abu Dhabi and the UAE. Mubadala played an important role in the creation of the Emirates Foundation, a charitable organization established to foster a philanthropic culture of public-private partnerships in the UAE and to develop and support community activities in education, research and development, arts and culture, and social and environmental development. Our contribution to this project was not only financial; Mubadala also provided comprehensive guidance and support to ensure the Foundation's success and sustainability.

In addition, Mubadala supports the Tawteen initiative, an important component of the Emirates Foundation program. This initiative seeks to break down social and cultural obstacles to self-development, and provide access to skills for under-represented groups. Mubadala has selected two Tawteen projects to champion, both of which are in their pilot phases - the first focuses on career guidance and the second addresses vocational awareness.

It is our firm intention to continue to develop Mubadala's CSR program in the coming years. We will continue to expand and embed best practice, to include environmental stewardship, community engagement and corporate giving into our culture and to engage our staff throughout the business.

environment

Mubadala recognizes that we have a responsibility to the environment and that our day-to-day business activities have an impact. We are committed to minimizing our adverse impacts, both direct and indirect, and preventing pollution and mitigating damage to the environment from our operations.

Mubadala is committed to complying with, and where possible exceeding, the standards of all relevant environmental rules and regulations in the jurisdictions in which we operate. Certain activities are subject to higher levels of environmental regulation, including oil and gas exploration and production, manufacturing activities such as aluminium smelting, solar panel manufacturing and real estate development.

Mubadala aims to develop its properties in a way that provides for the long term sustainability of the environment. Our cornerstone environmental and renewable energy investment is Masdar, a multi-billion dollar strategic initiative, that strives to develop sustainable renewable energy solutions, diversify Abu Dhabi's economy and enhance the Emirate's human capital. Sustainability is also central to other projects, including our joint venture with Veolia Eau[2] which will be the largest independent provider of water production and waste water collection and treatment in the Middle East and North Africa (MENA) region.

[2] Legally entitled New Asset Management 1, this joint venture is expected to be branded Azaliya

senior management team

left to right - standing
Rod Mathers; Hani Barhoush; Homaid Al Shemmari; Mark Erhart; Samer Halawa; Maurizio La Noce; Laurent Depolla; Derek Rozycki; Alexej Ogorek; John A. Thomas

left to right - sitting
Jassem Mohamed Al Zaabi; Fatema Hafeez; Matthew Hurn; Carlos Obeid; Khaldoon Khalifa Al Mubarak; Waleed Ahmed Al Mokarrab Al Muhairi; Kate Triggs

Alexej Ogorek

executive director, strategic planning & portfolio management

Alexej has over 18 years of experience in the global capital markets, having worked across Western Europe and the UK in management consulting, investment banking, private equity and operative management in a CFO capacity. He holds a Bachelor of Science in Economics from the London School of Economics and a Master of Philosophy in Mathematics from Cambridge University, UK.

Derek Rozycki

executive director, project & corporate finance

Derek has responsibility for the development and execution of comprehensive financing strategies for Mubadala. Before joining Mubadala, Derek worked for Barclays Capital in the investment banking relationship management, structured finance and credit risk management units. He headed Barclays Capital's Abu Dhabi operations and later helped to manage their Gulf-based activities. Derek holds a Bachelor of Arts in Economics and Business Administration from the University of Vermont, U.S.A. Board Positions: LeasePlan Emirates.

Fatema Hafeez

associate director, human resources & administration manager

Fatema is responsible for providing best practice HR solutions and support in the areas of human capital resourcing, learning and development and performance management. Before joining Mubadala, Fatema spent over 11 years at the UAE Offset Program Bureau as their Human Resources and Administration Manager. Fatema holds a Master of Business Administration from the University of Hull in the UK.

Hani Barhoush

executive director, acquisitions

Hani is responsible for developing the acquisition strategy for Mubadala's investments. Prior to joining Mubadala, Hani was a member of Merrill Lynch's investment banking team in New York where he focused on mergers and acquisitions. He was educated at the Harvard Law School, the Harvard University John F. Kennedy School of Government and the Georgetown University Edmund A. Walsh School of Foreign Service, all in the U.S.A.

Homaid Al Shemmari

associate director, aerospace

Prior to joining Mubadala, Homaid was a Lieutenant Colonel in the UAE Armed Forces in the areas of military aviation, maintenance, procurement and logistics. He holds a Bachelor of Science in Aeronautical Engineering from Embry Riddle Aeronautical University in Daytona Beach, U.S.A. Board Positions: Chairman of Horizon and Abu Dhabi Autonomous Systems Investment; Director of Abu Dhabi Ship Building; board member of Piaggio Aero and Yahsat.

Jassem Mohamed Al Zaabi

executive director, information & communications technology

Prior to joining Mubadala, Jassem worked for Thuraya Satellite Communications Company as a business development area manager for the GCC and Egypt. Jassem is also the CEO of Yahsat, an Abu Dhabi-based satellite communications company, and he holds a Bachelor of Business Administration from the Ajman University of Science and Technology in the UAE. Board Positions: Emirates Telecommunication Integrated Company (du), TwoFour54 (Abu Dhabi Media Zone), Abu Dhabi Ship Building and Advanced Technology Investment Company (ATIC).

John A. Thomas

executive director, real estate & hospitality

John joined Mubadala from Shearman & Sterling LLP where he practiced law as a corporate/commercial/projects attorney. He holds a Bachelor of Science from the University of Toronto and a Bachelor of Law from the University of Ottawa, both in Canada. Board Positions: The John Buck Company, John Buck International Properties, Global Capital and Development Sdn Bhd, KOR Hotel Group and Mubadala CapitaLand Real Estate.

Kate Triggs

executive director, communications

Kate oversees a strategic, integrated communications program that supports the business objectives of Mubadala. Prior to joining Mubadala, Kate was Executive Vice President at Edelman, the world's largest independent PR company, where she had regional operational responsibility and was also Managing Director for the European Health business. Kate has over 20 years of communications consultancy experience both in the UK and U.S.A., working with major global corporations.

Laurent Depolla

executive director, services

Laurent joined Mubadala from the UAE Offset Program Bureau, and prior to that he worked for Booz Allen Hamilton in the Middle East. He holds a Bachelor of Arts in Economics from McGill University in Montreal, Canada, and a Master of Business Administration from ESSEC Graduate School of Management in Paris, France. Board Positions: Chairman of LeasePlan Emirates; Director of Emirates Ship Investment Company, Al Taif Technical Services and Abu Dhabi Finance.

Mark Erhart

executive director, healthcare

Before joining Mubadala, Mark was responsible for corporate development at Parkway Health, a Singapore-based company that owns and operates the largest fully integrated healthcare delivery network in Asia. Mark holds a Bachelor of Arts in Economics and Finance from the University of Puget Sound and a Juris Doctorate from the University of Washington School of Law, both in the U.S.A. Board Positions: Chairman of Imperial College London Diabetes Centre; Director of Abu Dhabi Knee & Sports Medicine Centre and Tawam Molecular Imaging Centre.

Matthew Hurn

executive director, group treasury

Matthew has responsibility for treasury and corporate funding, financial risk management, tax, insurance and investor relations. Prior to joining Mubadala, Matthew was the Group Treasurer of DSG international plc (formally Dixons Group) where he developed the company's treasury framework and strategy to accommodate their overseas expansion. Matthew has worked in the treasury industry for over 17 years in both the public and private sector. He is a qualified and elected member of the Council and Vice President of the Association of Corporate Treasurers.

Maurizio La Noce

executive director, energy & industry; chief executive officer, mubadala oil & gas

Maurizio has over 25 years of experience in the energy industry, with the last 15 primarily devoted to the management and development of multi-billion dollar projects in the Middle East. He holds a degree in Industrial Electronics from 'A. Beltrami' in Italy, and also attended the College of Petroleum Studies in Oxford, UK. Board Positions: Chairman of Dolphin PRC; board member of the Abu Dhabi Future Energy Company (Masdar), GlobalFoundries, Emirates Aluminium Company (EMAL), Pearl Energy, Spyker Cars NV, Mubadala Petroleum Services Company and the Al Barka and Al Rusail Power Companies.

Moiz Chakkiwala

associate director, finance

Moiz has responsibility for the entire finance function, including statutory audit and reporting, planning and budgeting, management reporting and transaction processing. Prior to joining Mubadala, Moiz was an audit manager at KPMG in Abu Dhabi. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

Rod Mathers

chief executive officer, mubadala infrastructure

Prior to joining Mubadala, Rod worked in London as a development director for Jarvis, a national developer, where he led Public Private Partnership (PPP) projects in both the education and health sectors. He is a chartered civil engineer with over 20 years of design and construction experience. Rod holds a Bachelor of Science with Honors in Civil Engineering from Heriot Watt University, a Bachelor of Law with Honors from the Open University & College of Law, and a Master of Business Administration from the Open University Business School, all based in the UK.

our biographies

growth

our journey

A snapshot of our achievements

2004

UAE University and Mubadala announce new 280,000 square meter campus in Al Ain

2005

Liwa Energy awarded a share in nine exploration blocks in Libya. More than 60 international oil companies submitted bids

Aldar Properties incorporated through a AED1.5 billion IPO on the Abu Dhabi Securities Market

5% stake in Ferrari. First non-financial institution shareholder in Ferrari, other than Fiat and the Ferrari family

Mubadala and SNC-Lavalin chosen as winning bidder for the US$900 million Algeria's Hadjret Ennous IPP

2006

Strategic alliance with Dubal for 1.5 million tonne/annum primary aluminium smelter, expected to be largest single-site smelter in the world

35% stake in Piaggio Aero* - flagship P 180 Avanti II is the fastest turboprop aircraft in the World

Imperial College London Diabetes Centre opens, more than 50,000 people have received consultations

Abu Dhabi Future Energy Company, Credit Suisse and Consensus Launch US$250 million Clean Tech fund

Al Taif Technical Services signs 20 year contract with UAE Armed Forces that exceeds AED1 billion

2007

Awarded Algeria's new 1227mw gas-fired thermal power plant, USD$900 million development

Financial close on UAE University PPP Project, US$410 million debt package to one of the world's largest, single education PPP project

Launch of Masdar, a carbon-neutral, zero-waste city

First gas begins flowing in Dolphin US$6.2 billion gas project - 364 kilometer subsea pipeline

7.5% stake, US$1.35 billion in The Carlyle Group, representing a 10% liquidity discount to agreed-upon US$20 billion firm valuation

8.1% stake in AMD, increased in March 2009 to 19.9%

2008

Sowwah Square - AED5.7 billion commercial development

Consortium of international investors develop US$900 million integrated city project in Malaysia

100% acquisition of Pearl Energy, first 100% corporate acquisition made by Mubadala and fully incorporated into the business

Yahsat obtained a 14 year non-recourse US$1.2 billion financing that was oversubscribed

Assigned AA long term credit ratings by Moody's, Fitch Ratings and Standard & Poor's - Aa2/AA/AA

MIP announced first closing of its regional infrastructure fund in the amount of US$300 million

Paris-Sorbonne University Abu Dhabi secures US$327 million debt package with a 20 year tenor

As at December 2008, Pearl's net production was approximately 20,500 bopd

* Mubadala's stake is now 31.5%

the sectors we operate in

- oil & gas
- energy & industry
- services
- aerospace
- information, communications & technology
- healthcare
- real estate & hospitality
- infrastructure
- acquisitions

oil & gas

Mubadala Oil & Gas pursues exploration and development opportunities and acquisitions in the Middle East, North and West Africa, and Central and Southeast Asia. The unit aims to leverage its technical and commercial skills, as well as government relationships, to expand regional activity and establish itself as a globally competitive oil and gas exploration and production company.

2008 at a glance...

key highlights

- Pearl Energy – the first 100% corporate acquisition made by Mubadala and fully integrated into the business;
- Habiba Block 62 - 20 year exploration and production sharing agreement signed with the Ministry of Oil & Gas in Oman;
- Bahrain – interim agreement signed, alongside Occidental Petroleum Corporation (OXY), with the Bahraini government to help boost production at the Kingdom's main hydrocarbon reservoir;
- Kazakhstan - preliminary agreements signed with KazMunayGas for the rights to explore the Caspian Sea N Block together with Conoco-Phillips.

a message from Maurizio La Noce

2008 was a momentous year for Mubadala Oil & Gas and saw remarkable growth in our exploration and production business, with each of the unit's core operating assets exceeding annual production targets. These results have attracted international recognition and have served to distinguish Mubadala Oil & Gas as an important emerging peer and competitor in the oil and gas industry.

Looking forward, our strategy is clear: we intend to become the premier Eastern Hemisphere focused oil and gas exploration and production company with industry leading operational and financial performance.

This growth will be achieved organically, through further investment in the businesses we have acquired; through government to government initiatives, leveraging the excellent relations that the Government of Abu Dhabi has with a number of countries in our particular area of interest; and through acquisitions.

energy & industry

Energy & Industry pursues investment and development opportunities in various energy-linked industrial sectors, facilitating opportunities for the research, development and commercialization of advanced and innovative technologies. The unit also looks to further develop the aluminium and automotive industrial sectors, leveraging Abu Dhabi's unique competitive advantages in energy, infrastructure and logistics.

2008 at a glance...

key highlights

- Creation of a joint venture company with Veolia Eau[3], which will focus on water purification and distribution, wastewater treatment and reuse;
- Petrofac Emirates LLC was founded in a joint venture with Petrofac to provide the full range of engineering, procurement and construction services to customers in the region;
- PSN Emirates LLC was founded in joint venture with Production Services Network (PSN) of Aberdeen, Scotland, to provide advanced production services to oil and gas customers in the region.

a message from Maurizio La Noce

2008 was a solid year for Mubadala's energy and industrial ambitions, and saw a variety of prominent deals announced in partnership with some of the most prestigious and successful companies in the world.

Substantial progress was made in developing the vast portfolio of Masdar projects in the renewable energy field, in the construction of the mega smelter in Taweelah by EMAL and in the construction of power plants in Algeria and Oman.

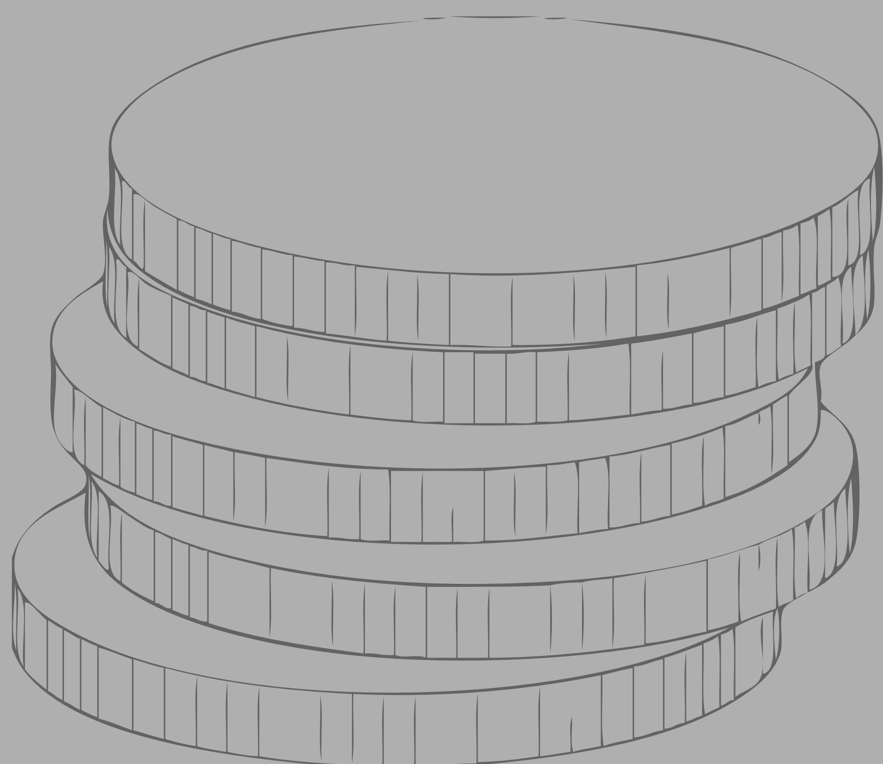
Looking forward, we intend to continue investing in, and developing, a sustainable ecosystem of industries within those sectors that support the Emirate's diversification process, while delivering superior operational and financial performance.

Achieving this will require patience and good business discipline. We have experienced an unprecedented rise and fall in commodity prices over the last year and watched the global economy slump into its worst recession in 70 years. This downturn has not only caused severe disruption to the various sectors in which we operate, but has presented a number of unique opportunities for companies such as Mubadala that are willing and able to realize them.

[3] Legally titled New Asset Management 1, this joint venture is expected to be branded "Azaliya"

services

Services is responsible for developing and managing business ventures in service-based sectors; enhancing leasing and financial services, maritime transportation services and defense (non-aviation) and logistics services. The Services unit optimizes performance by bringing operational and service excellence to the marketplace.



2008 at a glance...

key highlights

- Operational launch of Dunia Finance in September 2008, Mubadala's first foray into the consumer lending market;
- Abu Dhabi Finance, established by Mubadala, Abu Dhabi Commercial Bank, Aldar Properties, Sorouh Real Estate and the Tourism Development & Investment Company, launched operations in November 2008. The company aims to become one of the leading mortgage providers in Abu Dhabi;
- Agility (Abu Dhabi) won a US$200 million, 10 year contract to build a chemicals logistics hub in Shanghai for Abu Dhabi-based Borouge, a leading manufacturer of polyolefin plastics;
- Emirates Ship Investment Company enters the LPG shipping segment and orders two medium-sized LPG vessels to STX shipyard from Korea. The ships will be delivered in 2010 and will be placed on long term charter to Total.

a message from Laurent Depolla

In an impressive first year, the Services unit successfully launched Abu Dhabi Finance and Dunia Finance, two financial service providers each boasting a unique value proposition and business model. These ventures represented Mubadala's entry into the UAE's consumer lending market.

Existing assets also delivered strong results, with Agility (Abu Dhabi) securing a strategic long term contract to build and operate a chemicals logistics hub in Shanghai for Abu Dhabi-based Borouge Company - Mubadala's first entry into the Chinese market through a subsidiary company.

With a strategy to build and grow business ventures in service-based sectors that bring operational efficiency and service excellence to the marketplace, the Services unit is looking to develop a portfolio of sustainable and scalable businesses through partnerships with leading global and UAE-based companies, organic growth and acquisitions.

In 2009, we will continue to approach our work with a disciplined and focused mindset to ensure that our existing assets emerge soundly from the current economic climate, as well as seeking out opportunities that will deliver value to our business portfolio.

aerospace

The Aerospace unit provides leadership, coordination, capital investment and facilitation of services to create the necessary infrastructure to build a thriving aerospace industry in Abu Dhabi. The unit partners with world class aerospace businesses, harnessing their capabilities to ensure that knowledge, technological and innovative expertise and specialized support services are brought to the Emirate.

2008 at a glance...

key highlights

- Announced joint venture with Rolls-Royce to offer On-Wing Care and provide a variety of specialist line maintenance support services, ranging from boroscoping to engine changes, for Rolls-Royce Trent family operators within the region;
- Signed a multi-faceted supplier agreement with the European aerospace group EADS;
- Unveiled plans to build a composite aerostructures plant, the first of its kind in the region;
- Partnership agreement signed with Alenia Aeronautica to manufacture aerospace composite components for civil aircraft at the new Abu Dhabi composites plant.

a message from Homaid Al Shemmari

2008 was an important year for the Aerospace unit, and saw our efforts to develop an aerospace industry in Abu Dhabi enhanced by the formation of strategic partnerships with EADS, GE, Alenia Aeronautica and Rolls-Royce.

We are looking to create a thriving international aerospace hub based around MRO capabilities, advanced manufacturing and training, which is underpinned by best practice education and research and development initiatives. We seek to leverage existing assets and invest in capital-intensive, knowledge-intensive and energy-intensive aerospace clusters.

We are confident that our long term approach to business, combined with a focus on developing a qualified and skilled workforce, will realize our aspirations to create a world leading, sustainable and economically viable aerospace industry.

information, communications & technology

The Information, Communications & Technology unit pursues investment and development opportunities that will establish an information, communications and technology cluster in Abu Dhabi, bringing industry leading facilities to the Emirate, enhancing local expertise and creating employment opportunities. It is hoped this expertise will ultimately expand Abu Dhabi's international presence within the sector.

2008 at a glance...

key highlights

- Yahsat, the UAE's first nationally-owned satellite operator and wholly-owned subsidiary of Mubadala, secured commitments for US$1.2 billion to finance the Middle East's first hybrid (commercial and government) satellite communications system;
- Successfully launched mobile services in Nigeria for Emerging Markets Telecommunications Company (Etisalat Nigeria), which is 30% owned by Mubadala;
- Crossed the two million subscribers client base in mobile services for du, which is approximately 20% owned by Mubadala.

a message from Jassem Mohamed Al Zaabi

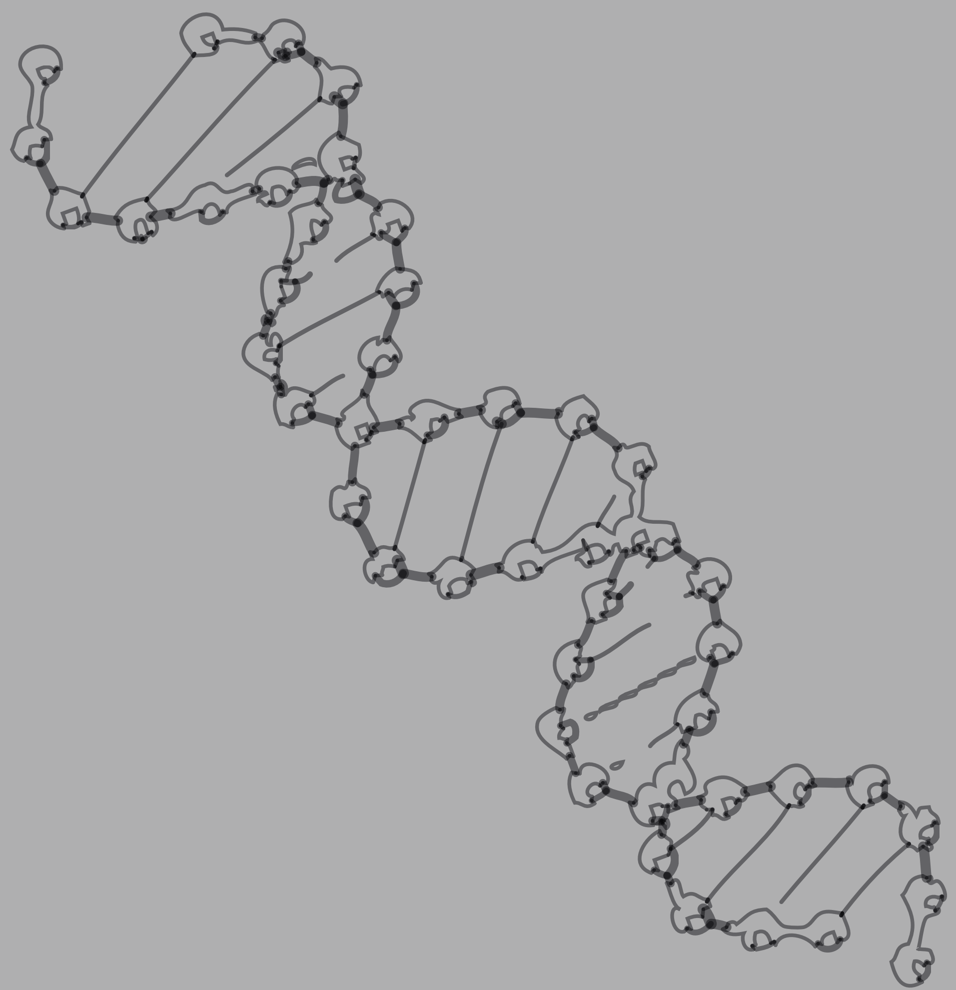
Mubadala's clear investment strategy drives and focuses the Information Communications & Technology unit's approach, not only in identifying attractive opportunities in a dynamic sector but also in managing our existing projects.

In 2008 we achieved a number of key milestones in our portfolio, from securing financing deals in a challenging environment to successfully launching mobile services in Nigeria.

Looking forward, the Information, Communications & Technology unit will continue developing new projects that are based on solid business models with pioneering ICT partners. We are optimistic about 2009 bringing further growth opportunities to the sector.

healthcare

The Healthcare unit pursues investment opportunities that meaningfully enhance the private healthcare infrastructure of Abu Dhabi and the UAE. We are creating a robust and fully integrated network of hospitals, specialty centers of excellence, clinical support services and primary care/general practitioner clinics, each with an absolute commitment to quality. This network aims to provide world class healthcare to UAE citizens and residents, and address the needs of those patients who currently travel abroad for treatment.



2008 at a glance...

key highlights

- Broke ground on Cleveland Clinic Abu Dhabi on Sowwah Island;
- Launched Minhaal – the first online resource for healthcare information in both the Arabic and English languages;
- Broke ground on Tawam Molecular Imaging Centre
- Signed an agreement with Johns Hopkins Medicine International to be the clinical operator of Tawam Molecular Imaging Centre;
- Signed an agreement with Korean spine care specialists, Wooridul, to establish a spine centre in Abu Dhabi;
- Signed an agreement with the Laboratory Corporation of America to establish the National Reference Lab, which will provide clinical laboratory services to public and private health providers in Abu Dhabi and throughout the GCC;
- Signed an agreement with Singapore's AsiaMedic Limited to establish a wellness and diagnostic centre in Abu Dhabi.

a message from Mark Erhart

2008 was a significant year for the Healthcare unit. Alongside the continuing development of existing operating facilities such as the Imperial College London Diabetes Centre and the Abu Dhabi Knee & Sports Medicine Centre, ground was broken on the construction of two new, key facilities: Cleveland Clinic Abu Dhabi and Tawam Molecular Imaging Centre. We also secured partnerships with four top international healthcare providers for upcoming initiatives in Abu Dhabi, advances that are reflective of our commitment to substantially increasing the quality of healthcare provision in the Emirate.

Looking forward, we will continue to implement our strategy to develop an integrated healthcare delivery network serving Abu Dhabi and the UAE. Our vision is clear – to be the region's leading healthcare investor and top provider of quality private healthcare services with a focus on patient care and customer service.

Despite a challenging economic climate, we expect 2009 to be a successful year for the Healthcare unit, with construction expected to commence on the Arzanah Medical Complex (housing Phase II of the Abu Dhabi Knee & Sports Medicine Centre, the Wooridul Spine Centre and the Arzanah Wellness & Diagnostic Centre) as well as the National Reference Laboratory.

As the demand for quality medical services within the Emirate increases, we will continue to pursue investments that will ensure the delivery of a world class healthcare infrastructure.

real estate & hospitality

Mubadala Real Estate & Hospitality focuses on development projects in the real estate and hospitality sectors. The unit pursues opportunities that will develop residential, commercial and retail projects on both a local and international level. In addition, Mubadala Real Estate & Hospitality develops luxury hotel complexes and resorts that will further the perception of the Emirate as one of the world's leading luxury travel destinations.

2008 at a glance...

a message from John A. Thomas

Mubadala Real Estate & Hospitability had an impressive 2008, with the launch of a number of key initiatives including Capitala (formed in 2007) , the master developer for Arzanah; John Buck International, the master developer for Sowwah Square and Sowwah Island and the Mina Zayed waterfront redevelopment and MGM Grand Abu Dhabi. We also established our hotel management platform through a 50% acquisition of the KOR Hotel Group.

In 2009, we will continue to focus on the successful delivery of existing projects while identifying and exploring new opportunities for investment on both a local and international scale. Our work on the Medini Project, in the Iskandar Development Region of Malaysia, alongside the ongoing development of the KOR Hotel Group and global marketing of the Viceroy brand, is reflective of Mubadala Real Estate & Hospitality's increasingly international outlook.

While this is a challenging time for the real estate sector, it is also a time of tremendous opportunity. We intend to capitalize on the market conditions of 2009, engaging the best contractors and development consultants to accelerate project schedules and deliver exceptional returns as the sector recovers.

key highlights

2008 saw the launch of the following projects:

- Arzanah, a 1.4 million square meter residential development located in the heart of Abu Dhabi, on the historic Zayed Sports City site;
- Capitala, a joint venture company between Mubadala and Singapore-based CapitaLand, the largest real estate company in Southeast Asia by market capitalization;
- John Buck International Properties, a joint venture between Mubadala and The John Buck Company, one of the leading commercial real estate development services firms in North America;
- Sowwah Island, a major component of Plan Abu Dhabi 2030 and the core of Abu Dhabi's new Central Business District;
- Sowwah Square, a flagship commercial real estate development located at the heart of Sowwah Island, and featuring the distinctive new headquarters of the Abu Dhabi Securities Exchange;
- MGM Grand Abu Dhabi, to be designed by world renown architect Rafael Viñoly and the centerpiece of the Mina Zayed development.

infrastructure

Mubadala Infrastructure is focused on the development of infrastructure in sectors that underpin a well organized and flourishing society - predominantly education, social and healthcare. To achieve this goal, the unit enters into Public Private Partnerships (PPPs) with world class local and international partners to finance, build, own and operate new facilities within Abu Dhabi.

2008 at a glance...

key highlights

- Financial close achieved on Paris-Sorbonne University – Abu Dhabi PPP project:
  - US$327 million debt package with a 20 year tenor secured in December 2008;
  - First time that an Abu Dhabi Government-owned institution has secured long term financing on the strength and transparency of budgetary allocations;
  - First transaction in social infrastructure financing in the UAE where international banks are taking performance risk on local contracting entities.
- Commercial close achieved on Zayed University Abu Dhabi New Campus PPP Project. The new campus located in New Campus District (formerly New Khalifa City) will feature approximately 203,000m^2 of newly built, state-of-the-art teaching and recreational facilities:
  - Lump-sum, fixed price construction contract awarded to Al Habtoor – Murray & Roberts JV;
  - Mobilization has commenced on site;
  - Financial close scheduled for Q2 2009.

a message from Rod Mathers

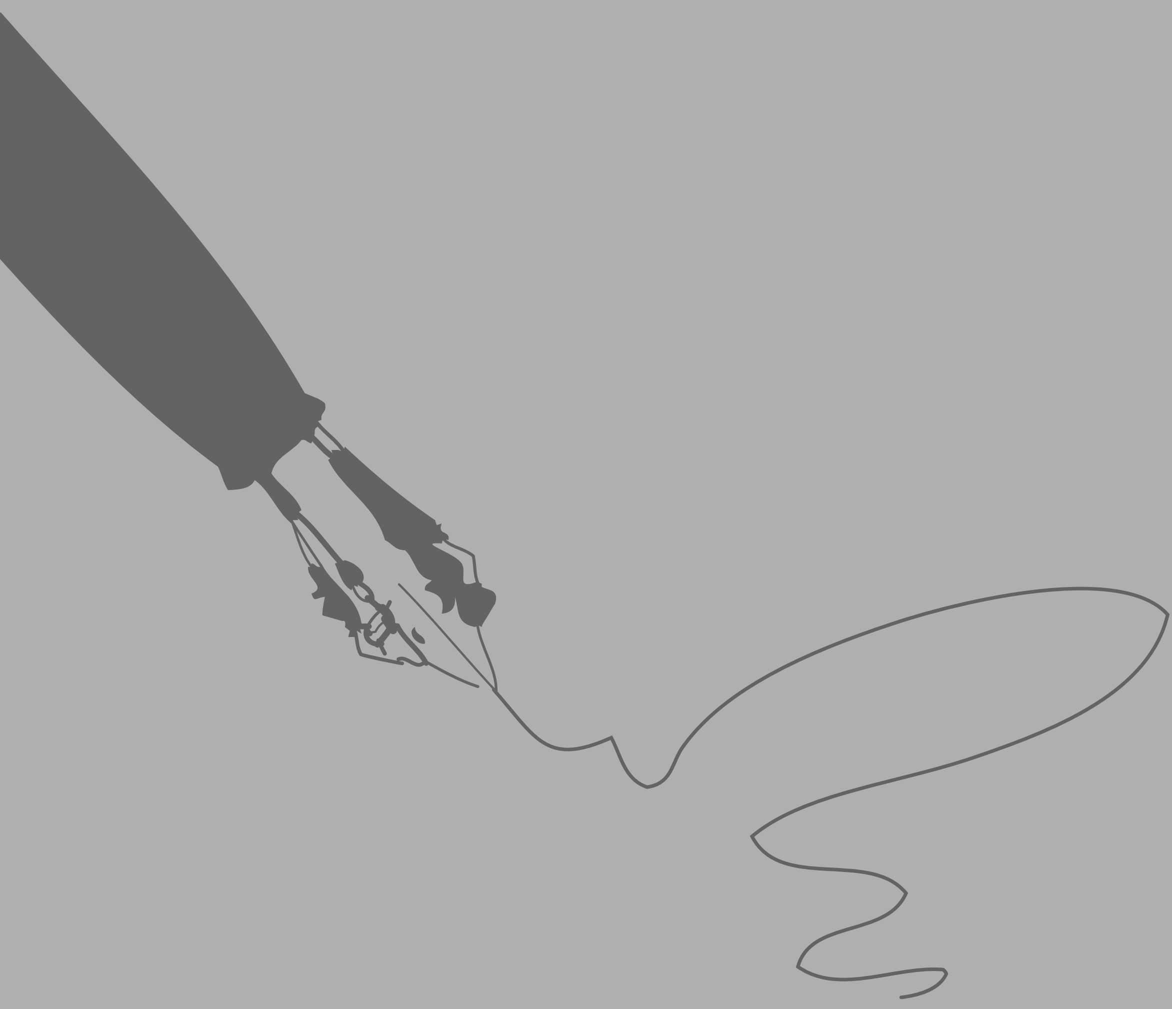
Mubadala Infrastructure was established in 2008 with responsibility for the management and development of existing and future assets and projects. Building on the success of the UAE University PPP project, we have established a credible platform to structure, develop, finance, implement and operate concession-based infrastructure projects.

During 2008 we increased our focus on education, developing new campuses in Abu Dhabi for Paris-Sorbonne University, Zayed University and New York University. We have also looked to develop our presence within the health sector and are currently developing a new 600-bed hospital with Abu Dhabi Health Services (SEHA).

The challenging economic climate underlines the importance of applying innovation and rigor to the structuring and financing of concession-based infrastructure projects. Mubadala Infrastructure will continue to be mindful of such considerations during 2009, as we look to echo the successful financing of the Paris-Sorbonne University PPP project.

acquisitions

The Acquisitions unit develops and implements the overarching strategy for full or partial acquisitions across all lines of business, executing each transaction in close consultation with the relevant units. The Acquisitions unit is also mandated to identify and realize opportunities that align with the broader Mubadala strategy.



2008 at a glance...

key highlights

- Announcement of a multi-faceted strategic partnership with General Electric (GE) which envisaged the creation of a proposed commercial finance joint venture; the establishment by GE of a clean energy technology center located in Masdar City; and a new corporate leadership development center;
- Working with Mubadala Oil & Gas to complete the acquisition of Pearl Energy, the first 100% acquisition made by Mubadala and fully integrated into Mubadala Oil & Gas;
- Working with Mubadala Real Estate & Hospitality on a 50% acquisition of KOR Hotel Group, a hotel management company headquartered in Los Angeles, California.

a message from Hani Barhoush

Despite the turbulent market conditions and deteriorating macroeconomic environment of 2008, the Acquisitions unit completed a number of high profile transactions and increased the size of our team to include more than 15 investment professionals.

During 2009, we are focusing our energies on a number of areas including continued transaction execution services to Mubadala's various business units; continued oversight, monitoring and management of existing portfolio companies; and proactively and opportunistically unearthing undervalued investment opportunities.

"Mubadala's outstanding leadership and record of success, combined with Abu Dhabi's financial strength, have made Mubadala our most valued partner in the Middle East. We started working with Mubadala on the Dolphin project, which formed the foundation of our partnership and expansion of our work in the region. Mubadala's great reputation has helped our competitive position and enabled us to compete for - and win - important new projects"

Dr. Ray R. Irani
Chairman and CEO
Occidental Petroleum

"The UAE is a major hub for airlines and aerospace activities within the region. The launch of our joint venture with Mubadala extends our existing presence and close partnership with them. Such projects form valuable operational support to our customers and are part of our comprehensive, global service strategy."

Miles Cowdry
President Services
Rolls-Royce

our partners

Mubadala's business success has been founded on the establishment of partnerships with world class organizations whose skills, experience and resources are complementary to our own. We are an active and involved investor, working with our partners to secure the maximum return for all stakeholders.

The following case studies represent a cross section of our key partnerships.

Mubadala continuously examines and evaluates opportunities to identify those with the strongest potential to deliver sustainable returns to Abu Dhabi and its people.

Ferrari

Having acquired a 5% stake in Ferrari in July 2005 – an investment which saw Mubadala become Ferrari's first non-financial institution shareholder – our association with the most prestigious brand in the global automotive industry, and arguably the most famous team in world sport, is now well established.

This initial investment stimulated cultural and commercial exchanges with Italian businesses and, in turn, introduced Mubadala to a new audience of potential international partners. In 2006, Mubadala acquired a 35% stake[4] in Piaggio Aero Industries S.p.A., an Italian aircraft manufacturer and maintenance company. This acquisition, an integral component of Mubadala's global aerospace strategy, was aided by our existing relationship with Ferrari.

In 2007, this relationship strengthened further as Mubadala announced the sponsorship of Scuderia Ferrari, the racing division of the automobile company and the most successful team in Formula One™ history. The announcement paved the way for two important developments in the Emirate - the first ever Ferrari theme park on Yas Island, and the inaugural 2009 Formula One™ Etihad Airways Abu Dhabi Grand Prix in November 2009.

[4] Mubadala's shareholding is now 31.5%

Mubadala is proud of its relationship with Ferrari; the words passion, excellence and precision having long been synonymous with the Ferrari brand. We strive to set the very highest standards in business excellence in line with such values.

"Ferrari and Mubadala share many values which give our partnership strength in a world of uncertainty. In the few years since Mubadala has become a shareholder, the collaboration has grown and many efforts have been made to achieve the business objectives of both partners."

Stefano Domenicali
Team Principle
Scuderia Ferrari

Effective strategy execution is imperative if an opportunity is to be brought to fruition. Mubadala work to ensure that strategies are executed quickly and effectively, harnessing those resources necessary to ensure that vision becomes reality.

EADS
European Aeronautic Defence and Space Company

The strength of Abu Dhabi's drive for economic diversification and geographical position between East and West makes the Emirate a natural location for a major aerospace hub. In July 2008, a multi-faceted supplier agreement was signed between EADS, Airbus and Mubadala, highlighting not only the mutual benefits that we strive to achieve in every partnership, but also the creative ways in which we drive our cluster strategy.

This agreement is an important step in our commercial strategy to build Abu Dhabi's existing aerospace industry into a global aerospace hub, enabling the Emirate to gain capabilities and credibility to become a design and build risk-sharing partner for major aerostructures assemblies on future commercial aircraft programs.

In cooperation with EADS, Mubadala's new composites aerostructures plant will develop full design-to-build capabilities, significantly leveraging and advancing our range of products and services. This will help the Abu Dhabi facilities become a tier one supplier for the next generation of commercial aircraft, initially providing spoilers and flap track fairings for the Airbus A330, A340 and A380.

EADS will also support Mubadala to develop its engineering centre and research and development facilities in Abu Dhabi. These facilities will provide full design and development capabilities for composite aerostructures and will ultimately lead to aerostructures being designed, developed and manufactured in Abu Dhabi. EADS and Mubadala are facilitating agreements between overseas educational organizations and Abu Dhabi-based universities and vocational training institutes, to build the skill base required by a fast-developing aerospace industry.

"Mubadala is a major player in the development of the Abu Dhabi economy and EADS is proud to have been able to reinforce its links with such a partner - one that has the ambition to become a major player in the highly technological Aerospace industry."

Louis Gallois
Chief Executive Officer
EADS

Mubadala applies financial, managerial and operational resources to help derive long term maximum value from opportunities with the minimum possible risk. It applies innovative methods to help bring opportunities to life.

Admired the world over for their operational excellence, process orientation and commitment to learning and development, GE has been working with Mubadala for more than four years.

Mubadala's partnership with GE spans a number of key projects and ventures. GE is an anchor partner in the Masdar initiative, helping to create solutions in clean energy, and has hosted Mubadala senior executives at its Crotonville leadership center in New York. This in turn led to the Mubadala & GE Management Program that was launched in Abu Dhabi in 2006 - an advanced management and business leadership program run in Abu Dhabi and across the Arabian Gulf. In 2008, Mubadala, GE and Credit Suisse established an infrastructure fund (Mubadala Infrastructure Partners) that invests in major projects in the region. In November they announced the first closing of its regional infrastructure fund, in the amount of US$300 million.

In July 2008, Mubadala and GE announced a framework agreement on a global partnership encompassing a broad range of new initiatives that the two companies would pursue, drawing on a joint commitment to, and core expertise in, high-growth businesses like commercial finance, clean energy and aerospace. The multi-faceted partnership includes initiatives in the following areas:

- Commercial finance:
  GE and Mubadala will each allocate up to US$4 billion in equity over a three year period for a jointly owned global commercial finance business headquartered in Abu Dhabi. Each partner will have equal representation on the Board of Directors, which will have an investment committee reporting into it. Over time the business is expected to build its own origination; and risk management capabilities relating to the Middle East and Africa regions and raise its own funding for its operations;
- Clean energy:
  GE and Mubadala will establish a clean technology center in Masdar City. Intended to be an extension of GE's global research network, the center is expected to house up to 100 technologists developing new sustainable energy, water and other environmental technologies;
- Leadership development:
  GE and Mubadala will establish a new corporate leadership development center in Abu Dhabi to be based on GE's existing executive education program.

Over time, Mubadala also plans to become a long term GE shareholder. The expectation is that Mubadala will become one of GE's significant institutional investors through the open market, as conditions allow.

"This partnership brings together two world class organizations with complementary resources and a shared commitment to excellence."

Jeff Immelt
Chairman and CEO
GE

the work we do

Operating at the very heart of the Abu Dhabi economy, Mubadala acts as a catalyst for growth and diversification across a broad range of sectors, developing and managing an extensive and diverse portfolio of projects and initiatives.

The following case studies represent a cross section of our projects.

PEARL ENERGY

A Mubadala Company

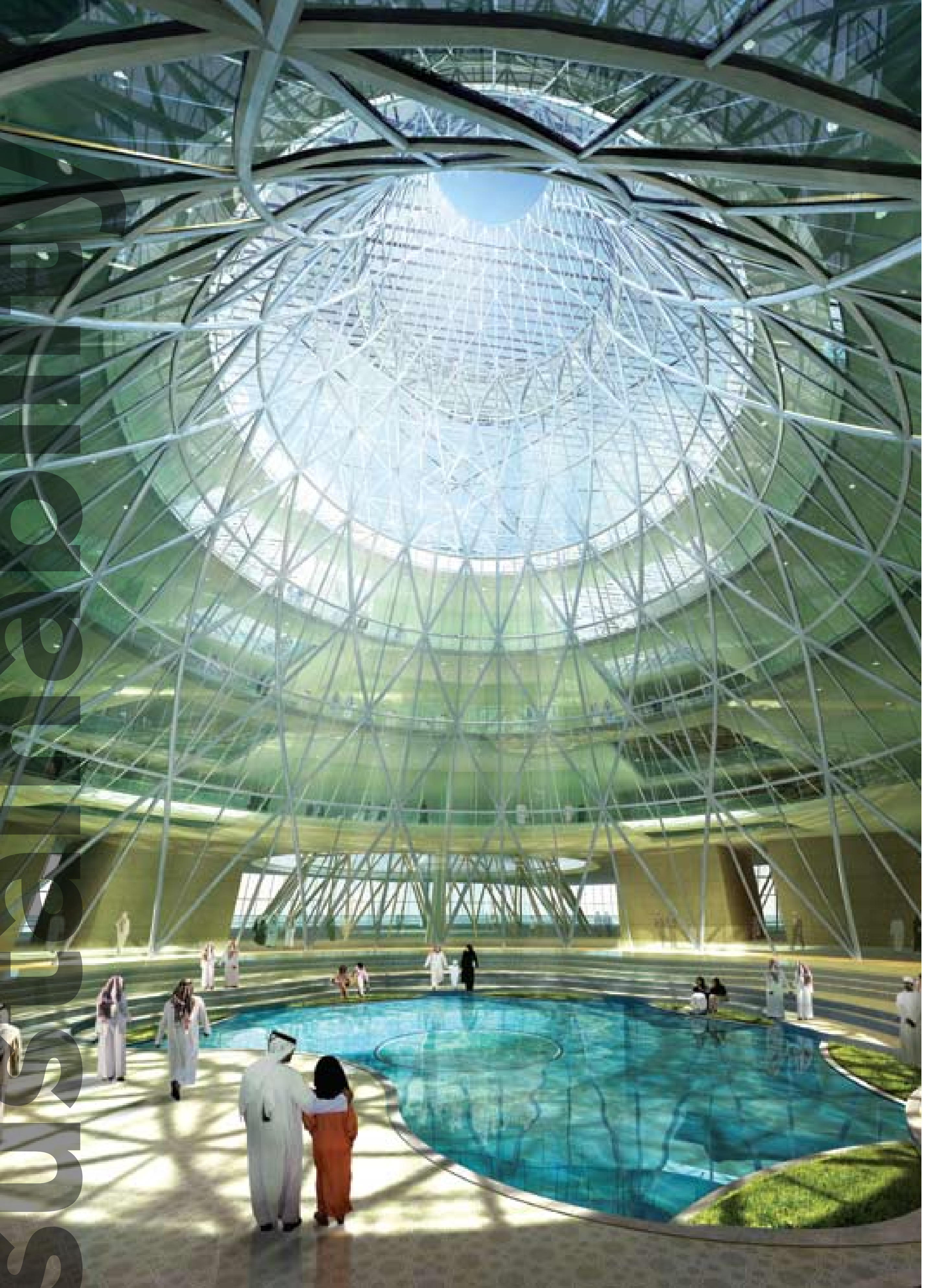
In 2008 Mubadala acquired 100% of the share capital of the Southeast Asia-based oil and gas exploration and production company, Pearl Energy, from Aabar Energy PJSC. It is the first 100% corporate acquisition made by Mubadala Oil & Gas and fully integrated into the business.

Pearl has assembled a portfolio of exploration, development and production assets in 23 contract areas, alongside production sharing contracts in Thailand, Indonesia, Vietnam and the Philippines. At the end of 2007, the company's net production stood at approximately 19,000 barrels of oil per day from three fields in Indonesia and the flagship Jasmine offshore field in the Gulf of Thailand.

Pearl's work program for 2008 included 13 seismic acquisition programs and the drilling of 24 exploration wells across its portfolio. In addition, it will drill 47 development wells for the ongoing expansion of the Jasmine oil field in Thailand. Pearl's strong technical team has decades of collective experience in finding and developing oil and gas resources in Southeast Asia, with the Pearl brand firmly established in a region where demand for hydrocarbons continues to rise in tandem with economic growth.

Mubadala's investment resulted in successful exploration in the Bulu and Salawati licenses in Indonesia, and additional licenses being awarded in Indonesia Thailand. Progress has been made on the Ruby gas field development in Indonesia, and the Jasmine and Ban Yen fields in Thailand have seen planned production exceeded by approximately 8%.

The acquisition of Pearl Energy represents an integral stage in Mubadala's strategy to become an active operator in the international upstream petroleum sector, and serves to enhance the Emirate's reputation as a reliable global energy supplier.



The Masdar project highlights one of Mubadala's key strengths – harnessing available resources to diversify Abu Dhabi's economy and create a sustainable future. As a leading supplier of global energy, Abu Dhabi is an ideal location for an initiative dedicated to discussing, developing and deploying the next generation of environmentally-friendly energy technologies.

The Masdar project seeks to transform the Emirate into a world class research and development hub for emerging energy technologies, while ensuring its continued position at the forefront of the global energy market. Masdar serves as a global cooperative platform, encouraging open dialog in the search for solutions to some of the world's most pressing issues - energy security, climate change and the development of human expertise in sustainability.

During the past 12 months, Masdar made significant advancements in building a renewable energy sector in Abu Dhabi and deploying clean technologies globally.

Key highlights include:

In February 2008 Masdar broke ground on Masdar City, the world's first carbon-neutral, zero-waste, car-free city. In addition to full-time residents, Masdar City will seek to attract and encourage collaboration between experts in sustainable transportation; waste management; water and wastewater conservation; green construction, buildings and industrial materials; recycling; biodiversity; climate change, renewable energy and green financial institutions.

The first step in Masdar City's seven-phase plan is the development of the Masdar Institute of Science and Technology (MIST), the world's first graduate university dedicated to renewable energy. Developed in collaboration with Massachusetts Institute of Technology (MIT), MIST will maintain a body of students and professors focused on developing the next generation of energy solutions.

Also within Masdar City will be the world's first ecomagination® center, part of a multi-faceted strategic framework agreement signed with GE. The agreement is designed to bolster clean energy research and development, and accelerate the development of new and innovative technologies in the Middle East.

In addition to the various Masdar City projects, Masdar announced a number of global investments in renewable energy - a US$600 million investment in thin-film photovoltaic solar technology, issuance of a €65 million interest bearing loan to WinWinD Oy[5], a Finnish wind turbine manufacturer; and a joint venture with Spanish engineering group Sener Grupo De Ingeniería S.A. to design, build and operate concentrating solar power plants in the world's sunbelt regions.

Less than three months after announcing its strategic investment into thin-film solar photovoltaics, Masdar broke ground on its first solar PV production plant in Erfurt, Germany. The US$203 million German plant marks the first phase of Masdar's US$600 million investment in thin-film PV manufacturing, and will act as a blueprint for technology and knowledge transfer to a 140 MW plant in Abu Dhabi, which will begin initial production in 2010. The current capital expenditure of the German plant is US$153 million, with an additional planned upgrade in technology of US$50 million after the plant has been operational for two years.

[5] If WinWinD Oy achieve certain milestones there will be additional funding by way of loan up to a total of €120 million. In March 2009, WinWinD Oy achieved the first milestone and an additional funding of €25 million was provided.

sowwah island

Sowwah Island will be home to Abu Dhabi's new Central Business District and a vibrant mixed-use community of more than 30,000 permanent residents in a compact urban setting. When fully developed, the island will feature world class amenities including luxury business hotels, leading dining and entertainment venues, medical facilities and many public spaces. The Island will also include an extensive network of bridges, public transport links and pedestrian facilities.

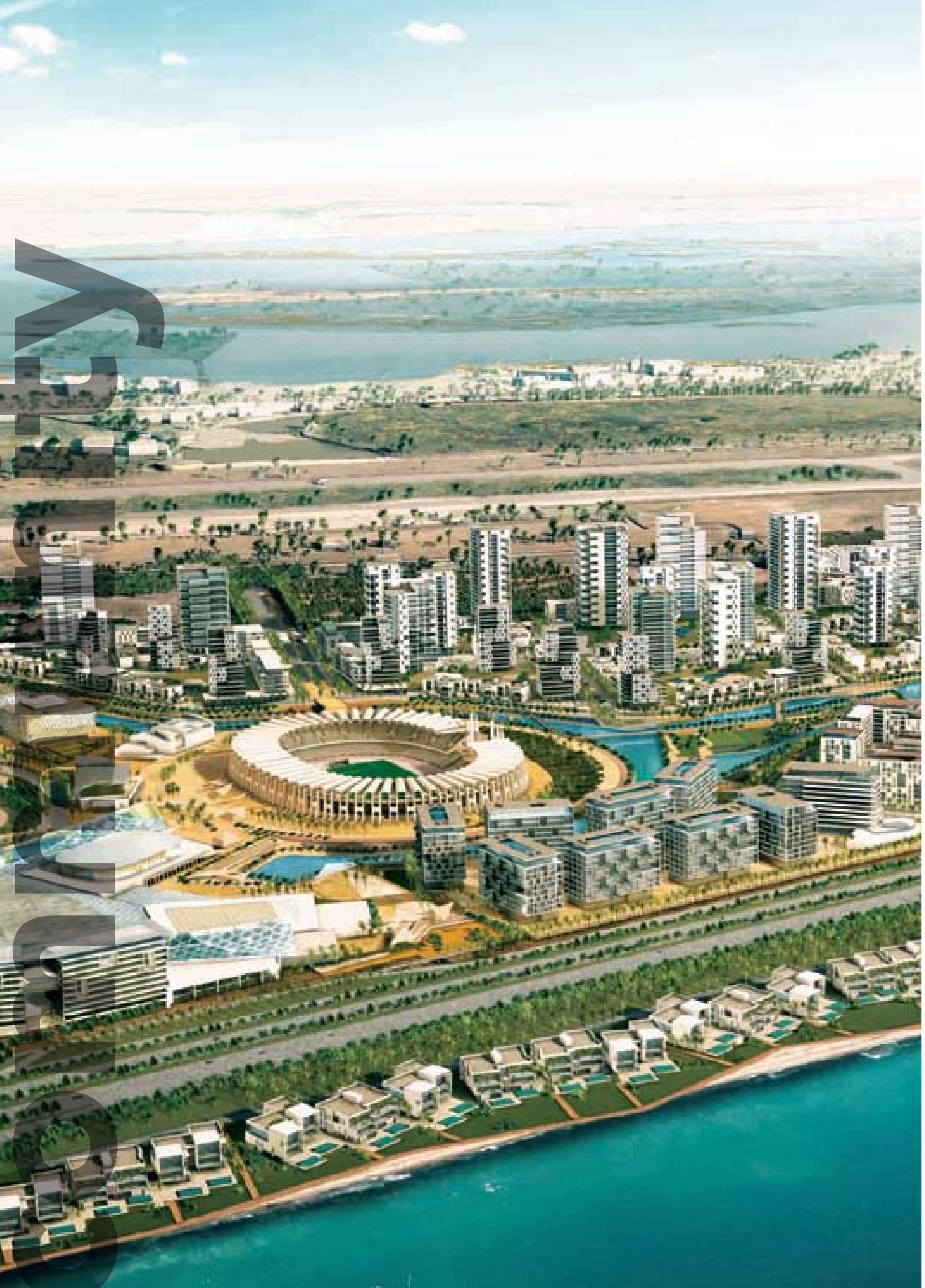
Sowwah Island will be anchored by Sowwah Square, which will consist of four prestigious high-rise office towers and the iconic headquarters of the Abu Dhabi Securities Exchange. Sowwah Square will also encompass waterfront dining and luxury retail - all set against panoramic views of the Arabian Gulf.

To ensure that such projects are developed in accordance with the highest international standards and best practices, Mubadala seeks out partners with shared values, outstanding development capabilities and a history of innovation. In March 2008, Mubadala and The John Buck Company - one of the leading commercial real estate development services firms in North America – formed John Buck International Properties LLC.

John Buck International Properties LLC specializes in environmentally sustainable, premium grade commercial real estate development, and is currently responsible for developing Sowwah Island and Sowwah Square. In late 2008, Mubadala also acquired 24.9% of The John Buck Company.

"Mubadala has assembled some of the brightest individuals in the world across all industries; our joint venture has benefited from their unwavering commitment to quality and professionalism, alongside the sophistication of our services. Within the US market, Mubadala's extensive business relationships have created new opportunities for collaboration."

John A. Buck
Chief Executive Officer
John Buck International



Arzanah أرزنة

Mubadala CapitaLand Real Estate LLC (Capitala), a joint venture company established by Mubadala and Singapore-based CapitaLand, was also announced in 2008, and is dedicated to setting the highest global standards for sustainable community development and leading urban design. Capitala's maiden project is Arzanah, a 1.4 million square meter development that will feature luxurious high-rise apartment towers and family townhouses surrounded by communal gardens. It will also be home to a range of world class sports, retail, leisure and medical facilities.

Arzanah will house three projects that are part of Mubadala's integrated healthcare delivery network; the Abu Dhabi Knee & Sports Medicine Centre, the first healthcare facility in the Middle East to specialize in the diagnosis and treatment of patients with knee and sport-related injuries, the Wooridul Spine Centre and the Arzanah Wellness & Diagnostic Centre.

Such partnerships and developments provide a platform for future opportunities; stimulating growth and bringing skills and expertise to the local industry.

Mubadala was approached by Dr. Charlie Brown, an orthopedic surgeon who had noticed that UAE citizens suffered torn anterior cruciate ligaments at a rate almost five times greater than the rest of the world. Most, however, left the UAE to receive medical treatment abroad due to the lack of locally available treatment options. Mubadala worked with Dr. Brown and his partner to invest in and create the business model for the Abu Dhabi Knee & Sports Medicine Centre.

Cleveland Clinic Abu Dhabi

In September 2006, Mubadala signed an agreement with pioneering American healthcare institution Cleveland Clinic, to establish a preeminent hospital in Abu Dhabi.

Situated on Sowwah Island, the 360-bed multi-specialty hospital, known as Cleveland Clinic Abu Dhabi (CCAD), will be a unique and unparalleled extension of the Cleveland Clinic model; bringing world class healthcare to Abu Dhabi.

CCAD will offer advanced tertiary/quaternary medical services in a comprehensive range of specialties and subspecialties. An integrated hospital and clinical practice model will serve local and international patients in an environment combining state-of-the-art amenities and excellent service standards to provide the highest quality medical care. The hospital is being designed to take advantage of the latest technologies in surgery, imaging, telemedicine and electronic medical records to ensure treatment on a par with the world's top medical institutions.

Like its counterpart in the United States, CCAD will be a physician-led medical facility served by North American board certified physicians. The new hospital will provide a number of career opportunities with medical professionals receiving ongoing medical training directly from Cleveland Clinic. The expertise of one of the largest and most respected hospitals in the United States, along with these comprehensive diagnostic facilities and treatments, will ensure that Cleveland Clinic Abu Dhabi provides the very best in medical care. Mubadala's ability to identify opportunity and then harness the necessary resources in order to realize that opportunity, is also demonstrated in the establishment of the Imperial College London Diabetes Centre (ICLDC). This specialist facility is located in Abu Dhabi and dedicated to diabetes treatment, research, training and public health education. Mubadala established the center in 2006 to address the demand for specialized diabetes treatment in the UAE, where the prevalence of the disease is the second highest in the world.

In the search for a partner to develop and operate this facility, Mubadala was keen to secure the best international medical expertise. Imperial College London's extensive experience in the study of diabetes, and its reputation as one of the leading medical institutions in the world, made it the ideal choice. So far, more than 50,000 people in the UAE have received one-to-one consultations from ICLDC's specialist team, and the center has treated more than 12,000 patients in its first two years of operation.

ICLDC is part of Mubadala's integrated healthcare delivery network, which aims to provide world class healthcare to UAE citizens and residents locally, including addressing the needs of patients currently traveling abroad for treatment.

UNIVERSITÉ PARIS SORBONNE ABU DHABI

Established in 1257, Université Paris-Sorbonne is one of the oldest and most prestigious universities in the world. In February 2006, Paris-Sorbonne and the Abu Dhabi Education Council (ADEC) signed an agreement to establish a campus in Abu Dhabi – Paris–Sorbonne's first campus outside France.

Having identified the opportunity to develop the first French institution of higher education in the Gulf region, Mubadala entered into a 25 year concession agreement with ADEC to design, build and finance the development. The project underscores Mubadala's commitment to actively invest in initiatives that will improve Abu Dhabi's educational infrastructure; positioning Abu Dhabi as a center for educational and cultural excellence, setting an important benchmark for the development of future UAE social infrastructure projects, and substantially raising the quality of university level education through the provision of superior facilities.

By entering into a Public Private Partnership (PPP), Mubadala brings valuable private sector expertise to Abu Dhabi, and adds significant benefits in the design, financing, construction, commissioning and non-academic operations of the new campus. The partnership between the private and government sector provides opportunities for the government sector to harvest the private sector's expertise, ensuring Abu Dhabi is matching its principles to international standards.

As well as working closely with the contracted parties in the development of the campus facilities, Mubadala also sought to find an economically viable way to deliver the PPP project.

Mubadala secured the financing by bringing together a syndicate of banks to negotiate the terms of the US$327 million debt package. In December 2008, Mubadala and ADEC completed the non-recourse financing of the Paris-Sorbonne University - Abu Dhabi PPP project from a syndicate of international and regional banks. Contributions were drawn from First Gulf Bank, Bank of Tokyo-Mitsubishi, BNP Paribas, Calyon, Royal Bank of Scotland and Sumitomo Mitsui Banking Corporation.

The university is scheduled to relocate to a new campus on Al Reem Island by 2010, providing students with access to state-of-the-art academic buildings, recreational facilities and residential accommodations. The total investment is AED1.6 billion.

In addition, Mubadala is currently developing new campuses for the UAE University (Al Ain City) Zayed University (New Khalifa City) and New York University (Saadiyat Island). These new campuses will allow the institutions to expand and improve their undergraduate programs and initiate new projects and programs in research and graduate study.

mubadala: realizing opportunity

realizing abu dhabi's ambition

Few companies have the responsibility to be a catalyst that will realize abu dhabi's ambition to diversify and transform its economy, develop a new generation of business leaders and build a prosperous future for its people.

By harnessing expertise and resources we generate sustainable financial returns and build businesses, clusters of expertise and even whole new industries. As an active and diligent partner, we bring together and manage a diverse portfolio of opportunities, investing for the long term for our mutual benefit.

Unbound by convention, our dynamism and innovation are complemented by our focused and diligent approach to realizing value.

مبادلة
MUBADALA

2008

financial review

contents

independent auditors' report

KPMG Lower Gulf Limited
Abu Dhabi Branch
P.O. Box 7613
Abu Dhabi
United Arab Emirates

We have audited the accompanying consolidated financial statements of Mubadala Development Company PJSC ('Mubadala'or 'the Company'), its subsidiaries and its jointly controled assets (collectively referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, the Articles of Association of the Company and the Federal Law No. 8 of 1984 (as amended).

This responsibility includes:
Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2008, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and comply, where appropriate, with the Articles of Association of the Company and the UAE Federal Law No. 8 of 1984 (as amended). Without qualifying our opinion, we draw attention to notes 3(h)(i) and 36(i) to the consolidated financial statements, which state the existence of significant uncertainties with respect to the recognition and valuation of land received as government grants, the resolution of which is dependent upon future events.

other matters

As required by UAE Federal Law No. 8 of 1984 (as amended), we further confirm that, in our opinion, we have obtained all the information and explanations necessary for our audit, that proper financial records have been kept by the Group, that physical counts of inventories were carried out by management in accordance with established principles, and that the contents of the Directors' report which relates to these consolidated financial statements are in agreement with the Group's financial records. We are not aware of any violation of the above mentioned Law or the Company's Articles of Association having occurred during the year ended 31 December 2008, which may have had a material adverse effect on the business of the Group or on its financial position.

KPMG

KPMG

consolidated financials an introduction

Mubadala is in the early stages of development, having been incorporated in late 2002 and effectively commencing operations during 2004. Our operating income principally comprises revenues from the sale of goods and services, changes in the value of investment properties and the results of certain investing activities.

In 2008, against a backdrop of rapid business development, we saw sharp increases in revenues, with total revenues from the sale of goods and services up more than 370 percent. These were offset by reductions in the estimated fair value of certain investment properties and impairment charges against a number of Mubadala's quoted and unquoted investments, caused by sharp falls in global financial stock markets and the value of other investments. As a result, Mubadala posted a loss of AED11.8 billion during the year under review.

Mubadala has experienced significant growth since our creation and anticipate that growth will continue in the future. In the year ended 31 December 2008, we invested AED22 billion in acquisitions of full stakes or strategic stakes in companies, as well as in listed and unlisted securities.
Mubadala's current five year plan anticipates considerable capital expenditure, including expenditure on new investments and refinancing existing indebtedness, with significant capital and investment expenditures budgeted to be spent during 2009. A substantial portion of this capital expenditure over the five year period is expected to relate to our proposed joint venture with General Electric (GE), our Masdar Project, certain real estate developments, and investments in oil and gas projects.

Mubadala's growth to date has largely been funded by equity subscribed by, and non-repayable subordinated loans from, our shareholder and borrowings from banks. At 31 December 2008, we had AED12.6 billion borrowings outstanding. We anticipate that it will be necessary to increase borrowings in 2009 to help fund our capital expenditure program.

factors affecting results

The principal factors affecting Mubadala's results have been:

- significant growth in revenues from the upstream activities of the Dolphin Project;
- the effect of the acquisition of Pearl in May 2008;
- changes in the fair valuation of certain investment properties;
- unrealized gains and losses recorded on the derivative component of certain convertible securities;
- impairment charges in certain of our equity accounted investees, certain of our available for sale investments and certain other investments.

detailed financial review

revenue from sale of goods and services

Total revenues from the sale of goods and services for 2008 were AED6.7 billion compared to AED1.8 billion for 2007. The increase of AED4.9 billion principally reflected increases in revenues from the sale of hydrocarbons and in contract revenues.

In 2008, revenues from the sale of hydrocarbons accounted for 80.3% of total revenues from the sale of goods and services - AED5.4 billion in 2008 compared to AED964.0 million in 2007. The increase of AED4.4 billion was principally derived from the sale of our proportionate share of the natural gas liquids and natural gas produced from Qatar's offshore North Field by the upstream activities of the Dolphin Project and, since the acquisition of Pearl in May 2008, crude oil extracted from a number of Southeast Asian fields.

Contract revenues, a new revenue source in 2007, amounted to AED1.1 billion in 2008. This reflected accrued revenues under our UAE University campus development project, Paris-Sorbonne Abu Dhabi University campus development project and accrued revenues earned by Al Taif Technical Service Company PSC (Al Taif), in each case on a percentage of completion basis.
Revenues from other services for 2008 amounted to AED193 million compared to AED327.9 million in 2007. Other services revenues were principally derived from Abu Dhabi Terminals, which provides port operations services at Abu Dhabi's ports, two medical facilities opened in late 2006 and operated by our healthcare business unit, and flight training services provided by the Horizon International Flight Academy.

revenue from land sales

As at 31 December 2008, Mubadala included in inventory certain land at Zayed Sports City which we have agreed to sell to a third party for AED2.0 billion in instalments and certain plots of land owned on Sowwah Island which may be sold during 2009 to third party developers as development sites. Instalments amounts received and revenue from the sale of any plots on Sowwah Island are likely to be included as "Revenue from the Sale of Goods and Services" in our income statement for the relevant period in which the sale is concluded.

change in the fair value of investment properties

The change in the fair value of Mubadala's investment properties amounted to AED741 million in 2008 compared to AED2.3 billion in 2007. This arose from a revaluation of land on Sowwah Island (designated as the Abu Dhabi Financial Center), and followed a change in methodology whereby the value was assessed on our estimate of future cash flows from the land. This increase in fair value was less than that which would have been recognized had the previous year's fair valuation methodology again been applied.

share of results of equity accounted investees

Mubadala's share of the results of our equity accounted investees was AED271 million in 2008 compared to AED116.0 million in 2007. This comprises our proportionate share of the results of our jointly controled investees and our proportionate share of the results of a small number of associates. In 2008, Mubadala's share of the results of our jointly controled entities amounted to a profit of AED 280 million and that of our associates amounted to a loss of AED8.6 million.

income/loss from other investments

In 2008, Mubadala's loss from other investments amounted to AED6.5 billion compared to income of AED301.5 million in 2007. Income/loss from other investments comprises primarily of the net change in fair values of the Derivative Components and FVTPL investments.

The net change in the fair value of the Derivative Components for 2008 was negative in the amount of AED4.2 billion. Mandatory Convertible Securities to which these Derivative Components relate were acquired in 2008. Changes in the fair value of the Derivative Components reflect movements in the quoted prices of the listed securities into which the Mandatory Convertible Securities are convertible.

The change in the fair value of FVTPL investments was negative in the amount of AED2.2 billion compared to positive change of AED246 million in 2007. Decline in quoted share price of GE is the single largest reason for the change in FVTPL investments.

gains/losses on the divestment of shares in subsidiaries and associates

In 2008, Mubadala sold or agreed to sell 70% of our shares in MDC NG BV, the holding company for our investment in Emerging Markets Telecommunications Services Ltd (EMTS) which holds a Nigerian telecommunications license, and also sold 50% of our interest in Abu Dhabi Terminals. These transactions resulted in a net gain of AED161.4 million in 2008.

impairment charges

In 2008, Mubadala's impairment charges amounted to AED8.8 billion compared to impairment charges of AED984.8 million in 2007. The major contributory factors were:

- AED3.3 billion impairment charge (before deferred tax credit of AED1.5 billion) primarily relating to our re-appraisal of the value of Pearl's hydrocarbon reserves in the light of a significant decline in world oil prices since the date on which Pearl was acquired;
- AED2.0 billion impairment charge on our unquoted investment in Carlyle based on prevailing market conditions at 31 December 2008;
- AED995 million on available for sale investment in ALDAR reflecting a decline in its quoted share price;
- AED961 million impairment charge on our quoted available for sale investment in Advanced Micro Devices, Inc. (AMD) reflecting a decline in its quoted share price;
- AED606 million impairment charge on our holding of convertible bonds issued by Related Mezz; and
- AED585 million impairment charge relating to investment in and interest receivable from SR Technics.

other operating income

Mubadala's other operating income in 2008 amounted to AED285 million. The principal component of other operating income in 2008 was funding received from the Abu Dhabi Executive Council to support the promotion and other costs associated with the Sheikh Zayed Future Energy Prize offered by Abu Dhabi Future Energy Company PJSC (Masdar).

operating income

Mubadala's total operating income for 2008 was negative in the amount of AED3.9 billion compared to a positive figure of AED3.8 billion in 2007. The decrease in 2008 principally reflected the significant impairment charges made by Mubadala in 2008 which more than offset the increased revenues from the sales of goods and services.

operating expenses

In 2008, Mubadala's operating expenses amounted to AED9.1 billion compared to AED2.1 billion in 2007. The increase of AED7 billion reflected increases in all categories of operating expense.

In particular:

- Cost of sales of goods and services amounted to AED3.4 billion in 2008 compared to AED907 million in 2007. The increase principally reflected costs of the increased upstream activities at the Dolphin Project and the partial year impact of the Pearl acquisition;
- Administrative expenses amounted to AED1.2 billion in 2008 compared to AED666 million in 2007. The most significant individual item within administrative expenses is staff costs not charged under other headings. The increases in administrative expenses reflect an increase Mubadala's activities, principally in relation to centralized services which have resulted in significant increases in headcount in the period under review.
- Project expenses amounted to AED618 million in 2008 compared to AED319 million in 2007, reflecting the increased number of projects being considered by Mubadala; and
- Exploration costs amounted to AED591 million in 2008 compared to AED170 million in 2007, reflecting an increase in exploration activity, principally in relation to exploration costs of Pearl following its acquisition.

results from operating activities

Mubadala's results from operating activities showed a loss of AED13 billion in 2008 compared to a profit of AED1.7 billion in 2007. The decrease in 2008 reflected the significant decline in operating income coupled with increased operating expenses, in each case in comparison to 2007.

net finance expenses

Mubadala's net finance expenses comprise the sum of (i) the interest income earned on cash and cash equivalents, on certain loans made and on certain debt securities (principally comprising the Mandatory Convertible Securities), (ii) the interest and other costs paid in respect of our borrowings and (iii) net foreign exchange gains or losses.

Mubadala's finance income amounted to AED463 million in 2008 compared to AED212 million in 2007. The increase in 2008 reflected the generally greater cash balances and an increase in debt securities held in 2008 compared to 2007.

Finance expenses in 2008 amounted to AED691 million compared to AED618 million in 2007. The principal factors affecting our finance expenses were as follows:

- The effect of movements in exchange rates: in 2008, our net finance expenses were reduced by a foreign exchange gain of AED64 million whereas in 2007 our net finance expenses were increased by a foreign exchange loss of AED72 million;
- The effect of changes in interest rates: interest rates in respect of Mubadala's US dollar-denominated and dirham-denominated borrowings remained relatively stable during 2007 and generally declined during 2008. Interest rates in respect of our euro-denominated borrowings generally increased during 2007 and then remained relatively stable during 2008;
- The effect of changes in the amount of outstanding borrowings: as at 31 December 2008, Mubadala's interest bearing borrowings totaled AED12.6 billion compared to AED12.3 billion in 2007.

income tax expense

Prior to 2008, Mubadala and all of our subsidiaries were based in jurisdictions which had no corporation tax or, in the case of subsidiaries operating in jurisdictions with a corporation tax regime, did not record any taxable revenues. In 2008, Mubadala released a significant part of Pearl's deferred tax liabilities following the impairment charge made against the value of Pearl's hydrocarbon reserves which resulted in an income tax gain of AED1.5 billion in 2008.

result for the year

Reflecting the above factors, Mubadala recorded a loss of AED11.8 billion in 2008 compared to a profit of AED1.3 billion in 2007.

consolidated income statement
for the year ended 31 december 2008

	note	2008	2007
		AED'000	AED'000
Revenue from sale of goods and services	8	6,661,142	1,789,401
Change in fair value of investment properties	16	741,126	2,314,000
(Loss) / income from other investments (net)	13	(6,511,297)	301,491
Impairment loss on available for sale financial assets	19	(4,330,259)	(984,797)
Impairment loss on other assets	21	(606,127)	-
Gain on divestment of holding in subsidiaries (net)		161,403	-
Loss on sale of investment in associate		-	(2,651)
Share of results of equity accounted investees:			
- associates	18 (a)	(8,636)	34,847
- jointly controled entities	18 (b)	279,806	81,174
Impairment loss on equity accounted investee	18 (b)	(288,479)	-
Impairment loss on amounts due from a related party	18 (b)	(296,909)	-
Other operating income	9	285,093	264,871
Operating (loss) / income		(3,913,137)	3,798,336
Cost of sales of goods and services	10, 14	(3,422,282)	(906,783)
Impairment losses on property, plant and equipment and intangible assets	14, 15	(3,292,695)	-
Administrative expenses	10, 14	(1,175,878)	(666,356)
Project expenses		(617,612)	(318,627)
Exploration costs	11	(590,763)	(169,555)
Results from operating activities		(13,012,367)	1,737,015
Finance income	12	462,633	212,373
Finance expenses	12	(691,348)	(617,653)
Net finance expense	12	(228,715)	(405,280)
(Loss) / profit before income tax		(13,241,082)	1,331,735
Income tax	35	1,474,183	-
(Loss) / profit for the year		(11,766,899)	1,331,735
Attributable to:			
Equity holders of the Company		(11,439,390)	1,365,514
Minority interest		(327,509)	(33,779)
(Loss) / profit for the year		(11,766,899)	1,331,735

The notes set out on pages 15 to 78 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 1 and 2.

consolidated balance sheet
as at 31 december 2008

	note	2008	2007
		AED'000	AED'000
non-current assets			
Property, plant and equipment	14	12,672,340	7,264,397
Intangible assets	15	893,731	1,661,116
Investment properties	16	1,085,126	344,000
Investment in equity accounted investees:			
- associates	18(a)	430,654	241,001
- jointly controled entities	18(b)	3,744,829	5,564,830
Other investments	19	11,904,384	17,850,243
Loans (non-current portion)	20	6,272,446	116,583
Other assets	21	967,798	1,521,841
Receivables and prepayments (non-current portion)	23	1,289,573	422,946
Total non-current assets		39,260,881	34,986,957
current assets			
Inventories	22	2,287,382	2,111,090
Receivables and prepayments (current portion)	23	6,175,316	981,350
Loans (current portion)	20	211,222	67,338
Assets classified as held for sale	24	3,324,101	9,631
Cash and cash equivalents	25	3,019,344	1,089,982
Total current assets		15,017,365	4,259,391
current liabilities			
Payables and accruals	26	3,670,944	1,076,544
Derivatives (current portion)	27	103,656	23,172
Interest bearing loans (current portion)	28	10,224,670	1,877,706
Amount due to jointly controled entities	18(b)	452,739	68,295
Total current liabilities		14,452,009	3,045,717
Net current assets		565,356	1,213,674
non-current liabilities			
Interest bearing loans (non-current portion)	28	2,417,923	10,416,144
Deferred tax liabilities	35	382,026	-
Derivatives (non-current portion)	27	4,579,554	-
Other liabilities	29	1,121,442	31,073
Total non-current liabilities		8,500,945	10,447,217
Net assets		31,325,292	25,753,414
equity			
Share capital	30	5,514,579	5,514,579
Reserves and surplus		(8,098,740)	11,379,797
Additional shareholder contributions	32	33,353,568	7,790,759
Government grants	36	367,350	367,350
Total equity attributable to the equity holder of the Company		31,136,757	25,052,485
Minority interest		188,535	700,929
Total equity		31,325,292	25,753,414

These consolidated financial statements were authorized for issue by the Board of Directors on 8 April 2009

consolidated statement of changes in equity
for the year ended 31 december 2008

	share capital	application for share capital	statutory reserve[1]	fair value reserve[1]	foreign currency translation reserve[1]	hedging and other reserve[1]	retained earnings	reserves and surplus	additional shareholder contributions	government grants	total attributable to the equity holder of the company	minority interest	total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
	Note 30		Note 31						Note 32	Note 36			
Balance at 1 January 2007	2,478,652	1,035,927	54,986	4,748,917	135,454	58,254	1,473,235	6,470,846	-	367,350	10,352,775	-	10,352,775
Shares issued against application	1,035,927	(1,035,927)	-	-	-	-	-	-	-	-	-	-	-
Additional shares issued	2,000,000	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Contributed assets	-	-	-	-	-	-	-	-	7,790,759	-	7,790,759	-	7,790,759
Profit for the year	-	-	-	-	-	-	1,365,514	1,365,514	-	-	1,365,514	(33,779)	1,331,735
Increase in fair value of available for sale investments (note 19)	-	-	-	3,427,368	-	-	-	3,427,368	-	-	3,427,368	-	3,427,368
Net movement in exchange fluctuation reserve	-	-	-	-	224,697	-	-	224,697	-	-	224,697	-	224,697
Share of movement in exchange fluctuation reserve of equity accounted investees (note 18)	-	-	-	-	(59,005)	-	-	(59,005)	-	-	(59,005)	-	(59,005)
Effective portion of share in fair value of hedging instruments of equity accounted investees (note 18)	-	-	-	-	-	(49,623)	-	(49,623)	-	-	(49,623)	-	(49,623)
Transfer to statutory reserve	-	-	136,551	-	-	-	(136,551)	-	-	-	-	-	-
Contribution by minority shareholders	-	-	-	-	-	-	-	-	-	-	-	734,708	734,708
at 31 december 2007	5,514,579	-	191,537	8,176,285	301,146	8,631	2,702,198	11,379,797	7,790,759	367,350	25,052,485	700,929	25,753,414
Balance at 1 January 2008	5,514,579	-	191,537	8,176,285	301,146	8,631	2,702,198	11,379,797	7,790,759	367,350	25,052,485	700,929	25,753,414
Contributed assets (note 32)	-	-	-	-	-	-	-	-	25,562,809	-	25,562,809	-	25,562,809
Loss for the year	-	-	-	-	-	-	(11,439,390)	(11,439,390)	-	-	(11,439,390)	(327,509)	(11,766,899)
Decrease in fair value of available for sale investments (note 19)	-	-	-	(7,172,023)	-	-	-	(7,172,023)	-	-	(7,172,023)	-	(7,172,023)
Net movement in exchange fluctuation reserve	-	-	-	-	(18,287)	-	-	(18,287)	-	-	(18,287)	-	(18,287)
Share of movement in exchange fluctuation reserve of equity accounted investees (note 18)	-	-	-	-	13,902	-	-	13,902	-	-	13,902	-	13,902
Effective portion of share in fair value of hedging instruments of equity accounted investees (note 18)	-	-	-	-	-	(283,806)	-	(283,806)	-	-	(283,806)	-	(283,806)
Effective portion in value of cash flow hedges (note 27)	-	-	-			(578,933)		(578,933)			(578,933)	-	(578,933)
Disposal of stake in subsidiaries												(700,137)	(700,137)
Minority interest upon acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	619,947	619,947
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(104,695)	(104,695)
at 31 december 2008	**5,514,579**	**-**	**191,537**	**1,004,262**	**296,761**	**(854,108)**	**(8,737,192)**	**(8,098,740)**	**33,353,568**	**367,350**	**31,136,757**	**188,535**	**31,325,292**

[1] Non - distributable reserves

The notes set out on pages 15 to 78 form an integral part of these consolidated financial statements.

consolidated statement of cash flows
for the year ended 31 december 2008

	note	2008 AED'000	2007 AED '000
cash flows from operating activities			
(Loss) / profit for the year		(11,766,899)	1,331,735
Adjustments for:			
Depreciation	14	1,465,273	176,458
Loss on disposal of property, plant and equipment		-	11,845
Impairment losses on property, plant and equipment and intangible assets	14, 15	3,292,695	-
Amortization and write off of intangible assets	15	797,340	2,424
Fair valuation gains on investment properties	16	(741,126)	(2,314,000)
Net change in value of financial assets at fair value through profit or loss (net)	13	6,673,188	(246,066)
Impairment losses on available for sale financial assets	19	4,330,259	984,797
Impairment on other assets	21	606,127	-
Impairment loss on equity accounted investee	18 (b)	288,479	-
Impairment loss on due from a related party	18 (b)	296,909	-
Loss on sale of investment in an associate		-	2,651
Gain on disposals of other investments	13	(30,470)	-
Gain on divestment of holding in subsidiaries (net)		(161,403)	-
Share of results of equity accounted investees:			
- associates	18 (a)	8,636	(34,847)
- jointly controled entities	18 (b)	(279,806)	(81,174)
Finance income	12	(462,633)	(212,373)
Finance expense	12	691,348	545,928
Dividend income	13	(131,421)	(55,425)
Income tax	35	(1,474,183)	-
		3,402,313	111,953
Change in inventories	22	(9,552)	(64,095)
Change in receivables and prepayments	23	(5,928,023)	(1,183,457)
Change in payables and accruals	26	1,677,821	351,174
Change in other liabilities	29	1,056,787	(56,444)
Tax paid	35	(5,139)	-
Net cash generated from / (used in) operating activities		(194,207)	(840,869)

	note	2008 AED'000	2007 AED '000
cash flows from investing activities			
Proceeds from disposal of other investments		64,502	-
Proceeds from disposal of equity accounted investees		16,133	-
Acquisition of subsidiaries net of cash	7	(2,885,990)	-
Proceeds from disposal of interest in an associate		-	500
Investment in equity accounted investees	18 (a,b)	(2,024,916)	(531,945)
Investment in other investments	19	(7,817,584)	(8,459,281)
Acquisition of property, plant and equipment	7,14	(5,957,013)	(1,903,224)
Acquisition of intangible assets	15	(19,304)	(1,499,214)
Proceeds on divestment of stake in subsidiaries		1,344,501	-
Loans given	20	(3,138,164)	(170,698)
Interest received	12	383,826	212,373
Dividend received from equity accounted investees	18(a,b)	518,211	331,263
Dividend received from other investments	13	131,421	55,425
Acquisition of other assets	21	(25,667)	(1,521,841)
Net cash used in investing activities	18(a,b)	(19,410,044)	(13,486,642)
cash flows from financing activities			
Proceeds from interest bearing loans	28	5,756,626	6,370,995
Share capital introduced	30	-	2,000,000
Repayment of interest bearing loans	28	(5,245,226)	(970,108)
Additional shareholder contributions	32	22,000,000	7,790,759
Interest paid	12	(666,723)	(452,655)
Contribution by minority shareholders		-	734,708
Dividend paid to minority shareholders		(104,695)	-
Net cash from financing activities		21,739,982	15,473,699
Net increase in cash and cash equivalents		2,524,145	1,146,188
Cash and cash equivalents at 1 January		1,089,982	227,998
Exchange fluctuation on consolidation of foreign entities		(594,783)	(284,204)
Cash and cash equivalents at 31 December	25	3,019,344	1,089,982

The notes set out on pages 15 to 78 form part of these consolidated financial statements.
The independent auditors' report is set out on pages 1 and 2.

Notes to the consolidated

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. The Company was established by the Emiri Decree No. 12, dated 6 October 2002, and is wholly owned by the Government of Abu Dhabi ('the Shareholder'). The Company was incorporated on 27 October 2002.

These consolidated financial statements include the financial performance and position of the Company, its subsidiaries and its jointly controled assets, (collectively referred to as 'the Group'), and the Group's interest in its equity accounted investees (refer notes 7, 17 and 18).

The Company is engaged in investing in, 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 energy, utilities, real estate, basic industries and services, information technology, sea port operations, medical services and flight training services.

In addition, the Group provides manpower, project management and consultancy services to various related parties (refer note 9).

2. basis of preparation

(a) statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs'), as issued by International Accounting Standards Board ('IASB'), and comply, where appropriate, with the Articles of Association of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

(b) basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Initial recognition of land and buildings, helicopters and helicopter spare parts received as government grants, which are stated at nominal value;
- Derivative financial instruments, available for sale financial assets and investment property, which are measured at fair value;
- Financial instruments at fair value through profit and loss, which are measured at fair value;
- Assets classified as held for sale, which are stated at the lower of cost and fair value less disposal costs.

The methods used to determine fair values are discussed in note 4.

(c) functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ('AED'), which is the Company's functional and reporting currency. All financial information presented in AED has been rounded to the nearest thousand, unless otherwise stated.

(d) use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and estimates with a significant risk of material adjustment in the subsequent periods year are discussed in note 38.

3. significant accounting policies

Except as detailed in note 3(b) to the consolidated financial statements, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by all Group entities.

(a) basis of consolidation

(i) subsidiaries

Subsidiaries are entities controled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) joint ventures and equity accounted investees

For the purpose of accounting for its interests in joint ventures, the Group segregates its investments in joint ventures into two types - jointly controled entities and jointly controled assets. The accounting treatment for each of these types, and also for other equity accounted investees, is set out below:

associates and jointly controled entities
(equity accounted investees)
Associates are those entities in which the Group has significant influence, but not control, over the strategic financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly controled entities are those investments in distinct legal entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controled entities are accounted for using the equity method ('equity accounted investees') and are initially recognized at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation to contribute to such losses or has made payments on behalf of the investee.

jointly controled assets
Jointly controled assets represent assets that are jointly controled and owned by the Group, with other investor(s), but where no legal entity exists. The Group has joint control, with the other investor(s), established by contractual agreement and requiring unanimous consent over strategic, financial and operating decisions, relating to such jointly held assets. The consolidated financial statements include the Group's proportionate share of the assets, liabilities, revenue and expenses of such jointly controled assets, with items of a similar nature, on a line by line basis, from the date that joint control commences until the date that joint control effectively ceases.

(iii) transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) changes in accounting policies on account of early adoption

accounting for borrowing costs
During 2008, the Group early adopted an amendment to IAS 23, 'Borrowing Costs' which is effective for annual periods beginning on or after 1 January 2009. The Group now capatalizes all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incured.

The change in accounting policy is applied to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2008. The change in accounting policy had the following impact on these consolidated financial statements:

	2008
	AED'000
income statement	
Increase in share of profits from equity accounted investees	73,466
balance sheet	
Increase in investment equity accounted investees	73,466

segment reporting
The Group has early adopted IFRS 8 Operating Segments which introduces the 'management approach' to segment reporting and requires entities to disclose segment information based on information reviewed by the entity's chief operating decision maker. As this is a disclosure standard, it does not have any impact on the financial position and results of the Group.

(c) operating activities

The significant operating activities of the Company include:

- Sale of goods and services;
- Investments in securities and other investments; and
- Acquisition and development of investment properties.

Accounting policies for revenue from sale of goods and services are set out below. Accounting policies for investments in securities and other investments are set out in notes 3*(a)* and note 3(g), and those for investment properties are set out in note 3(r).

Revenue from sale of goods and services includes income from sale of hydrocarbons, construction contracts, sea port operation services, medical services and flight training services. Revenue from such sales is recognized as follows:

(i) sale of goods and services rendered

Revenue from the sale of goods, other than hydrocarbons, is recognized in the consolidated income statement when the significant risks and rewards of ownership have been transfered to the buyer. Revenues from services rendered are recognized in the consolidated income statement in proportion to the stage of completion of the transaction at the consolidated balance sheet date. The stage of completion is assessed by reference to the proportion of the service rendered. No revenue is recognized if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

(ii) sale of hydrocarbons

Revenue associated with the sale of hydrocarbons is recognized upon delivery, which is when title passes to the customer. Revenue from the production and sale of oil from projects undertaken in which the Group has an interest with other producers are recognized on the basis of the Group's working interest in such projects (the entitlement method). Differences between the Group's share of production sold and its share of production is recognized as inventory or as a liability.

(iii) contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in the consolidated income statement in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that the contract costs incured for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incured that are likely to be recoverable. An expected loss on a contract is recognized immediately in the consolidated income statement.

(d) oil and gas exploration and development costs

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. Specifically:

(i) license and property acquisition costs

Where proved reserves exist, license fees paid for the acquisition of the development rights are capatalized and amortized using the units of production method. All other license and property acquisition costs are charged to the consolidated income statement in the period in which they are incured.

(ii) exploration costs

Exploration costs include geological and geophysical costs and the costs relating to the drilling of exploratory wells. These costs include employee remuneration, materials and fuel consumed, rig costs, delay rentals and payments made to contractors. Such costs are charged to the consolidated income statement in the period in which they are incured.

(iii) development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines, and the drilling of development wells, including unsuccessful development or delineation wells, are capatalized under property, plant and equipment and depreciated in accordance with the depreciation policy for other assets of the same category (see note 3(k)).

(e) project expenses

Project expenses comprise expenses incured on screening, feasibility studies and pre-development phases of various projects undertaken by the Group. Such expenditure is expensed in the consolidated income statement as incured, other than expenditure on project related property, plant and equipment, which are carried as an asset in the consolidated balance sheet when there is reasonable certainty that the project will be developed and future economic benefits will flow to the Group. In the absence of such certainty, these expenses are charged to the consolidated income statement.

(f) foreign currency

(i) foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are retranslated to the functional currency at the exchange rate at that date.

Foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in the consolidated income statement, except for differences arising on the translation of available for sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation which are recognized directly in equity (see (iii) below).

Foreign currency differences are recognized directly in equity as foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the associated amount in the FCTR is transfered to the consolidated income statement.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity under FCTR.

(ii) foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at the exchange rates ruling at the date of the transactions.

(iii) hedge of net investments in foreign operations

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly in the statement of changes in equity, in the FCTR, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the consolidated income statement. When the hedged part of net investment is disposed of, the cumulative amount in equity is transfered to the consolidated income statement as an adjustment to the profit or loss on disposal.

(g) financial instruments

(i) non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, amounts due to and from related parties, loans and borrowings, and payables and accruals.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

A financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date the Group commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances, call deposits and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

held - to - maturity investments
Financial assets with a fixed maturity date and fixed or determined payments, held by the Group are classified as held to maturity, if the Group has the positive intent and the ability to hold them to maturity. They are measured at amortized cost, using the effective interest method, less any impairment losses.

available for sale investments
The Group's investment in equity securities and certain debt securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(s)), and foreign exchange gains and losses on available for sale monetary items (see note 3(f)) are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss recognized in equity is transfered to the consolidated income statement.

financial assets at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

Upon initial recognition attributable transaction costs are recognized in the consolidated income statement when incured. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

other
Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) derivative financial instruments

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in the consolidated income statement when incured. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the income statement

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transfered to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transfered to profit or loss in the same period that the hedged item affects the income statement.

economic hedges
Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in the consolidated income statement as part of foreign currency gains and losses.

separable embedded derivatives
Changes in the fair value of separable embedded derivatives are recognized immediately in the consolidated income statement.

other derivatives
All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting, or are not designated as such, are recognized immediately in the consolidated income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

(h) government grants

non-monetary government grants

(i) land

Management believes that, in most cases, when land is initially received through government grants, the probability that future economic benefits will flow to the Group is uncertain, since, until management has established plans to utilize the land, it is possible that such land may revert back to the government. In addition, in the absence of identified use of the land, the amount of future economic benefits cannot be determined with reasonable certainty. Accordingly, land so received is not initially recognized in the consolidated financial statements until certain events occur, which enable management to conclude that it becomes probable that future economic benefits will flow to the Group from its ownership of such land.

The determination of whether future economic benefits will flow to the Group is made by management using guidelines approved by the Board of Directors; each such determination is also approved by the Board of Directors. Once the determination is made, land is recognized in the financial statements at nominal value.

At the point of such initial recognition, and subsequently, at each reporting date, an assessment is made by management as to the ultimate use of the land, and based on such assessment, the land is transfered to the relevant asset category (such as investment property, property, plant and equipment or inventory) depending on its intended use, and is thereafter accounted for using the accounting policy in place for that relevant asset category. If, at the point of initial recognition, the future use is unspecified, the parcel of land is transfered to investment property, and accounted for in accordance with the policy in place for investment property.

Land received as government grants that do not meet the criteria that future economic benefits will flow to the Group, are not recognized, but their existence is disclosed in the consolidated financial statements.

(ii) others

Other non-monetary government grants are recognized in the balance sheet at nominal value, and the granted assets are classified with other assets of the same nature as the granted item.

monetary government grants
Monetary grants that compensate the Group for expenses to be incured are initially recognized in the balance sheet as a deferred liability. Subsequent to initial recognition, such grants are released to the consolidated income statement on a systematic basis over the periods in which the related expenses are recognized.

Where government grants compensate for the cost of assets, such assets are carried at cost, less the value of the grants received. Asset values so derived are depreciated over the useful life of the relevant asset. Monetary grants for investments in other business enterprises are credited directly to the statement of changes in equity.

(i) finance income and expenses

Net finance expense comprises interest income on short term deposits and advances'; and interest expenses on term loans and foreign exchange gains and losses that are recognized in the consolidated income statement. Interest income and expenses are recognized in the consolidated income statement as they accrue using the effective interest method. Foreign currency gains and losses are reported on a net basis.

(j) income tax

Income tax expense / income comprise current and deferred tax. Income tax expense / income is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

(k) property, plant and equipment

recognition and measurement

owned assets
Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any, except for land, helicopters and helicopter spare parts received as government grants which are stated at nominal value (refer note 3(h)). Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capatalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss if any on the disposal or retirement of an asset is determined as the difference between the sales proceeds received and the carrying amount of the asset and is recognized net within 'other operating income' in the consolidated income statement.

reclassification to investment property
Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognized in profit or loss. When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognized in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in the revaluation reserve directly in equity.

Any loss is recognized in the revaluation reserve directly in equity to the extent that an amount is included in equity relating to the specific property, with any remaining loss recognized immediately in profit or loss.

subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the consolidated income statement as incured.

leased assets
Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

depreciation
Oil and gas assets are depreciated using the unit of production method by reference to the ratio of production in the period and the related proved and probable reserves in the field, taking into account future development expenditure necessary to bring those reserves into production.

Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation on assets other than oil and gas assets, land and leased assets, is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

	Years
Buildings	15 - 25
Furniture, fixtures and equipment	4 - 7
Aircraft	10 - 20
Aircraft spare parts	3
Computers	3 - 10
Others	5 - 6

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

capital work in progress
The Group capatalizes all costs relating to the construction of property, plant and equipment as capital work in progress, up to the date of the completion and commissioning of the asset. These costs are transfered from capital work in progress to the appropriate asset classification upon completion and commissioning, and are depreciated over the useful economic life applicable to the respective asset category, from the date of such completion and commissioning.

(l) intangible assets

recognition and measurement
Intangible assets, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any.

subsequent expenditure
Subsequent expenditure is capatalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in consolidated income statement as incured.

amortization
License fees related to mineral exploration and production rights and oil reserves are amortized using the unit of production method.

Favorable supply contracts acquired in a business combination are amortized on a straight line basis over the life of the contract. Possible and contingent hydrocarbons reserves acquired in a business combination are amortized on a straight line basis over the life of the project till the reserves move to the proved and probable category. After the reserves are proved and probable they are amortized based on the unit of production method.

License fee for telecom license is amortized on a straight-line basis over the period of the licence from the date of commencement of commercial operations.

Goodwill acquired in a business combination is initially measured at cost of the acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Following initial recognition goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

Amortization of other intangible assets is recognized in the consolidated income statement on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Years
Software	5 - 7

(m) borrowing costs

The Group capatalizes all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Other borrowing costs are recognized as an expense in the period in which they are incured (Refer note 3(i)).

(n) inventories

Inventories are measured at the lower of cost and net realizable value. For inventories other than land held for sale, cost is based on the weighted average cost method and includes expenditure incured in acquiring the inventories and bringing them to their existing location and condition.

The cost of land held for sale is determined based on the specific identification method. Where land held for sale is transfered from another asset category, the carrying value at the date of change is the deemed cost of inventory for subsequent accounting.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(o) contract work in progress

Contract work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overheads incured in the Group's contract activities based on normal operating capacity.

Contract work in progress is presented as part of receivables and prepayments in the consolidated balance sheet. If payments received from customers exceed the income recognized, then the difference is presented as deferred income in the consolidated balance sheet.

(p) provisions

Provisions are recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

decommissioning costs
Liabilities for decommissioning costs are recognized when the Group becomes legally or constructively obliged to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made.

The amount of the obligation is estimated at current prices and in accordance with local conditions and requirements. A corresponding item of plant and equipment in an amount equivalent to the provision is included in the respective class of asset. This is subsequently depreciated or depleted as part of the capital costs of the facility or item of plant.

(q) staff terminal benefits and pensions

For Group entities domiciled in the UAE, provision for staff terminal benefits is made in accordance to the UAE Federal Labor Law and is determined as the liability that would arise if the employment of all staff were terminated at the balance sheet date. For Group entities domiciled outside the UAE, provision for staff terminal benefits is made in accordance with the applicable provisions under the regulations prevalent in countries in which the respective entity operates.

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The contribution made by the Company is charged to the consolidated income statement.

The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund. Other than the monthly pension contributions there is no further obligation on the Group.

An actuarial valuation is not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

(r) investment properties

Investment properties are those which are held either to earn rental income and / or for capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein being recognized in the consolidated income statement. When the use of a property changes such that it is reclassified to another asset category its fair value as at the date of reclassification becomes its cost for subsequent accounting.

(s) impairment

financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the consolidated income statement. Any cumulative loss in respect of an available for sale financial asset recognized previously in equity is transfered to the consolidated income statement, upon disposal of such asset.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available for sale financial assets that are debt securities, the reversal is recognized in the consolidated income statement. For available for sale financial assets that are equity securities, the reversal is recognized directly in equity.

non-financial assets
The carrying amounts of the Group's non-financial assets, other than investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the consolidated income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(t) segment reporting

The Group has seven reportable segments, as described below:

- *Energy and Industry* – Focused on economic development through the development of energy-linked infrastructure (including public utilities) and sustainable industry. In addition it is also focused on diversification in the oil and gas sector; in particular hydrocarbon exploration and production, and creation of a globally competitive oil and gas exploration and production company.
- *Real Estate and Hospitality* – Focused on residential, commercial and retail real estate developments and luxury hotels and resorts, both in Abu Dhabi and internationally.
- *Infrastructure and Services* – Focused on economic development through developing, owning and operating concession based infrastructure and educational, health and other facilities. In addition it is also focused on human resource and economic development by establishing businesses in service-based sectors, such as leasing and financial services, maritime transportation services, defence services and logistics services.
- *Aerospace, Information, Communications and Technology* – Is focused on creating aviation and aerospace industry in Abu Dhabi and bringing aerospace technology, skills and facilities.

  In addition it is also focused on human resource and economic development by establishing local information, communications and technology clusters.
- *Healthcare* - Focused on creating a world class, competitive vertically integrated network of healthcare infrastructure.
- *Corporate / Acquisitions* – Develops and drives the strategy for the Group as a whole as well as for partial acquisitions across all lines of business in collaboration with the relevant business unit. The Acquisitions unit is also mandated to identify and realize opportunities that align with the broader Group strategy through investments throughout the globe.
- New Energy Technologies – Focused on achieving the Government of Abu Dhabi's Vision of transforming Abu Dhabi into a global leader in sustainable new energy technologies.

The accounting policies of each of the reportable segments are the same as those described in note 3 to these consolidated financial statements.

Information regarding the operations of each reportable segment is set out in note 6. Performance is measured based on segment operating income and segment result. Segment operating income and segment result are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

(u) accounting standards not yet adopted

Revised IAS 1 *Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.IFRIC 13 Customer Loyalty

Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 consolidated financial statements, is not expected to have any impact on the consolidated financial statements.

Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations: – The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations. – Contingent consideration will be measured at fair value, with subsequent changes therein recognized in consolidated income statement. – Transaction costs, other than share and debt issue costs, will be expensed as incured. – Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in consolidated income statement. – Any non-controling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in consolidated income statement.

The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

4. determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumption made in determining the fair values is disclosed in the notes specific to that asset or liability.

(a) property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on quoted market prices for similar items.

(b) intangible assets

The fair value of oil and gas reserves acquired in a business combination is based on the net present value of the cash flows estimated from the exploitation of such reserves.

Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided.

When the Group receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) investment property

Fair value of an investment property is arrived at by management considering the specific approved usage for the same. Management uses the work of external experts wherever necessary to assess the fair value of investment properties. External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, are consulted for the same. The fair values are based on market values, being the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of reliable estimates of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated future cash flows expected to be received from the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property.

(d) inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(e) investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. If a quoted market price is not available, the fair value is based on an appropriate valuation technique. However, if the fair value cannot be reliably measured such instruments are carried at cost, less impairment losses. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(f) derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting the estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(g) non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. financial risk management

overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group,to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Approximately 59% (2007: 80%) of the receivables are from related parties. However, there is limited concentration of credit risk with the overall exposure being spread over a large number of customers.

The Group establishes an allowance for impairment that represents its estimate of incured losses in respect of trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables as estimated by the Group's management based on prior experience and the current economic environment.

investments
The Group invests in various financial instruments, both quoted and unquoted, generally based on detailed due diligence conducted by experts. All investments are approved by the Board of Directors. As adequate background check and financial and legal due diligence is conducted, the risk that the counterparty to the financial instrument will fail to meet its contractual obligations is low.

guarantees
The Company provides guarantees to third parties on behalf of its wholly owned subsidiaries and on behalf of joint ventures in proportion to the Company's / wholly owned subsidiaries interest in the joint ventures, for details refer note 33.

(b) liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(c) market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

currency risk
The Group is exposed to currency risk on its transactions, investments and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the Euro (EUR), but also US Dollars (US$). The currencies in which these transactions primarily are denominated are EUR and US$.

The Group's transaction and balance sheet risks are limited, as a significant proportion of its foreign currency transactions, monetary assets and liabilities are denominated in US$, where the exchange rate for conversion to the functional currency of the Company is pegged. It is the Group's policy to take Euro denominated loans to economically hedge its investments in Euro.

interest rate risk
The Group adopts a policy of ensuring that its exposure to significant changes in interest rates is reduced by hedging such risks. This is achieved by entering into interest rate collars and interest rate swaps.

other market price risk
Equity price risk arises from financial assets at fair value through profit or loss and available-for-sale equity securities. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

The primary goal of the Group's investment strategy is to maximise investment returns. Management is assisted by external advisors in this regard. In accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis. The Group does not enter into commodity contracts other than to meet the Group's expected usage and sale requirements; such contracts are not settled net.

(d) capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no significant changes in the Group's approach to capital management during the year.

Certain subsidiaries are subject to debt covenants requiring maintenance of specific debt equity ratios. Furthermore, the Company and its subsidiaries incorporated in the UAE are subject to certain requirements of the UAE Federal Law No. 8 of 1984 (as amended) to maintain a statutory reserve (refer note 31), which they are compliant with.

6. segment reporting

information about reportable segments

For information relating to segment operating income/ (loss), segment operating profits/ (losses) and segment assets refer to page 32.

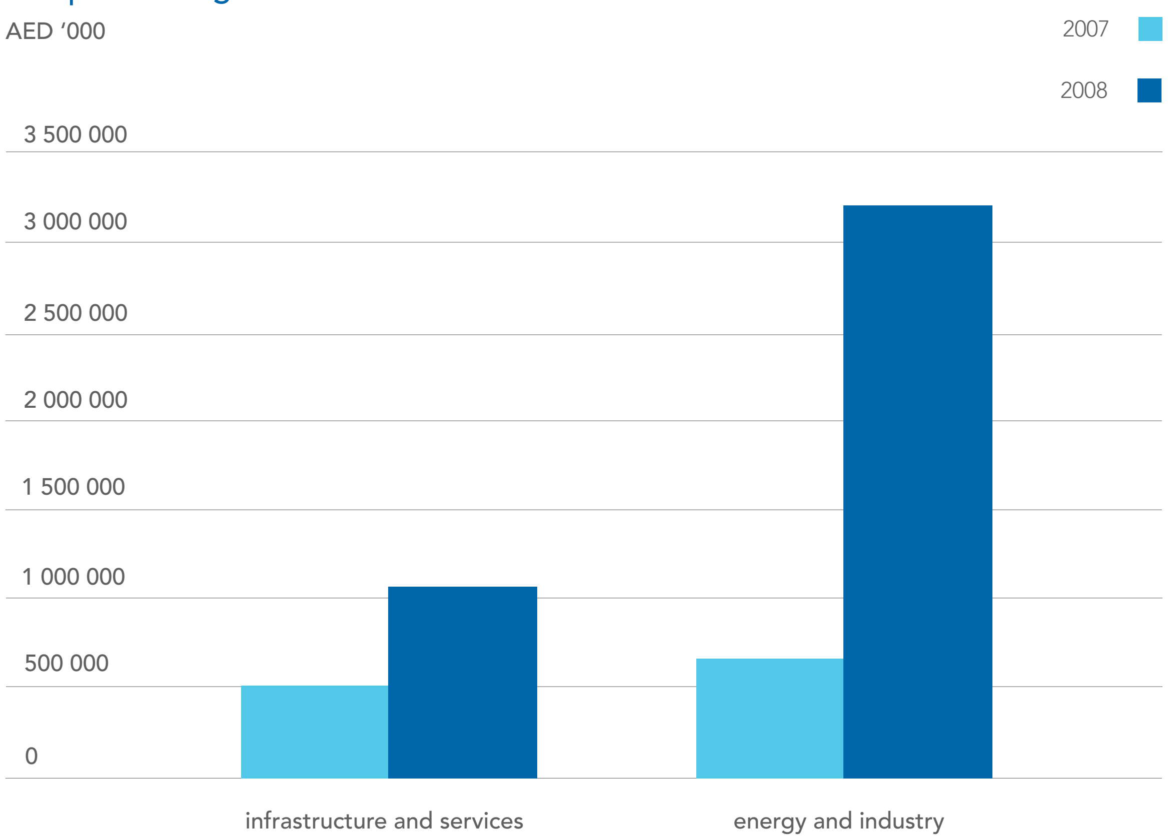
geographical segments

Significant operations of the Group are based in the United Arab Emirates and the State of Qatar.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets are based on the geographical location of the assets and exclude financialinstruments, deferred tax assets and post- employment benefit assets.

major customer
comparative figures 2007 / 2008

AED '000



geographical information

	2008		2007	
	revenue	non-current assets	revenue	non-current assets
United Arab Emirates	1,272,042	7,169,369	825,443	1,268,245
State of Qatar	3,783,445	6,662,674	845,071	6,315,680
Others	1,605,655	5,045,552	118,887	7,491,419
	6,661,142	18,877,595	1,789,401	15,075,344

(AED in thousands)

major customer - (AED in thousands)

Revenue from transactions with two customers individually exceeds 10% of the total Group's revenue in certain segments, as set out below:

	2008	2007
	AED'000	AED'000
Segment:		
Infrastructure and Services	1,078,675	497,495
Energy and Industry	3,234,426	702,272

segment reporting (continued)
for the year ended 31 december 2008

AED in '000	energy & industry		real estate & hospitality		infrastructure & services		aerospace & technology		healthcare		corporate / acquisitions		new energy technology		consolidated	
	31 dec 08	31 dec 07	31 dec 08	31 dec 07	31 dec 08	31 dec 07	31 dec 08	31 dec 07	31 dec 08	31 dec 07	31 dec 08	31 dec 07	31 dec 08	31 dec 07	31 dec 08	31 dec 07
Segment operating (loss) / income	6,182,716	1,012,059	737,408	316,988	1,145,229	975,593	(883,708)	(241,623)	120,284	49,102	(11,205,104)	1,666,080	(9,962)	20,137	(3,913,137)	3,798,336
Segment results from operating activities (continued operations)	(355,604)	345,179	612,164	209,699	75,405	317,807	(1,249,586)	(470,371)	(34,069)	(34,110)	(11,782,692)	1,408,701	(277,985)	(39,890)	(13,012,367)	1,737,015
Segment (loss) / profit	886,156	109,033	612,164	209,699	(25,375)	155,411	(1,233,333)	(284,010)	(37,841)	(38,090)	(11,690,581)	1,219,446	(278,089)	(39,754)	(11,766,899)	1,331,735
Segment assets	11,663,606	7,900,072	7,466,084	623,317	5,974,229	4,335,471	5,443,048	9,548,450	198,797	161,400	20,974,457	16,400,720	2,558,025	276,918	54,278,246	39,246,348

7. subsidiaries

These consolidated financial statements include the following significant subsidiaries:

subsidiaries	domicile	ownership interest 2008	ownership interest 2007
Dolphin Investment Company LLC ('DIC')	UAE	100%	100%
MDC-LP Holding S.à r.l.	Luxembourg	100%	100%
Liwa Energy Limited (LLC)	UAE	100%	100%
Abu Dhabi Future Energy Company PSC	UAE	100%	100%
Al Hikma Development Company PSC	UAE	100%	100%
Mubadala Holdings Cyprus Limited	Cyprus	100%	100%
Alyah Satellite Communications PSC	UAE	100%	100%
Beta Investment Company LLC	UAE	100%	-
Pearl Energy Limited[3]	Singapore	100%	-
Abu Dhabi Ports Operating Company – Abu Dhabi Terminals PSC1 ('ADT')	UAE	-	100%
Abu Dhabi Unmanned Aerial Vehicle Investments LLC[2]	UAE	-	95%
MDC NG BV	Netherlands	-	100%
Emerging Markets Telecommunication Services Ltd[4]	Nigeria	-	50%

[1] With effect from 1 January 2008, 50% of the shares in that entity were transfered to a related party at a value agreed by management and accordingly the entity is now accounted for as a jointly controled entity (refer note 18(b)).

[2] During the year the Group disposed off its entire shareholding in the entity.

[3] Subsidiary of Beta Investment Company LLC.

[4] As on 31 December 2007 the entity was a wholly owned subsidiary of Mubadala. During 2008, 70% of the shares in that entity were transfered to third parties and accordingly the entity is now accounted for as a jointly controled entity. The remaining 30% of the shares are registered in the name of Mubadala, of which 50% is held beneficially on behalf of a third party (refer note 18(b)).

During 2007, Mubadala received intimation from the Government of Abu Dhabi, the owner of Abu Dhabi Aircraft Technologies ('ADAT') (previously known as Gulf Aircraft Maintenance Company - GAMCO), that its interests in ADAT are to be transfered to Mubadala. However, despite this intimation, certain events have yet to occur for the legal transfer to become effective, and as a result management believes that as at 31 December 2008, Mubadala has no beneficial interest / control in ADAT. Accordingly management has not consolidated the financial performance, the financial position and cash flows of ADAT in these consolidated financial statements. The impact of the same is not expected to be significant to the financial performance and position of the Group as at the reporting date.

acquisition of a subsidiary

On 21 May 2008, the Group acquired all of the shares in Pearl Energy Limited ('Pearl'), an oil and gas exploration and production company incorporated in Singapore, for AED3.1 billion. In the period from the date of acquisition to 31 December 2008, Pearl incured a loss of AED2.billion after adjusting for impairment losses and amortization of fair value adjustments, initially recorded upon business combination. If the acquisition had occurred on 1 January 2008, management estimates that the Group's combined consolidated revenue from sale of goods and services would have been AED11.6 billion thousand and combined consolidated loss for the year would have been AED7.5 billion for the year ended 31 December 2008

The acquisition had the following effect on the Group's assets and liabilities:

	pre-acquisition carrying amounts	fair value adjustments	recognized values on acquisition
	AED'000	AED'000	AED'000
Goodwill	29,961	-	29,961
Other intangible assets	287,260	4,071,094	4,358,354
Oil and gas assets	887,922	43,975	931,897
Restricted cash	44,633	-	44,633
Long term deposits and prepayments	17,027	-	17,027
Inventories	97,355	69,385	166,740
Trade and other receivables	418,052	-	418,052
Cash and cash equivalents	178,429	-	178,429
Trade and other payables	(666,380)	(8,552)	(674,932)
Deferred tax liabilities	(116,869)	(2,014,569)	(2,131,438)
Minority interest	(231,728)	(412,586)	(644,314)
Net identifiable assets and liabilities	945,662	1,748,747	2,694,409
Goodwill on acquisition			370,010
Consideration paid, satisfied in cash			3,064,419
Cash acquired			(178,429)
Net cash outflow			2,885,990

The goodwill recognized on the acquisition is attributable mainly to intangible assets that do not qualify for separate recognition.

8. revenue from sale of goods and services

revenue from sale of goods and services	2008	2007
	AED'000	AED'000
Sale of hydrocarbons[1]	5,389,099	963,958
Contract revenue[2]	1,078,675	497,495
Sea port operation services[3]	-	239,513
Medical services	120,285	49,102
Flight training services	45,389	32,722
Others	27,694	6,611
	6,661,142	1,789,401

[1] Sale of hydrocarbons is recorded net of royalties amounting to AED533,752 thousand (2007: AED Nil).

[2] Contract revenue includes revenue from a services contract on a cost plus fixed fee basis of AED141,160 thousand (2007: AED74,549 thousand).

[3] The sea port operations were carried out by ADT, an entity that was a wholly owned subsidiary in 2007. With effect from 1 January 2008, 50% of the shares in that entity were transfered to a related party at a value agreed by management. Accordingly, the subsidiary is now equity accounted as a jointly controled entity (refer note 18(b)).

9. other operating income

other operating income	2008	2007
	AED'000	AED'000
Income from consulting services[1]	68,961	212,156
Management fee	60,476	-
Rental income	15,630	-
Sponsorship	19,409	-
Other	120,617	52,715
	285,093	264,871

[1] Income from consulting services comprises income generated from secondment, project management and consultancy services provided to related parties.

10. staff costs

The Group incured staff costs amounting to AED941,894 thousand (2007: AED519,081 thousand), which have been included within cost of sales, administrative expenses and property, plant and equipment.

11. exploration costs

exploration costs	2008	2007
	AED'000	AED'000
Exploration costs	590,763	169,555

Exploration costs include AED243,288 thousand (2007: AED Nil) representing a one time write off of exploration costs of a subsidiary acquired during the year to align its accounting policies to that of the Group.

12. finance income and expense

finance income and expense	2008	2007
	AED'000	AED'000
finance income		
Interest income	398,657	212,373
Net foreign exchange gain	63,976	-
	462,633	212,373
finance expenses		
Net foreign exchange loss	-	(71,725)
Borrowing costs[1]	(691,348)	(545,928)
	(691,348)	(617,653)
Net finance expense	(228,715)	(405,280)

[1] The Group incured legal costs in relation to securing various long term financing facilities (refer note 28). These costs include legal consultancy charges, facility arrangement and structuring fees. These costs, which are deducted from the carrying values of the respective loans, are being amortized over the term of the respective loans. The amortization expense is included within the borrowing costs.

The balance of these deferred unamortized costs at 31 December 2008 is AED14,548 thousand (2007: AED39,173 thousand).

13. (loss)/ income from other investments

(loss)/ income from other investments	2008	2007
	AED'000	AED'000
Net change in fair value of investments at fair value through profit or loss (refer note 19)	(2,211,263)	246,066
Net change in the fair value of forward contracts to acquire equity instruments (refer note 27)	(4,203,982)	-
Net change in the fair value of derivatives used as economic hedges	(257,943)	-
Gain on disposal of other investments	30,470	-
Dividend income	131,421	55,425
	(6,511,297)	301,491

14. property, plant and equipment

Details of property, plant and equipment are set out in Schedule I on page 73. Depreciation charges have been allocated as follows:

property, plant and equipment	2008	2007
	AED'000	AED'000
Cost of sales	1,425,391	149,875
Administrative expenses	39,882	26,583
	1,465,273	176,458

15. intangible assets

	telecom license	exploration license	proved and probable oil and gas reserves	possible and contingent oil and gas reserves	goodwill	others	total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
costs							
At 1 January 2007	-	165,308	-	-	-	-	165,308
Additions	1,470,673	28,102	-	-	-	439	1,499,214
At 31 December 2007	1,470,673	193,410	-	-	-	439	1,664,522
At 1 January 2008	1,470,673	193,410	-	-	-	439	1,664,522
Additions	-	18,735	-	-	-	569	19,304
Acquisitions through business combinations	-	-	2,313,996	1,427,038	399,971	617,320	4,758,325
Disposals *	(1,470,673)	-	-	-	-	-	(1,470,673)
At 31 December 2008	-	212,145	2,313,996	1,427,038	399,971	618,328	4,971,478
amortization							
At 1 January 2007	-	(982)	-	-	-	-	(982)
Charge for the year	-	(2,392)	-	-	-	(32)	(2,424)
At 31 December 2007	-	(3,374)	-	-	-	(32)	(3,406)
At 1 January 2008	-	(3,374)	-	-	-	(32)	(3,406)
Charge for the year	-	(6,682)	(453,093)	(48,442)	-	(45,835)	(554,052)
Write off (refer note 11)	-	-	-	-	-	(243,288)	(243,288)
Impairment	-	-	(1,637,228)	(1,064,845)	(351,899)	(223,029)	(3,277,001)
At 31 December 2008	-	(10,056)	(2,090,321)	(1,113,287)	(351,899)	(512,184)	(4,077,747)
carrying amounts							
At 1 January 2007	-	164,326	-	-	-	-	164,326
At 31 December 2007	1,470,673	190,036	-	-	-	407	1,661,116
At 31 December 2008	-	202,089	223,675	313,751	48,072	106,144	893,731

*During the year the Group also diluted its shareholding in certain subsidiaries resulting in these entities being reclassified as jointly controled entities (refer note 18(b), footnote 4 and 5). As a result of the dilution, the financial position and performance of these entities are no longer consolidated in the Group's consolidated financial statements, but these entities are now equity accounted. Accordingly, intangible assets of these entities with a carrying amount of AED1,470,673 thousand as at 31 December 2008 (2007: AED nil) have not been consolidated in these consolidated financial statements.

impairment loss
There has been a significant decline in oil prices since the Company acquired Pearl Energy Limited ('Pearl') in May 2008. Therefore, there has been significant impairment in the value of the intangibles assets acquired in this business combination (refer note 7).

The recoverable amount of the cash-generating units (the producing field that produces hydrocarbons) was estimated based on their value in use, which was determined with the assistance of independent valuers. For impairment testing, goodwill is allocated to the producing fields which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit is as follows:

	AED '000
Jasmine	285,078
Sebuku	84,175
Other units without significant goodwill	30,718
	399,971

No goodwill was allocated to the favorable contracts which were in line with the original valuation upon acquisition. The recoverable values of the favorable contracts were determined based on their fair values less costs to sell and were lower than their carrying amounts. Impairment losses of AED185,313 thousand were recognized on the same.

The carrying amounts of other intangibles at Jasmine, Sebuku and Tungkal (without significant goodwill) were determined to be higher than their recoverable amounts and an impairment loss of AED3,091,688 thousand was recognized. The impairment loss was first allocated to the goodwill - AED351,899 thousand and then to oil and gas reserves - AED2,739,789 thousand.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected for each producing field except Jasmine, based on the projected production plan of the respective field's 2P (proved and probable) reserves. The cash flows from Jasmine include, in addition to the 2P reserves, management's expectation of the realization of the contingent gas resources in that field;
- Oil prices are based on 31 December 2008 Brent future prices and are adjusted by lease for quality, transportation fees and regional price differences; and
- A post-tax discount rate of 11.6 – 13.2% was applied in determining the recoverable amount of the units. The discount rate was estimated based on an industry average weighted average cost of capital, which was based on a possible range of debt leveraging of 13% at a market interest rate of 6.7% and corporate tax rate of 35%.

16. investment properties

investment properties	2008	2007
	AED'000	AED'000
At 1 January	344,000	30,000
Add: increase in fair value (i), (ii)	741,126	2,314,000
Less: transfered to land held for sale (note 22) (iii)	-	(2,000,000)
	1,085,126	344,000

Investment properties include:

(i) the new fish market land

The New Fish Market land in the city of Abu Dhabi, granted by the Government of Abu Dhabi, free of cost. The fair value of this plot of land, amounting to AED26,674 thousand (2007: AED30,000 thousand) is based on the discounted future cash flows from the use of the plot of land.

(ii) sowwah square land

The Group had valued the Sowwah Square land in 2007 based on comparable sales prices of similar properties in comparable locations in the Emirate of Abu Dhabi. However, while revaluing the land during the current year, management believes that the year-end market prices of land in Abu Dhabi were very high and therefore, should not be considered as a reliable estimate of the amount that can be recovered from leasing of the properties being developed on the land, particularly given the current market conditions. It has therefore, revalued the land based on discounted cash flow projections. The fair value of this land amounts to AED1,058,452 thousand (2007: AED314,000 thousand)

(iii) the fair value of the zayed sports city land

The fair value of the Zayed Sports City land in an amount of AED2,000,000 thousand, was based on an agreement with CapitaLand GCC (Abu Dhabi) PTE. Ltd. This property was subsequently transfered to land held for sale (refer note 22). As per the terms of the agreement, this parcel of land is to be sold to Mubadala CapitaLand Real Estate LLC (a related party) on a piecemeal basis.

Details of other plot of lands owned by the Group, which are not recognized and accordingly not included above, are set out in note 36 to these consolidated financial statements.

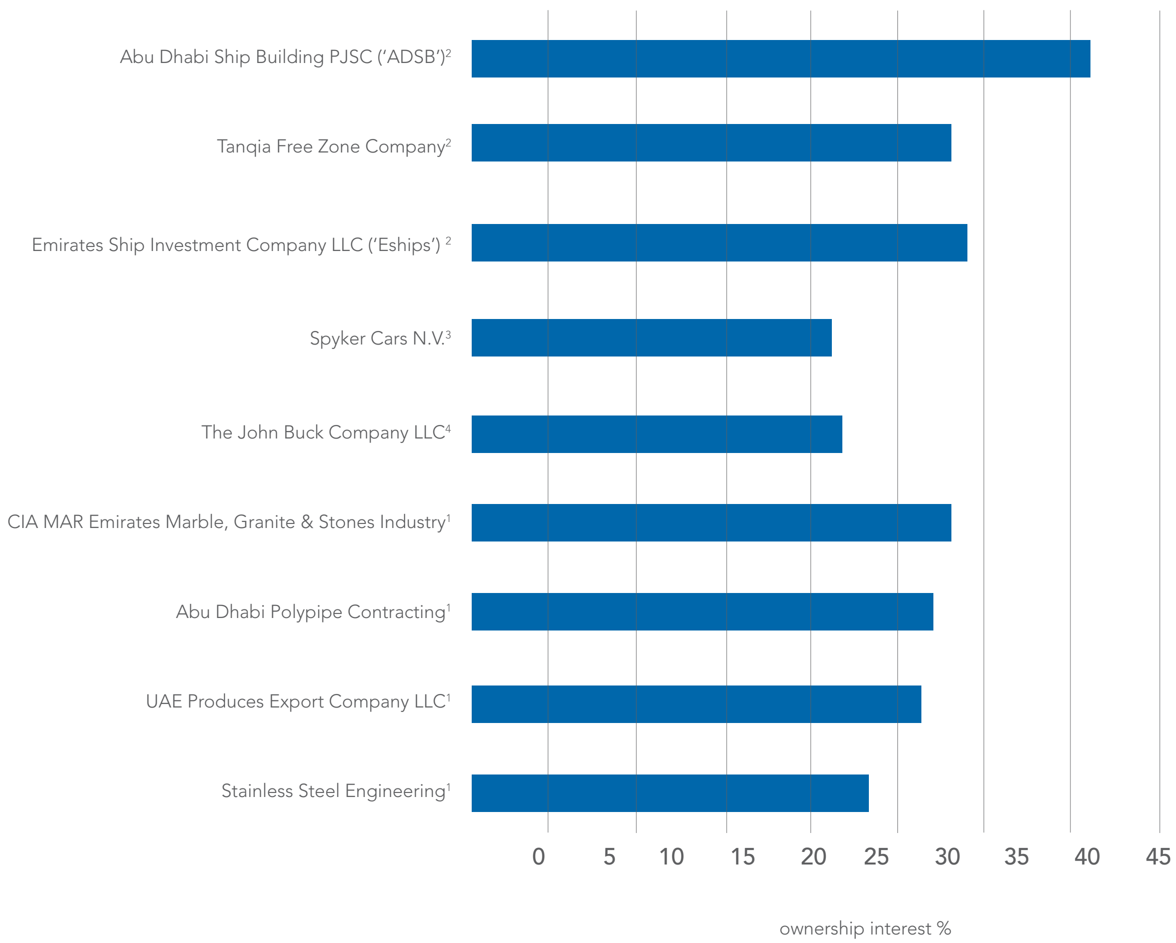
17. interest in jointly controled assets

The Group has joint ownership and control of certain oil and gas assets through exploration, development and/or production sharing agreements entered into with other parties, for the exploitation of mineral rights, under concession agreements with the governments of the respective countries in which such operations are conducted. The Group's share of the assets, liabilities, income and expenses of such jointly held assets is consolidated on a line by line basis with items of a similar nature. Details of significant jointly controled assets are set out below:

contract area	held by	description	group's effective working interest	
			2008	2007
concession blocks in Oman			%	%
Block 53	Mukhaizna, LLC	Production stage	15	15
Block 54	Karawan LLC	Exploration stage	15	15
Block 62	Oman Gas Company	Exploration stage	32	-
concession blocks in Libya				
Onshore area 59	OXY Libya LLC	Exploration stage	10	10
Onshore area106	OXY Libya LLC	Exploration stage	10	10
Onshore area 124	OXY Libya LLC	Exploration stage	10	10
Onshore area 131	OXY Libya LLC	Exploration stage	10	10
Onshore area 163	OXY Libya LLC	Exploration stage	10	10
Onshore area 35	Woodside Energy (N.A.) Ltd	Exploration stage	10	10
Onshore area 36	Woodside Energy (N.A.) Ltd	Exploration stage	10	10
Onshore area 52	Woodside Energy (N.A.) Ltd	Exploration stage	10	10
Onshore area 53	Woodside Energy (N.A.) Ltd	Exploration stage	10	10
Contract area 103 - Block 1	OXY Libya LLC	Exploration stage	20	-
Contract area 103 - Block 2	OXY Libya LLC	Exploration stage	20	-
Contract area 103 - Block 3	OXY Libya LLC	Exploration stage	20	-
Contract area 103 - Block 4	OXY Libya LLC	Exploration stage	20	-
concession blocks in Qatar				
Qatar - North Field	Dolphin Energy Limited ('DEL')	Production stage	51	51
concession blocks in Algeria				
Block 345	Shell Algeria Zerafa GmbH	Exploration stage	20	20
Block 346	Shell Algeria Zerafa GmbH	Exploration stage	20	20
Block 322b	Shell Algeria Zerafa GmbH	Exploration stage	20	20
concession blocks in Indonesia				
Salawati Island PSC 23 April 2020	Pearl Oil (Island) Limited	Production of crude oil under PSC with BP Migas	37.404	-
Salawati Basin PSC	Pearl Oil (Basin) Limited	Production of crude oil under PSC with BP Migas	34.064	-
Tungkal PSC	Pearl Oil (Tungkal) Limited	Production of crude oil under PSC with BP Migas	70	-
West Salawati PSC	Pearl Oil (Salawati) Limited	Exploration stage	50.01	-

contract area/date of expiry	held by	description	group's effective working interest	
			2008	2007
concession blocks in Thailand			%	%
B5/27	Pearl Oil (Thailand) Limited	Production of crude oil under PSC with BP Migas	70	-
B11/38	Pearl Oil (Thailand) Limited	Production of crude oil under PSC with BP Migas	70	-
G10/48	Pearl Oil (Thailand) Limited	Production of crude oil under PSC with BP Migas	35	-
G2/48	Pearl Oil Offshore Limited	Exploration stage	70	-
G11/48	Pearl Oil Bangkok Limited	Exploration stage	35	-
G1/48	Pearl Oil (Amata) Limited	Exploration stage	40	-
G6/48	Pearl Oil (Amata) Limited	Exploration stage	40	-
G3/48	Pearl Oil (Aoa Thai) Limited	Exploration stage	40	-
Ragay Gulf SC	Pearl Oil (Ragay) Limited	Exploration stage	64	-
Bulu PSC	Pearl Oil (Satria) Limited [Formerly known as Pearl Oil (Sebana) Limited]	Exploration stage	42.5	-
Sibaru PSC	Pearl Oil (Sandstone) Limited	Exploration stage	40	-
06/94 PSC	Pearl Oil (Nam Con Son) Limited [Formerly known as Pearl Oil (Taconite) Limited]	Exploration stage	33.334	-
East Muriah PSC	Pearl Oil (East Muriah) Limited	Exploration stage	50	-
07/03 PSC	Pearl Oil (Ophiolite) Limited	Exploration stage	15	-

2008 investments in associates



18. investments in equity accounted investees

(a) investments in associates

The Group has the following interests in associates:

investments in associates	ownership interest %		
	2008	2007	principal business activity
Abu Dhabi Ship Building PJSC ('ADSB')[2]	40	40	Ship building
Tanqia Free Zone Company[2]	30	30	Waste water management
Emirates Ship Investment Company LLC ('Eships') [2]	33	33	Ship owning and chartering
Spyker Cars N.V.[3]	22.8	-	Automobiles manufacture
The John Buck Company LLC[4]	24.9	-	Property, ownership and integrated real estate services
CIA MAR Emirates Marble, Granite & Stones Industry[1]	30	30	Dormant
Abu Dhabi Polypipe Contracting[1]	29	29	Dormant
UAE Produces Export Company LLC[1]	28	28	Dormant
Stainless Steel Engineering[1]	24	24	Dormant

[1] CIA MAR Emirates Marble, Granite & Stones Industry, Abu Dhabi Polypipe Contracting, UAE Produces Export Company LLC and Stainless Steel Engineering are dormant and the related investment balances were fully provided for in prior years.

[2] Registered in the UAE

[3] Registered in Netherlands

[4] Registered in USA

Subsequent to the balance sheet date the Company has acquired additional 17% shares of Eships for a consideration of AED28.3 million.

The movements in investment in associates are set out below:

	2008	2007
	AED'000	AED'000
At 1 January (net)	241,001	240,761
Share of results for the year	(8,636)	34,847
Addition during the year	191,572	-
Disposal during the year (book value)	-	(2,245)
Share of movement in hedging and other reserves recorded during the year	14,418	(24,853)
Dividend received	(7,701)	(7,509)
At 31 December	430,654	241,001

(b) jointly controled entities

jointly controled entities	domicile	ownership interest %	principal business activity
Abu Dhabi Ports Operating Company – Abu Dhabi terminals PSC[4] ('ADT')	UAE	50[2]	Port and terminal operator
Abu Dhabi Finance PJSC	UAE	20[2]	Financial services
Agility (Abu Dhabi) PSC	UAE	36.5[1]	General transportation services
Algerian Utilities International Limited	UAE	49[1]	Special purpose entity for holding utilities (i.e. power and water) sector investments
Al Maabar International Investments LLC	UAE	20[2]	Management and development of real estate
Dolphin Energy Limited ('DEL')	UAE	51[1]	Procurement, distribution and marketing of hydrocarbons comprising natural gas
Dunia Finance LLC	UAE	31[2]	Financial services
Emirates Aluminium Company Limited PSC ('EMAL')	UAE	50[1]	Develop, construct, operate, finance and maintain aluminium smelters
EON Masdar London Array Limted	UK	40	Development of wind generated renewable energy
Guinea Alumina Corporation Limited ('GACL')[12]	British Virgin Island	8.33[1]	Extraction of bauxite
Global Mobility Holdings B.V. ('GMH')[3]	Netherlands	-	Special purpose entity for holding LeasePlan Corporation N.V.
Injazat Data Systems LLC ('Injazat')	UAE	60[1]	Provision of full range of information technology and business process outsourcing services
Iskandar (Holdings) Company Ltd.	Cayman Islands	37[2]	Investment company
John Buck International Properties LLC (formerly Mubadala Buck Properties LLC)	UAE	51[1]	Management of real estate
Khadamat Facilities Management Company LLC	UAE	51[1]	Building, developing, managing, maintaining, operating, financing and trading in real estate
KOR Hotel Management LLC, KOR Domestic GP LLC, KOR/KSI Brands LLC, KOR International Holdings Ltd., KOR Cayman Ltd.	USA USA USA Cayman Cayman	50[2]	Hotel management services
Lease Plan Emirates Fleet Management LLC	UAE	51[1]	Fleet management
Masdar Clean Tech Fund, L.P.	Cayman Island	40[1]	Investment in Clean Tech Fund
Mubadala CapitaLand Real Estate LLC	UAE	51[1]	Development of real estate
MDC NG BV	Netherlands	30[5]	Telecom
Piaggio Aero Industries S.P.A. ('Piaggio')	Italy	31.5[6]	Aircraft manufacturing
PF Emirates Interiors LLC	UAE	51[1]	Interior decoration services
Production Services Network Emirates LLC	UAE	51[2]	Oil and gas services
Petrofac Emirates LLC	UAE	51[2]	Oil and gas services
SMN Power Holding Company S.A.O.C.	Oman	47.5[1]	Special purpose entity for holding power sector investments
Takeoff Luxco 1 S.à r.l.	Luxembourg	36[1]	Special purpose entity for SR Technics holding
Torresol Energy Investment	Spain	40	Development of solar generated renewable energy
Winwind OY[7]	Finland	-	Manufacture wind turbines

[1] No change in ownership interest from prior year.

[2] Acquired / incorporated / transfered during the year.

[3] During 2008 the Group has served notice for the exercise of its put option on the shares in GMH, which will materialise in 2009 (refer note 24). Accordingly the Group's interests in GMH are no longer treated as an investment in a joint venture but are reclassified to 'Assets classified as held for sale'.

[4] With effect from 1 January 2008, 50% of the shares in ADT were transfered to a related party at a value agreed by management and accordingly the entity is now accounted for as a jointly controled entity (refer note 8).

[5] As on 31 December 2007 the entity was a wholly owned subsidiary of Mubadala. During 2008, 70% of the shares in that entity were transfered to third parties and accordingly the entity is now accounted for as a jointly controled entity. The remaining 30% of the shares is registered in the name of Mubadala, of which 50% is held beneficially on behalf of a third party (refer note 15).

[6] As on 31 December 2007 the ownership interest was 35%. The reduction in ownership in the current year is primarily due to a fresh issue of shares by the entity, which was subscribed to by a third party.

[7] Investment in convertible bonds of a jointly controled entity. No equity accounting is done as there is no current equity stake in that entity. However, as the Group exercises joint control over the entity the same is disclosed as a jointly controled entity.

[12] Interest in GACL is treated as an investor in a joint venture, since the Group is a participant to the joint venture but does not have joint control.

Although the Company holds more than 50% of the share capital in some of the above entities, as all important financial and / or operating decisions are taken jointly with other venturers, these are treated as jointly controled entities.

	2008	2007
	AED'000	AED'000
At 1 January	5,622,649	4,885,199
Exchange fluctuation in opening balance	(189,802)	508,901
Acquisitions during the year[8]	2,246,049	554,904
Share of results for the year	279,806	81,174
Dividend received during the year	(510,510)	(222,497)
Share of movement in exchange fluctuation reserve	13,902	(59,005)
Share of movement in hedging and other reserves	(302,378)	(24,770)
Intercompany income eliminated	(138,563)	(101,257)
Assets classified as held for sale[11]	(3,314,470)	-
	3,706,683	5,622,649
Provision for impairment[9]	(414,593)	(126,114)
At 31 December	3,292,090	5,496,535

	2008	2007
	AED'000	AED'000
disclosed as:		
Investment in jointly controled entities	3,744,829	5,564,830
Due to jointly controled entities[10]	(452,739)	(68,295)
	3,292,090	5,496,535

[8] Acquisitions during the year include investment in convertible bonds of a jointly controled entity. No equity accounting is done as there is no current equity stake in that entity. However, as the Group exercises joint control over the entity the same is disclosed as a jointly controled entity. Acquisitions also include the residual net asset value of investments transfered from subsidiaries to jointly controled entities during the period, due to divestment of holding in those entities (Refer note 7).

[9] Provision for impairment of AED414,593 thousand includes AED288,479 thousand additional provision during the year, being management's estimate of the impairment in the value of the investment in Takeoff Luxco 1 S.a.r.l. The impairment was assessed after deducting the higher of the recoverable amount / value in use from the carrying amount of the investment. This impairment occurred due to significant change in the aircraft maintenance, repairs and overhaul (MRO) industry and in particular impairment of the intangible assets held by the ultimate investee company. Furthermore, the Group also impaired AED296,909 thousand (2007: AED nil) of interest receivable from the same equity accounted investee.

[10] In certain jointly controled entities the Group's share of losses of those entities have exceeded its interest in those entities. The shares of losses exceeding the Group's interests in such entities have been recorded as liabilities.

[11] GMH – In 2005, the Group acquired a 25% interest in LeasePlan Corporation N.V. ('LeasePlan') by entering into a joint venture agreement with Volkswagen AG and another third party. The Group's interest was acquired through Global Mobility Holding B.V. ('GMH'), a company in which a wholly owned subsidiary, MDC-LP Holding S.à r.l., holds a 25% interest.

The Group had a preferential right to dividends over Volkswagen AG, since it was treated as a preferential investor in the acquisition in accordance with the joint venture agreement. The Group had the right to sell to Volkswagen AG, and Volkswagen AG has the obligation to acquire and pay for, all the shares the Group holds in GMH ('the Put Option'). The price of the Put Option, if exercised, would be equal to the initial investment made and the higher of the profits recorded or 6.1% preferred dividend.

During 2008, the Group exercised the put option on its investment in GMH. Accordingly, the Group's interest in GMH is no longer treated as an investment in a joint venture but has been classified as an asset held for sale (refer note 24). As per the terms of the agreement the consideration for the same will be paid in September 2009 and until then the Group retains its voting and governance rights.

The investment in GMH has been pledged as security against a long term loan obtained by the Group (refer note 28) which the Group is required to settle in the year 2009.

Summarized financial information on jointly controled entities is set out in Schedule III on pages 74 and 75.

19. other investments

	2008	2007
	AED'000	AED'000
Investments held-to-maturity	-	31,000
Financial assets at fair value through profit and loss	3,977,047	-
Investments available for sale		
- quoted shares	4,377,927	12,256,488
- unquoted shares	3,549,710	5,563,055
	11,904,684	17,850,543
Less: allowance for impairment	(300)	(300)
At 31 December	11,904,384	17,850,243

financial assets at fair value through profit or loss
This represents the Group's investments in funds and quoted equity securities. During the year total additions amounting to AED6,191,419 thousand (2007: AED Nil) have been made out of which at 31 December 2008 an amount of AED2,211,263 thousand (2007: AED Nil) representing a change in the fair value between the dates of acquisition and the reporting date, has been charged to the consolidated income statement (refer note 13).

The fair value of quoted shares is arrived at based on the closing bid price of the shares in the capital markets. Fair value of funds is provided by the fund manager.

investments available for sale (quoted shares)
During the year the Group invested AED1,626,165 thousand (2007: AED3,490,872 thousand) in quoted shares classified as available for sale. There was a net decline of AED9,514,918 thousand (2007: net increase of AED2,442,571 thousand) in the fair value of quoted securities during the year, of which AED7,172,023 thousand was recorded as a decrease (2007: AED3,427,368 thousand increase) in the fair value reserve in equity and impairment losses of AED2,342,895 thousand (2007: AED984,797 thousand) were recorded in the consolidated income statement.

The fair value of quoted shares is arrived at based on the closing bid price of the shares in the capital markets. A significant or prolonged decline in the fair value of investments in equity instruments below their cost is considered an impairment in the carrying amount of the instrument and is accordingly charged to the income statement.

Certain investments in quoted shares in UAE public joint stock companies are held in the name of the Group acting as a custodian on behalf of certain employees of the Group and of a related party and other third parties. The fair value of these shares was AED15,975 thousand (2007: AED73,200 thousand) at the balance sheet date. As the Group is not the beneficial owner of these shares, the value thereof has not been included in these consolidated financial statements.

In addition to the above, a subsidiary of the Group holds, beneficially on behalf of a related party, shares in Occidental Petroleum, the value of which is not included in these consolidated financial statements.

investments available for sale (unquoted shares)
Unquoted equity instruments are carried at cost less impairment since no reliable measure of fair value is available.

During the year the Group invested AED Nil (2007: AED4,968,409 thousand) in unquoted shares classified as available for sale. In addition to the impairment in the carrying values of quoted equity instruments above, the value of the Group's investments in unquoted investments which are carried at cost less impairment was reassessed at the reporting date. The business plans of the entities, weighted average cost of capital and exit multiples were reassessed based on the current market conditions. Based on the reassessment, impairment losses amounting to AED1,987,364 thousand (2007: AED Nil) were recognized by the Group.

Included in unquoted shares are shares amounting to AED553,566 thousand (2007: AED578,233 thousand) that were acquired by the Group from a consortium of investment banks in 2006. These shares were acquired by the consortium from the issuer of the shares (the 'Original Vendor'). This transaction includes a call option to buy back the shares from the Group, which can be exercised by the Original Vendor. The call option price is equal to the acquisition price plus interest.

Accordingly, these shares are held in trust with a Fiduciary. These shares will be transfered to the Group in the event that the call option is not exercised, or transfered to the Original Vendor in the event that the call option is exercised. The Original Vendor has the right to exercise the call option during the period from and including 1 January 2010 to and including 31 July 2010.

sensitivity analysis – equity price risk
The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 5% increase in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	effect on income statement	effect on equity
	AED'000	AED'000
31 december 2008		
Effect of change in equity portfolio of the Group	198,852	218,896
31 december 2007		
Effect of change in equity portfolio of the Group	-	612,824

The below table demonstrates the sensitivity of the Group's equity and profit or loss to a 5% decrease in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	effect on income statement	effect on equity
	AED'000	AED'000
31 december 2008		
Effect of change in equity portfolio of the Group	(324,799)	(92,949)
31 december 2007		
Effect of change in equity portfolio of the Group	-	(612,824)

The Group's exposure to credit, interest and currency risk related to other investments is disclosed in note 37.

20. loans

	2008	2007
	AED'000	AED'000
Convertible bonds issued by related parties	6,174,770	-
Loans to related parties	308,898	129,806
Loan to a third party	-	54,115
	6,483,668	183,921
Less: current portion	(211,222)	(67,338)
Non-current portion	6,272,446	116,583

convertible bonds
Convertible bonds represent debt components of mandatory convertible bonds (refer note 27) acquired in the current year, carrying interest rates of 3.4% to 6.11% and maturing in the year 2011. These are convertible only at maturity date at a predetermined conversion rate unless called by the issuers. Conversion rates are adjusted in case new shares are issued or bonus shares are declared. Such bonds are not transferable without the prior approval of the issuer. Upon conversion shares are restricted from being sold in the market for a certain time and/or exceeding certain quantities.

	2008	2007
	AED'000	AED'000
Par value	6,462,810	-
Discount (net of premium)	(366,847)	-
	6,095,963	-
Amortization	78,807	-
Carrying value	6,174,770	-

Par value above includes AED3,562,809 thousand of convertible bonds in an entity under joint control of the Shareholder, received as a non cash contribution from the Shareholder (refer note 32).

loans to related parties
The significant loans to related parties include the following:

- Loan to a joint venture, in an amount of AED50,511 thousand (2007: AED109,583 thousand), which carries interest at Euribor plus 2.5% per annum and is maturing in 2010.
- Loan to a joint venture, in amount of AED173,000 thousand (2007: AED Nil), which carries interest at EIBOR plus 2% and is maturing in 2009.

21. other assets

	2008	2007
	AED'000	AED'000
Investment in unquoted embedded derivatives	909,192	1,515,319
Others	58,606	6,522
	967,798	1,521,841

The Group has invested in the above unquoted embedded derivative instruments ('bonds'). The bonds carry interest at a fixed rate of 4.72% per annum which may either be paid in cash or compounded annually. In addition, they are entitled to a contingent interest equal to the cash distributions made by the ultimate investee company to the extent those distributions do not constitute fixed interest payment. The bonds will mature on 16 December 2037. An option to convert to equity can be exercised on or after 18 December 2022. The equity component of the combined instrument is sufficiently significant and precludes the Group from obtaining a reliable estimate of the fair value of the entire instrument. Therefore, the entire instrument is measured at cost less impairment.

During the year there has been a significant downturn in the real estate sector. Therefore, the Group reassessed the recoverable value of its investment in the above instrument which is to be settled in unquoted equity instruments of a real estate developer. The reassessment was based on revised business plans of the entity and revised terminal capitalization rate assumptions. Based on such reassessment an impairment loss of AED606,127 thousand was recognized during the year.

22. inventories

	2008	2007
	AED'000	AED'000
Land held for sale (note 36)	2,052,267	2,000,000
Drilling materials and maintenance spares	225,834	107,512
Medical supplies	9,364	3,614
	2,287,465	2,111,126
Less: provision for obsolescence	(83)	(36)
	2,287,382	2,111,090

23. receivables and prepayments

	2008	2007
	AED'000	AED'000
non current portion		
Contract work in progress[1]	1,118,414	422,946
Other long term receivables and advances	171,159	-
	1,289,573	422,946
current portion		
Trade receivables	310,197	100,309
Contract work in progress[1]	242,047	-
Advances to contractors	2,162,943	134,658
Amounts due from related parties (refer note 32)	2,917,082	526,646
Prepaid expenses	118,063	55,365
Other receivables	429,120	165,996
	6,179,452	982,974
Less: allowance for impairment	(4,136)	(1,624)
	6,175,316	981,350

[1] Contract work in progress primarily represents the construction of buildings for certain universities which are related parties (refer note 32). Details of such contract work in progress are as follows:

	2008	2007
	AED'000	AED'000
Costs incured on contract work in progress	1,268,457	422,946
Attributable profits	92,004	-
	1,360,461	422,946
Less: Progress billings[1]	-	-
	1,360,461	422,946
Current portion	242,047	-
Non-current portion	1,118,414	422,946
	1,360,461	422,946

[1] Contract work in progress will be recovered over the period of the respective concession agreements of the respective universities from 2009.

24. assets classified as held for sale

	2008	2007
	AED'000	AED'000
Investment in GMH (refer note 18(b) footnotes 3 and 11)	3,314,470	-
Equity shares in a UAE PJSC[1]	9,631	9,631
	3,324,101	9,631

[1]This amount represents the shares of a public joint stock company in the UAE which are held, to be sold at a nominal value.

25. cash and cash equivalents

	2008	2007
	AED'000	AED'000
bank balances:		
- deposit accounts	2,981,676	1,030,490
- call and current accounts	40,076	60,143
Cash in hand	463	362
	3,022,215	1,090,995
Bank overdraft used for cash management purposes	(2,871)	(1,013)
Cash and cash equivalents for the purpose of the statement of cash flows	3,019,344	1,089,982

Deposit and call accounts are placed with commercial banks and are short-term in nature. Deposit accounts earn interest at prevailing market rates. The Group's exposure to credit, interest and currency risk related to cash and cash equivalents is disclosed in note 37.

26. payables and accruals

	2008	2007
	AED'000	AED'000
Trade payables	1,647,525	450,729
Accrued expenses	942,583	273,243
Income tax payable	410,892	-
Other payables	373,699	107,000
Amounts due to related parties	242,095	231,805
Provision for staff terminal benefits	54,150	13,767
	3,670,944	1,076,544

The Group's exposure to credit, interest and currency risk related to payables and accruals is disclosed in note 37.

27. derivatives

	2008	2007
	AED'000	AED'000
non current portion		
Forward contracts to acquire equity instruments[1]	3,837,137	-
Derivatives used for hedging[2]	558,736	-
Used as economic hedges[3]	183,681	-
	4,579,554	-
current portion		
Derivatives used for hedging[2]	20,197	-
Other derivatives	83,459	23,172
	103,656	23,172

[1] Forward contracts to acquire equity instruments are the equity components of embedded derivative instruments with a mandatory conversion requirement in 2011 (refer note 20). These forward contracts are not listed and the fair valuation of these instruments is determined using a valuation model determined by management. The change in fair value of these forward contracts amounting to AED4,203,982 thousand (2007: AED Nil) has been recorded in the income statement (refer note 13). The quoted price of the underlying equity instruments is the key factor driving the valuation.

[2] The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the following cash-flow hedging instruments related to hedged transactions that have not yet occurred.

[3] Derivatives used as economic hedges are used to hedge interest rate exposures. However, they do not qualify for hedge accounting. These instruments are fair valued by the financial institutions issuing them and changes in fair value are recorded in the consolidated income statement.

forex forward contract
A subsidiary of the Group ('the Subsidiary') has an obligation to make payments in Euro in connection with the procurement of its satellites. The Subsidiary has entered into a forward exchange contract in order to manage foreign currency fluctuations arising from these expected cash-flows.

interest rate swap
The Subsidiary also has obligation to pay interest at variable rates (LIBOR plus margin) in connection with a forecasted borrowing transaction. To hedge variability in interest rate the Subsidiary entered into a cash flow hedge by acquiring an interest rate swap. As such, the relevant loan was drawn down after the year end.

28. interest bearing loans

	2008	2007
	AED'000	AED'000
Corporate revolver	-	1,873,485
Term loan - Euro denominated	2,443,917	-
Term loan - US Dollar denominated	7,777,393	-
Term loan - AED denominated	3,360	4,221
Current portion	10,224,670	1,877,706
Corporate revolver	1,554,192	1,623,450
Term loan - Euro denominated	-	2,553,456
Term loan - US Dollar denominated	797,566	6,178,480
Term loan - AED denominated	66,165	60,758
Non-current portion	2,417,923	10,416,144

The corporate revolver loan includes an unsecured multi currency credit facility of AED7,347,000 thousand from a consortium of banks carrying an interest rate of LIBOR plus margins, of which AED1,554,192 thousand (Euro 300 million) was drawn down at 31 December 2008. Management expects that this loan will be repaid later than 2009, accordingly the loan is classified as non-current.

euro denominated loan

The Group obtained a long term interest bearing loan of Euro 475,000 thousand on 31 March 2005 from a syndicate of banks, carrying an interest rate of EURIBOR plus 75 basis points, and secured by a pledge of the shares held in MDC-LP Holding S.à.r.l and GMH, together with the assignment of right to receive dividends from GMH. This loan is repayable by a bullet payment in December 2009.

The Group has entered into swap agreements with two banks for a total amount of EUR 475,000 thousand with the following characteristics:

Notional amount: EUR 250,000,000
Effective date: 31 March 2005
Termination date: 11 December 2009
Interest rate cap: 5.35%
Notional amount: EUR 225,000,000
Effective date: 31 March 2005
Termination date: 11 December 2009
Interest rate cap: 5.35%

If the EURIBOR interest rate is under 5.35% and is increasing, the Group pays remuneration to the banks for these two agreements, whereas the Group receives remuneration if (a) the EURIBOR interest rate is over 5.35% or (b) the EURIBOR interest rate is under 5.35% and is decreasing.

The unrealized gain from the valuation of these swap agreements as at 31 December 2008 amounts to AED16,328 thousand (2007: unrealized gain AED8,923 thousand) and is included under trade and other receivables.

dollar denominated loans

Significant dollar denominated loans include:

term loan 1
DEL entered into a facility agreement ('the Agreement') with consortium of banks for a dollar revolving and term loan facility in an aggregate amount of AED9,000,000 thousand (2007: AED9,000,000 thousand) with a back-to-back on-loan agreement with DIC, to fund the Upstream activities of Dolphin Contract Location, North Field, State of Qatar ('DPSA'). Under the terms of the Agreement the Company has an option to draw-down the loan instalments as a 'Revolving Loan' repayable on the last day of the interest period or as a 'Term loan' repayable on the final maturity date of 31 July 2009.

The term loan carries an interest rate at 45 basis points over the London Inter Bank Offer Rate. In 2007, it was the intention of the Company to refinance the Revolving Loan on maturity with Rollover Loans. As a result, the term loan was classified as a non-current liability. In current year, the term loan is payable on 31 July 2009 and, accordingly, it has been classified as a current liability.

term loan 2
The Group had obtained a long term loan in an amount of US$ 435,610 thousand, for the purpose of investment in the shares of Advanced Micro Devices ('AMD'). The loan carried interest at 3 months LIBOR plus margins, and was secured by the shares of AMD, and repayable on 16 November 2009. The Group had also deposited cash collateral of US$ Nil (2007: US$ 85,000 thousand). During 2008, this loan was fully repaid.

term loan 3
The Group has obtained a short term loan in an amount of US Dollar 845 million, for the purpose of acquiring the 100% share capital of Pearl Energy Limited. The loan carried interest at LIBOR plus a margin and is secured by a guarantee given by the Company and is repayable in April 2009.

29. other liabilities

	2008	2007
	AED'000	AED'000
Retention payable	-	22,246
Decommissioning liabilities	10,631	7,316
Advance from a related party	427,595	-
Amount held beneficially on behalf of a related party[1]	643,597	-
Others	39,619	1,511
	1,121,442	31,073

[1] This represents 50% of the carrying value of Group's investment in MDC NG BV which is beneficially held by the Group on behalf of Gulf Trust Investment LLC.

30. share capital

	2008	2007
	AED'000	AED'000
Authorised, issued and fully paid up: 5,514,579 shares (2007: 5,514,579 shares) of AED1,000 each	5,514,579	5,514,579

31. statutory reserve

The Articles of Association of the Company require that 10% of the Group's net profit be transfered to a non-distributable statutory reserve until the amount of the statutory reserve equals 50% of the Company's paid up share capital.

32. significant transactions with related parties

identity of related parties

The Group has a related party relationship with its shareholder, subsidiaries (refer note 7), joint ventures and associates (refer note 18), and with its directors and executive officers and parties which are under common control of the above parties.

transactions with key management personnel

Key management personnel compensation is as follows:

	2008	2007
	AED'000	AED'000
Directors' remuneration paid	17,500	7,500
Short term benefits	42,129	24,135
Post employment benefits	3,493	1,153
	45,622	25,288

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 (other than those disclosed in note 7, 18, 20, 28 and 29) during the year were as follows:

	2008	2007
	AED'000	AED'000
Revenue	1,774,045	518,674
Interest income	18,713	156,872
Revenue from provision of manpower, project management and consultancy services	180,040	224,864
Purchase of goods and services	117,231	109,449
Transfer of right to use land	53,950	-

other related party transactions

amounts due from related parties (refer note 23)
Amounts due from related parties primarily comprise amounts recoverable from the Government of Abu Dhabi for expenses incured on its behalf.

additional shareholder contributions

	2008	2007
	AED'000	AED'000
As at 1 January	7,790,759	-
Cash contribution	22,000,000	7,790,759
Convertible bonds in an entity under joint control of the Shareholder (refer note 20)	3,562,809	-
As at 31 December	33,353,568	7,790,759

Additional shareholder contributions represent interest free loans from the Shareholder. As per the terms of the agreement for the amounts received in 2007, there are no contractual obligations to repay the loans. As per the terms of the agreements for the amounts received in 2008, any repayments are at the discretion of the Board of Directors of the Company, who do not intend to repay any such amounts in the foreseeable future.

In addition, the terms of the agreement specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the loan, shall rank pari passu with those attached to the share capital of the Company. Therefore, these loans are more akin to equity instruments rather than liabilities, and accordingly have been presented within equity.

The number of convertible bonds received was computed on the basis of the average closing price of the underlying quoted equity shares of the entity, on the three days prior to the date of issue of the bonds.

33. commitments and contingent liabilities

commitments and contingencies

Commitments and contingencies at the consolidated balance sheet date are as follows:

	2008	2007
	AED'000	AED'000
Commitments and contingencies	21,455,720	12,638,615

In addition to the above, the Group's share in the commitments and contingencies of its joint ventures is as follows:

	2008	2007
	AED'000	AED'000
Commitments and contingencies	12,012,858	4,415,128

exploration commitments

The obligations of the Group to perform exploration activities are:

	2008	2007
	AED'000	AED'000
Due in less than one year	94,706	17,970
Later than one year but not later than five years	139,736	12,520
At 31 December	234,442	30,490

One of the Group's subsidiaries have production bonus commitments that range from AED80.26 million (2007: AED Nil) to AED345.68 million (2007: AED Nil) which may be payable depending upon achievement of certain preset production targets. The management believes that such commitments are not likely to be payable within one year. Due to uncertainty of the future production levels and future reserve discoveries, it is not possible to estimate production bonus that may be payable after one year.

One of the Group's subsidiaries may be requested by certain joint ventures, upon mutually agreeable terms, to enter into a contract or loan agreement for the purpose of processing products derived from Production Sharing Contract ('PSC') petroleum operations. The relevant joint venture may be required to refine 28.57% of their share of crude oil upon the attainment of certain crude oil production level, which ranges from 75,000 to 150,000 barrels per day. Depending on the terms of the respective PSC, the directors believe that achievement of such levels of production is currently considered unlikely.

Under the terms of the sales and purchase agreement between one of the Group's subsidiary and the previous owner of Pearl Oil (Thailand) Limited, that subsidiary is required to pay royalties to computed as follows:

(i) 3.5% of gross revenue up to US$250 million from certain production area within concession B5/27 and 6% thereafter;

(ii) US$2 per barrel of oil for any additional oil produced from certain production area within concession B5/27 greater than 6.21 million barrels;

(iii) 4% of gross revenue from production area other than that mentioned in (i) above within concession B5/27.

In addition, the Company has issued letters of credit and letters of guarantee, amounting to AED53 million (2007: AED142 million) and AED 0.2 million (2007: AED96 million) respectively, as at the balance sheet date.

34. subsequent events

As set out above, the Group holds investments in quoted securities listed in various stock exchanges. Subsequent to the year end, there has been significant volatility in the market values of these securities.

Consequently, the values disclosed at the balance sheet date may not be representative of values at subsequent dates and movements in such values may be material.

In February 2009, the Group acquired additional shares representing 27% shareholding of SR Technics Holding ('SRT') thus increasing its shareholding to 63%. The initial consideration is US$1 and the deferred consideration payable is a maximum of US$100 million.

35. income tax

	1.1.2008 to 31.12.2008	1.1.2007 to 31.12.2007
	AED'000	AED'000
Current tax	(241,647)	-
Deferred tax		
Deferred tax adjustment on depreciation, depletion and amortization	319,227	-
Deferred tax effect on impairment losses	1,415,851	-
Other adjustments	(19,248)	-
Income tax income for the year	1,474,183	-

Abu Dhabi does not enforce any domestic tax decrees and, therefore, the domestic tax rate is nil. Income tax for overseas subsidiaries is calculated at tax rates prevailing in the respective jurisdictions, and mainly arose from the Company's acquisition of Pearl during the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	1.1.2008 to 31.12.2008	1.1.2007 to 31.12.2007
	AED'000	AED'000
(Loss) / profit before tax	(13,241,082)	1,331,735
Tax at the domestic income tax rate of 0%	-	-
Effect of different tax laws of subsidiaries operating in other jurisdictions	1,474,183	-
Income tax income for the year	1,474,183	-

Deferred income tax assets and liabilities:

	1.1.2008 to 31.12.2008	1.1.2007 to 31.12.2007
	AED'000	AED'000
Deferred tax assets	-	-
Deferred tax liabilities	(382,026)	-
Net	(382,026)	-

The movements for the year in the net deferred tax position are as follows:

	2008
	AED'000
At 1 January	-
Fair value adjustment arising from business combination (note 7)	(2,131,438)
Charge to consolidated income statement	290,129
Deferred tax credits for impairment losses (refer above)	1,415,851
Other adjustments	43,432
At 31 December	(382,026)

[1] The deferred tax liabilities are in respect of the excess of the carrying amount over the written down value of property, plant and equipment and intangible assets.

As at 31 December 2008, the Group has unremitted dividend income amounting to AED23,143 thousand (2007: AED Nil). No deferred tax liability has been set up as at end of the financial year as there is no intention to remit the dividend that is not tax-exempt into Singapore.

Subject to the agreement of the relevant tax authorities, the Group's tax losses or unrecovered cost pools as at 31 December 2008 amounting to AED1,118 million are available for offset against future taxable income. Deferred tax assets have not been recognized due to uncertainties concerning the ability of the relevant subsidiaries to generate taxable income in the foreseeable future.

The Group has entered into various exploration and production sharing agreements. These agreements prescribe that any income tax liability of the Group will cash outflow in relation to taxation, the Group does not recognise any income, expense, tax asset or liability for either current or deferred taxation in relation to these operations.

36. government grants

non-monetary government grants

(i) land

The Group has received the following parcels of land by way of Government grants. The Madinat Zayed land has been identified for the purpose of construction of a sub-electricity station for the Masdar City Project and, accordingly, has been recorded as Property, Plant & Equipment at nominal value.

A portion of Khalifa City land has been identified for the purpose of construction of Zayed University and, accordingly, has been recorded as Property, Plant & Equipment at nominal value.

land identification	granted in year	area in square feet	carrying amount as at 31 Dec 2008	carrying amount as at 31 Dec 2007	recognized as[7]
AED in thousands					
future economic benefits established					
Madinat Zayed[1]	2008	143,111,825	-	-	PPE
Zayed Sports City	2006	13,908,275	1,946,050	2,000,000	Inventory
Sowwah Island - Abu Dhabi Financial Centre[3]	2006	1,723,144	1,058,452	314,000	IP
Sowwah Island – Cleveland Clinic[3]	2006	1,007,132	-	-	PPE
Sowwah Island – Plots for sale[4]	2006	718,109	106,217	-	Inventory
New Fish Market	2006	484,452	26,674	30,000	IP
East Al Reem Island – Paris-Sorbonne University Abu Dhabi	2006	1,076,390	-	-	PPE
Old Fish Market – New York Institute of Technology	2006	164,048	-	-	PPE
New Head Quarter Building	2004	102,675	-	-	PPE
Khalifa City - Zayed University[2]	2006	8,317,643	-	-	PPE
future economic benefits uncertain[5]					
Masdar City Land[6]	2008	59,856,786	-	-	N/a
Al Falah City	2007	23,118,653	-	-	N/a
Mina Zayed	2007	160,000	-	-	N/a
Khalifa City (remaining portion)	2006	79,050,908	-	-	N/a
Al Sowwah Island (remaining portion)[3]	2006	9,883,651	-	-	N/a
Public Work Site	2006	898,486	-	-	N/a
East Al Reem Island (remaining portion)	2006	2,195,839	-	-	N/a
Military City	2004	22,000	-	-	N/a
Abu Al Habil (Little Yas Island)	2008	39,747,609	-	-	N/a
Lulu Island (40% held by the Group)	2008	198,470,135	-	-	N/a

non-monetary government grants

1. The Madinat Zayed land has been identified for the purpose of construction of a sub-electricity station for the Masdar City Project and, accordingly, has been recorded as Property, Plant & Equipment at nominal value.

2. A portion of Khalifa City land has been identified for the purpose of construction of Zayed University and, accordingly, has been recorded as Property, Plant & Equipment at nominal value.

3. On Sowwah Island, out of the total land area of 13,332,036 square feet, an area of 1,007,132 square feet has been allocated for the Cleveland Clinic Project, which is a Government of Abu Dhabi project. No future economic benefit from this project is likely to flow to the Group. Furthermore, approximately 1,723,144 square feet of land has been allocated for construction of the Abu Dhabi Financial Centre which has been recognized as investment property.

4. During the year, the Group identified and earmarked certain plots of land for sale at Sowwah Island. Accordingly, these plots of land have been classified as inventory.

5. Management is of the view that the determination of a value for these parcels of land is not possible since reliable estimates of fair value are not available, the future use of these sites, is unknown and there is a possibility that they will not be used for commercial purposes and may, possibly, revert to the Government. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of these parcels of land, and therefore, such properties have not been recognized in the books of the Group.

The cost of construction of the Masdar City is likely to be significant and is unknown at this point in time. As the Project is in its early stage, there is neither a lease rental program nor any firm commitment from any tenant. As the Project is being developed to be a carbon neutral, zero waste city, the cost of such construction is likely to be much higher than that of other developments in the region and the rental income difficult to reliably estimate.

In addition whilst the Government of Abu Dhabi has publicly announced support for the Project and management is confident of receiving such support in the form of government grants, the extent of such support is uncertain.

Therefore, based on management's best estimates, the possibility that future economic benefits from the development will flow to the Group is uncertain and therefore the land has not been recognized as an asset in the financial statements, in line with the Group's accounting policies for land received by way of Government grant.

7. In the above table, PPE stands for property, plant and equipment and IP stands for investment property.

(ii) helicopters and helicopter spare parts
The Group received helicopters and helicopter spare parts in prior years from the Government as a grant with a condition to use them to meet the Group's objectives.

(iii) use of land for construction of buildings
The UAE Armed Forces, General Head Quarters, has granted certain subsidiaries the right to use certain plots of land, owned by the UAE Armed Forces, free of charge.

monetary government grants for investments

During 2006, the Group received a government grant of US$100 million equivalent to AED367.35 million, from the Government of Abu Dhabi for investment in the Masdar Clean Tech Fund L.P. ('the Fund'), registered in the Cayman Islands. As at 31 December 2008 the Group had an outstanding commitment to invest an additional AED127 million (2007: AED192.94 million) in the Fund.

37. financial instruments

(a) credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		2008	2007
	note	AED'000	AED '000
Investment held-to-maturity	19	-	31,000
Financial assets at fair value through profit or loss	19	836,006	-
Investments available for sale-unquoted shares	19	3,549,710	5,563,055
Loans	20	6,483,668	183,921
Investment in unquoted embedded derivatives	21	909,192	1,515,319
Other assets	21	45,562	-
Trade receivables	23	310,197	100,309
Other receivables	23	1,960,740	588,942
Advances to contractors	23	2,162,943	134,658
Amounts due from related parties	23	2,917,082	526,646
Assets held for sale	24	3,314,470	-
Cash at bank	25	3,021,752	1,090,633
		25,511,322	9,734,483

impairment losses
The aging of trade receivables at the reporting date was:

	2008	2007
	AED'000	AED '000
Current	226,471	61,854
Past due 30 - 120 days	18,643	27,943
Past due 121- 180 days	57,034	5,403
Above 180 days	8,049	5,109
	310,197	100,309

impairment provision

	2008	2007
	AED'000	AED '000
Current	384	113
Past due 30 - 120 days	630	615
Past due 121- 180 days	1,285	338
Above 180 days	1,837	558
	4,136	1,624

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

	2008	2007
	AED'000	AED '000
Balance at 1 January	1,624	-
Provision during the year	4,025	1,624
Written off during the year	(1,513)	-
Balance at 31 December	4,136	1,624

The allowance account in respect to trade receivables is used to record impairment losses until the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

As at the balance sheet date, the amount due from related parties was AED2,917,082 thousand. These are mainly receivable from the Government of Abu Dhabi and are expected to be recovered within 1 year from the balance sheet date.

37. financial instruments

(b) liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

		2008					2007				
	note	carrying value	contractual cash flows	1 year or less	1-5 years	more than 5 years	carrying value	contractual cash flows	1 year or less	1-5 years	more than 5 years
		AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
non - derivative financial liabilities											
Payables and accruals	26	3,428,849	(3,428,849)	(3,428,849)	-	-	844,739	(844,739)	(844,739)	-	-
Interest bearing loans	28	12,642,593	(13,122,002)	(10,502,946)	(2,144,353)	(474,703)	12,293,850	(13,686,545)	(2,140,622)	(11,361,725)	(184,198)
Amounts due to related parties	26	242,095	(242,095)	(242,095)	-	-	231,805	(231,805)	(231,805)	-	-
Other liabilities	29	693,847	(693,847)	-	(39,619)	(654,228)	31,073	(31,073)	-	(23,757)	(7,316)
Bank overdraft	25	2,871	(2,871)	(2,871)	-	-	1,013	(1,013)	(1,013)	-	-
Amount due to jointly controled entity	18(b)	452,739	(452,739)	(452,739)	-	-	68,295	(68,295)	(68,295)	-	-
derivative financial liabilities											
Forward contracts to acquire equity instruments	27	3,837,137	(3,837,137)	-	(3,837,137)	-	-	-	-	-	-
Derivatives used for hedging	27	578,933	(578,933)	(20,197)	(282,714)	(276,022)	-	-	-	-	-
Economic hedges	27	183,681	(183,681)	-	(15,558)	(168,123)	-	-	-	-	-
Other derivatives	27	83,459	(83,459)	(83,459)	-	-	23,172	(23,172)	(23,172)	-	-
		22,146,204	(22,625,613)	(14,733,156)	(6,319,381)	(1,573,076)	13,493,947	(14,886,642)	(3,309,646)	(11,385,482)	(191,514)

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and impact the consolidated income statement:

	2008					2007				
	carrying value	contractual cash flows	1 year or less	1-5 years	more than 5 years	carrying value	contractual cash flows	1 year or less	1-5 years	more than 5 years
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
derivative financial liabilities										
Forward exchange contracts used for hedging cash outflows	29,848	(31,425)	(10,284)	(21,141)	-	-	-	-	-	-
Interest rate swaps used for hedging	549,085	(634,927)	(10,299)	(282,313)	(342,315)	-	-	-	-	-
	578,933	(666,352)	(20,583)	(303,454)	(342,315)	-	-	-	-	-

The hedging relationships to which the above derivatives relate are substantially identical in relation to the notional amount and critically matched in relation to other terms. Accordingly, cash-flows are expected to occur and affect the consolidated income statement simultaneously.

liquidity risk continued

The current economic environment is challenging and the Group has reported an operating loss for the year. The directors consider that the outlook presents significant challenges specifically in terms of equity price risk and the performance of certain jointly controled entities in Europe and America. The Group's strategy to address its liquidity risk and obtain funding for its sustenance and growth is as follows:

- The Government of Abu Dhabi, the shareholder, has contributed AED22 billion in 2008 and also has approved the budgeted contribution up to AED21 billion for the year ending 31 December 2009;
- The Group has existing undrawn facilities with banks to meet its budgetary requirements on certain projects;
- The Group has commenced discussions with various bankers for alternative sources of raising funds for meeting the remaining budgetary requirement for the year ending 31 December 2009, and expect that the results of such discussions will enable the Group to have access to the requisite funds.

Based on the above, the directors believe that the Group will be able to meet its obligations as they become due during the year ending 31 December 2009.

(c) currency risk

exposure to currency risk
The Group's exposure to foreign currency risk was as follows, based on notional amounts:

	2008	2007
	Euro'000	Euro'000
Financial assets at fair value through profit or loss	60,855	-
Available for sale financial assets	108,943	117,084
Loans	9,750	30,250
Asset held for sale	639,780	-
Interest bearing loans	(773,265)	(775,000)
Cash and cash equivalents	5,024	45,840
Net Exposure	51,087	(581,826)

The following significant exchange rate applied during the year:

	2008	2007
	AED	AED
Euro 1 (closing rate)	5.1806	5.4115
Euro 1 (average rate)	5.4057	5.0345

sensitivity analysis
A 10% strengthening of the AED against the Euro at 31 December would have increased (decreased) equity and consolidated profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2007.

	income	equity statement
	AED'000	AED'000
31 December 2008 Euro	(56,439)	29,973
31 December 2007 Euro	(79,730)	394,585

A 10% weakening of the AED against the Euro at 31 December would have equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) interest rate risk

At reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2008	2007
	AED'000	AED'000
fixed rate instruments		
Financial assets	2,981,676	1,084,605
Financial liabilities	(41,275)	(38,429)
	2,940,401	1,046,176
variable rate instruments		
Financial assets	282,011	116,583
Financial liabilities	(12,601,318)	(12,255,420)
	(12,319,307)	(12,138,837)

fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates would not affect consolidated income statement.

cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on same basis for 2007

	31 december 2008 (In thousands of AED)			
	recognized in consolidated income statement as profit/ (loss)		recognized in equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	(123,193)	123,193	-	-
Cash flow sensitivity net	(123,193)	123,193	-	-

	31 december 2007 (In thousands of AED)			
	recognized in consolidated income statement as profit/ (loss)		recognized in equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	(121,388)	121,388	-	-
Cash flow sensitivity net	(121,388)	121,388	-	-

(e) fair value

Fair value versus carrying amounts

The fair values of the financial assets and liabilities, together with their carrying amounts shown in the balance sheet, are as follows:

	31 december 2008		
	note	carrying amount AED'000	fair value AED'000
financial assets at fair value through			
Profit or loss	19	3,977,047	3,977,047
available for sale financial asset			
Quoted securities	19	4,377,927	4,377,927
Unquoted securities[1]	19	3,549,710	-
Loans and other receivables	20, 23	13,834,630	13,049,967
Unquoted embedded derivatives[1]	21	909,192	-
Other assets	21	45,562	45,562
Assets held for sale	24	3,314,470	3,314,470
Cash and cash equivalents	25	3,019,344	3,019,344
Payables and accruals	26	(3,670,944)	(3,670,944)
derivatives			
Forward contracts to acquire equity instruments	27	(3,837,137)	(3,837,137)
Cash flow hedges	27	(578,933)	(578,933)
Interest rate swaps used as economic hedges	27	(183,681)	(183,681)
Other derivatives	27	(83,459)	(83,459)
Interest bearing loans	28	(12,642,593)	(12,642,593)
		12,031,135	6,787,570

	31 december 2007		
	note	carrying amount AED'000	fair value AED'000
available for sale financial asset			
Quoted securities	19	12,256,488	12,256,488
Unquoted securities[1]	19	5,563,055	-
Held to maturity investments	19	31,000	29,760
Cash and cash equivalents	25	1,089,982	1,089,982
Loans and other receivables	20, 23	1,534,476	1,534,476
Unquoted embedded derivatives[1]	21	1,515,319	-
Interest rate swap - liability	27	(23,172)	(23,172)
Payables and accruals	26	(1,076,544)	(1,076,544)
Interest bearing loans	28	(12,293,850)	(12,293,850)
		8,596,754	1,517,140

[1] Unquoted equity instruments and unquoted embedded derivatives are carried at cost less impairment, since no reliable measure of fair value is available. The 2007 consolidated financial statements disclosed the fair values of the unquoted investments to be equal to their carrying amounts. This has been adjusted in the current consolidated financial statements.

38. accounting estimates and judgments

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following Judgments that have the most significant effect on the amounts of assets and liabilities recognized in the consolidated financial statements. Estimates and Judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

impairment losses and determination of fair values

The Group reviews its investments in equity accounted investees, other investments and receivables to assess impairment losses at each reporting date (refer note 3(s)). The Group's credit risk is primarily attributable to its held to maturity investments, unquoted available for sale investments, trade and other receivables and other items disclosed in note 37(a). In determining whether impairment losses should be recorded in the consolidated income statement, the Group makes Judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows on a case by case basis. Accordingly, an allowance for impairment is made where there is an identified loss event or a condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

determination of fair values

Refer to notes 4 and 19 for determination of fair values of investment properties and financial instruments.

Estimated useful lives of property, plant and equipment

Refer to note 3(k) for details of the estimated useful lives of property, plant and equipment.

quantities of proved crude oil and natural gas reserves

Depreciation on certain of the Group's property, plant and equipment is estimated on the basis of crude oil and natural gas reserves. There are numerous uncertainties inherent in estimating quantities of proved and probable crude oil reserves. Crude oil reserve engineering is a subjective process of estimating underground volumes of crude oil that cannot be precisely measured, and estimates of other engineers might differ materially from the estimates utilized by the Group. The accuracy of any reserve estimate is a function of the quality of available data and associated engineering and geological interpretations and Judgments. Results of drilling, testing, and production subsequent to the date of the estimate may justify the revision of such estimates. Accordingly, reserve estimates are often different from the quantities of crude oil and natural gas that are ultimately recovered. The Group's share of the crude oil and natural gas that may be ultimately recovered from the joint ventures is subject to the production sharing agreements.

project expenses

As stated in note 3(e) project expenses on project related property, plant and equipment are carried as an asset in the consolidated balance sheet when there is reasonable certainty that the project will be developed and future economic benefits will flow to the Group. In the absence of such certainty, such expenses are charged to the consolidated income statement. Management assesses the progress of each project at each reporting date to determine the probability of a successful completion of the project, in order to estimate the amount of such expenditure to be charged to the consolidated income statement. There is considerable judgement involved in the process of such estimation.

possibility of future economic benefits from land received as government grants

Refer to notes 3(h) and 36 for a description of Judgments and estimates to ascertain the possibility of future economic benefits from land received as government grants.

decommissioning liabilities

Management periodically assesses the numerous uncertainties inherent in estimating the decommissioning and other environmental liabilities, including Judgments relating to cost estimation and the timing of these costs (refer note 29).

39. comparative figures

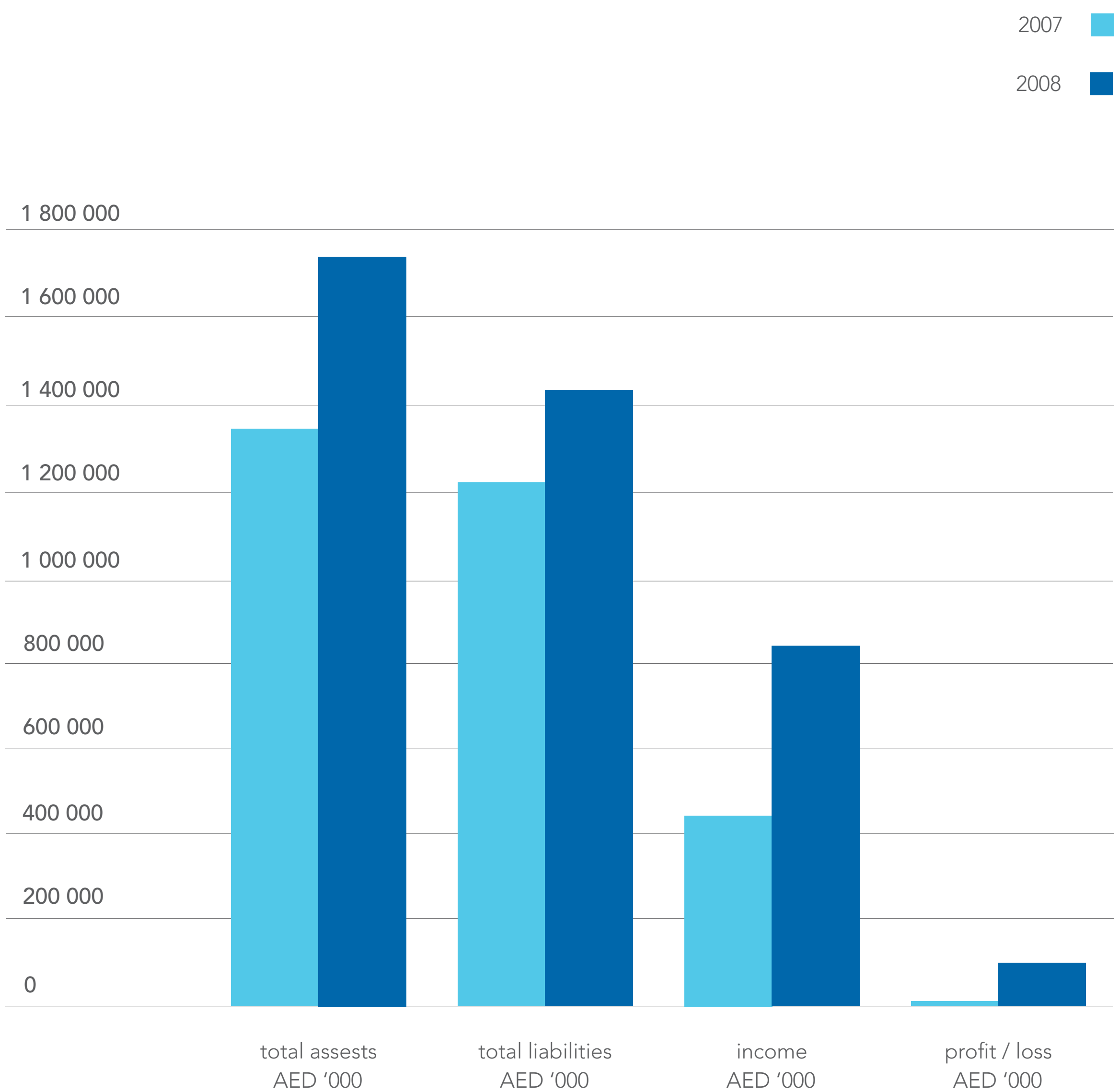
Certain comparative figures have been reclassified, where necessary, to conform to the presentation adopted in these consolidated financial statements. Also refer note 3(b) for details of changes in accounting policies as adopted during the year.

[1]Others include motor vehicles, medical and laboratory equipment, [2]Certain helicopters and helicopter spare parts that were received by a subsidiary in prior years, as a government grant, are recorded above at nominal value (refer note 36), [3]The UAE Armed Forces, General Head Quarters, has granted certain subsidiaries the right to use the land free of charge. Such land does not form part of these consolidated financial statements, [4]Includes land recorded at nominal value, carrying amount of which is insignificant.

schedule I : property, plant and equipment

	land & buildings[3, 4]	oil and gas assets	furniture, fixtures and equipment	aircraft & aircraft spare parts[2]	computers	others[1]	capital work in progress	total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
cost								
Balance at 1 January 2007	38,429	120,267	39,110	2,331	36,116	9,426	5,429,390	5,675,069
Additions	-	146,449	60,027	5,495	13,486	6,480	1,671,287	1,903,224
Transfers	-	3,911,552	-	6,990	-	-	(3,997,026)	(78,484)
Disposals	-	-	(11,839)	-	(8)	-	-	(11,847)
Balance at 31 December 2007	38,429	4,178,268	87,298	14,816	49,594	15,906	3,103,651	7,487,962
Balance at 1 January 2008	38,429	4,178,268	87,298	14,816	49,594	15,906	3,103,651	7,487,962
Additions	16,735	847,464	81,673	5,131	19,639	3,615	4,988,830	5,963,087
Acquisitions in business combination	-	919,168	10,451	-	-	-	2,278	931,897
Transfers	11,356	3,306,257	-	3,017	-	-	(3,320,630)	-
Disposals	-	-	(1,904)	-	(3,779)	(792)	(85)	(6,560)
Balance at 31 December 2008	66,520	9,251,157	177,518	22,964	65,454	18,729	4,774,044	14,376,386
accumulated depreciation								
Balance at 1 January 2007	897	10,795	15,679	2,331	16,619	788	-	47,109
Charge for the year	1,537	144,684	12,682	1,846	12,427	3,282	-	176,458
Disposals	-	-	-	-	(2)	-	-	(2)
Balance at 31 December 2007	2,434	155,479	28,361	4,177	29,044	4,070	-	223,565
Balance at 1 January 2008	2,434	155,479	28,361	4,177	29,044	4,070	-	223,565
Charge for the year	2,623	1,410,772	29,086	2,239	16,633	3,920	-	1,465,273
Disposals	-	-	(148)	-	(322)	(16)	-	(486)
Impairment	-	15,694	-	-	-	-	-	15,694
Balance at 31 December 2008	5,057	1,581,945	57,299	6,416	45,355	7,974	-	1,704,046
carrying amounts								
At 1 January 2007	37,532	109,472	23,431	-	19,497	8,638	5,429,390	5,627,960
At 31 December 2007	35,995	4,022,789	58,937	10,639	20,550	11,836	3,103,651	7,264,397
At 31 December 2008	61,463	7,669,212	120,219	16,548	20,099	10,755	4,774,044	12,672,340

abu dhabi ship building PJSC
comparative figures 2007 / 2008



39. comparative figures (continued)

Summarized financial information on associates (excluding those that are dormant) not adjusted for the percentage ownership held by the Group:

schedule II

	ownership interest	total assets	total liabilities	income	profit / (loss)
		AED'000	AED'000	AED'000	AED'000
2008					
Abu Dhabi Ship Building PJSC(ADSB)[1]	40%	1,715,140	1,433,822	842,214	103,176
Tanqia Free Zone Company	30%	685,163	524,112	-	-
Emirates Ship Investment Company LLC	33%	995,985	830,009	297,458	(92,227)
The John Buck Company LLC	24.9%	73,364	24,783	106,094	20,790
Spyker Cars N.V.[2]	22.8%	356,024	200,113	39,912	(97,810)
		3,825,676	3,012,839	1,285,678	(66,071)
2007					
Abu Dhabi Ship Building PJSC(ADSB)[1]	40%	1,379,969	1,227,855	448,290	26,044
Tanqia Free Zone Company	30%	433,161	373,161	-	-
Emirates Ship Investment Company LLC	33%	799,053	540,184	360,312	75,564
		2,612,183	2,141,200	808,602	101,608

[1]The fair value of the Group's investment in ADSB, a quoted investment, amounted to AED267 million as at 31 December 2008 (AED389 million as at 31 December 2007).

[2]The fair value of the Group's investment in Spyker Cars N.V., a quoted investment, amounted to AED47.5 million as at 31 December 2008.

39. comparative figures (continued)

Summary financial information for significant jointly controled entities, not adjusted for the percentage ownership of the Group:

schedule III

	ownership interest	non current assets	current assets	total assets	non current liabilities	current liabilities	total liabilities	income	expenses	profit / (loss)
		AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
2008										
Dolphin Energy Limited	51%	5,107,623	10,734,103	15,841,726	60,198	13,939,077	13,999,275	5,323,982	3,492,180	1,831,802
Global Mobility Holdings B.V. ('GMH')[1]	25%	82,599,699	14,812,637	97,412,336	35,451,586	49,579,973	85,031,559	26,309,300	25,396,937	912,363
Piaggio Aero Industries S.P.A.	31.5%	1,149,838	1,970,311	3,120,149	984,643	1,302,910	2,287,553	1,426,033	1,518,244	(92,211)
Takeoff Luxco 1 S.a.r.l.	36%	6,309,330	1,878,749	8,188,079	5,088,559	5,570,794	10,659,353	5,754,629	7,373,351	(1,618,722)
SMN Power Holding Company S.A.O.C.	47.5%	2,436,280	158,251	2,594,531	2,792,676	166,748	2,959,424	297,256	297,546	(290)
Algerian Utilities International Limited	49%	2,728,774	144,567	2,873,341	2,132,702	47,934	2,180,636	-	140,053	(140,053)
Emirates Aluminium Company Limited PSC	50%	7,045,013	383,679	7,428,692	6,496,383	1,331,662	7,828,045	-	187,084	(187,084)
Guinea Alumina Corporation Limited	8.33%	1,937,368	67,481	2,004,849	1,444	1,515,601	1,517,045	2,592	7,591	(4,999)
Al Maabar International Investments Company	20%	70,715	2,203,371	2,274,086	1,837,813	7,025	1,844,838	-	26,514	(26,514)
MDC NG BV	30%	1,507,601	467,772	1,975,373	1,114,070	464,430	1,578,500	38,901	491,928	(453,027)
2007										
Dolphin Energy Limited	51%	13,411,691	1,007,546	14,419,237	12,326,018	1,200,930	13,526,948	1,397,168	1,308,263	88,905
Global Mobility Holdings B.V.	25%	80,902,877	13,968,045	94,870,922	40,837,197	40,699,145	81,536,342	27,224,970	25,956,460	1,268,510
Piaggio Aero Industries S.P.A.	35%	1,185,210	1,570,109	2,755,319	1,121,669	1,196,023	2,317,692	1,257,800	1,366,939	(109,139)
Takeoff Luxco 1 S.a.r.l.	36%	6,971,691	1,674,232	8,645,923	6,155,044	1,978,742	8,133,786	6,070,756	6,793,040	(722,284)
SMN Power Holding Company S.A.O.C.	47.5%	1,684,028	123,367	1,807,395	1,711,465	131,680	1,843,145	239,057	247,858	(8,801)
Algerian Utilities International Limited	49%	2,183,257	827,929	3,011,186	1,902,361	374,373	2,276,734	48	85,949	(85,901)
Emirates Aluminium Company Limited PSC	50%	1,447,995	177,926	1,625,921	1,193,153	438,160	1,631,313	1,649	57,042	(55,393)
Guinea Alumina Corporation Limited	8.33%	1,076,818	139,338	1,216,156	-	878,455	878,455	964	17,835	(16,871)

[1]During 2008 the Group has given notice for exercise of its put option which will materialise in 2009 (refer note 18(b)). Accordingly the Group's interest in GMH is no longer treated as an investment in a joint venture but has been classified as asset held for sale.

40. summary of oil and gas reserves (unaudited)

There are numerous uncertainties inherent in estimating quantities of proved crude oil and natural gas reserves. Crude oil and natural gas reserve engineering is a subjective process of estimating underground volumes of crude oil that cannot be precisely measured, and estimates of other engineers might differ materially from the estimates set forth herein. The accuracy of any reserve estimate is a function of the quality of available data and the engineering and geological interpretation and judgement. Results of drilling, testing, and production subsequent to the date of the estimate may justify the revision of such estimates. Accordingly, reserves estimates are often different from the quantities of crude oil and natural gas that are ultimately recovered.

The Group's share of crude oil and natural gas that may be ultimately recovered from joint ventures is subject to the production sharing agreements.

proved gas reserves (unaudited)

The following reserve schedule was developed by the Group's reserve engineers and sets out the changes in the estimated quantities of proved gas reserves of the group:

natural gas (billion SCF)	2008	2007
proved reserves as of:		
1 January	2,176	2,885
Revision of previous estimates / additions during the year	308	(670)
Production during the year	(166)	(39)
31 December	2,318	2,176
proved developed reserves as of:		
31 December	2,318	2,176

proved condensate reserves (unaudited)

The following reserve schedule was developed by the Group's reserve engineers and sets out the changes in the estimated quantities of proved condensate reserves of the Group:

condensate (million STB)	2008	2007
proved reserves as of:		
1 January	99	110
Revision of previous estimates / additions during the year	11	(9)
Production during the year	(8)	(2)
31 December	102	99
proved developed reserves as of:		
31 December	102	99

proved crude oil reserves (unaudited)

The following reserve schedule was developed by the Group's reserve engineers and sets out the changes in the estimated quantities of proved crude oil reserves of the Group:

crude oil (million STB)	2008	2007
proved reserves as of:		
1 January	4.9	2.1
Revision of previous estimates / additions during the year	32.8	3.3
Production during the year	(5.3)	(0.5)
31 December	32.4	4.9
proved developed reserves as of:		
31 December	17.2	1.4

*Proved reserve*s - Proved reserves are estimated quantities of crude oil, natural gas, natural gas liquids and condensate liquids, which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved developed reserves - Proved developed reserves are proved reserves that are expected to be recovered through existing wells with existing equipment and operating methods.

The information set out above does not form part of the audited consolidated financial statements and is included solely for the information of management.

a selection of mubadala investments

as on 31 December 2008

- Abu Dhabi Finance PSC 20%
- Abu Dhabi Future Energy Company PSC 100%
- Abu Dhabi Knee & Sports Medicine Centre LLC 100%
- Abu Dhabi Molecular Imaging Centre LLC 100%
- Abu Dhabi Ports Operating Company - Abu Dhabi Terminals PSC 50%
- Abu Dhabi Ship Building PJSC 40%
- Advanced Micro Devices, Inc. 8.1%
- Agility (Abu Dhabi) PSC 36.5%
- Al Hikma Development Company PSC 100%
- Al Maabar International Investments LLC 20%
- Al Maqsad Development Company PSC 100%
- Al Taif Technical Services PSC 100%
- Al Waha Capital PJSC 14.7%
- ALDAR Properties PJSC 19.06%
- Al Yah Satellite Communications Company PSC (Yahsat) 100%
- Cleveland Clinic Abu Dhabi LLC 100%
- Dolphin Energy Limited 51%
- Dunia Finance Company LLC 31%
- Emerging Markets Telecommunications Company (Etisalat Nigeria) 30%
- Emirates Aluminium Company Limited 50%
- Emirates Integrated Telecommunications Company PJSC (du) 19.72%
- Emirates Ship Investment Company LLC 32.9%
- Ferrari S.p.A. 5%
- Guinea Alumina Corporation Limited 8.33%
- Horizon International Flight Academy LLC 100%
- Imperial College London Diabetes Centre 100%
- Injazat Data Systems LLC 60%
- Iskandar (Holdings) Company Ltd. 22.2%
- John Buck International Properties LLC 51%
- Khadamat Facilities Management Company LLC 51%
- KOR Hotel Group 50%
- LeasePlan Emirates Fleet Management LLC 51%
- LeasePlan Corporation NV 25%
- London Array Limited 20%
- Manhal Development Company PSC 100%
- Masdar Clean Tech Fund, L.P. 40%
- Mubadala CapitaLand Real Estate LLC 51%
- Mubadala Petroleum Services Company LLC 100%
- National Central Cooling Company PJSC (Tabreed) 15.79%
- National Reference Laboratory 100%
- New Asset Management 1* 49%
- Pearl Energy Limited 100%
- Petrofac Emirates LLC 51%
- PF Emirates Interior LLC 51%
- Piaggio Aero Industries S.p.A. 31.5%
- PSN Emirates LLC 51%
- Related Companies 7.5%
- Shariket Khraba Hadjret En Nouss 25%
- SMN Barka Power Company S.A.O.C. 47.5%
- Spyker Cars N.V. 22.8%
- SR Technics 36%
- Tanqia FZC 30%
- The Carlyle Group 7.50%
- The John Buck Company 24.9%
- Torresol Energy Investments SA 40%

*Joint venture between Mubadala and Veolia Eau, expected to be branded "Azaliya"

directors' report

Group's activities and results for the year ended 31 December 2008

The Directors submit to the Shareholder the Consolidated Balance Sheet as on 31 December 2008 and the Consolidated Income Statement for the year then ended. The Group incured a consolidated net loss of AED11.4 billion during the year. During 2008, total assets of the Group increased from AED39 billion to AED54 billion and the net assets for the Group increase from AED25 billion to AED31 billion.

For and on behalf of the Board of Directors

Chief Executive Officer & Managing Director

Date: 8 April 2009

Note: Consolidated net loss and net assets above exclude minority interests.

abu dhabi: the home of mubadala

Abu Dhabi city is the capital of the United Arab Emirates.

The largest and wealthiest of the seven municipalities, Abu Dhabi Emirate occupies over 85 percent of the UAE's landmass and is home to 95 percent of the oil and 92 percent of the country's gas reserves. However, the real story of Abu Dhabi is far broader than oil and gas.

Abu Dhabi is experiencing rapid growth, breath-taking diversification and strategic liberalization of the economy. Decision makers have taken bold and deliberate steps to drive growth in new areas of the local economy, and facilitate greater engagement with the world.

Seeking to ensure the Emirate's continued socio-economic progress, the Government of Abu Dhabi outlined nine strategic priority areas:

- A large empowered private sector
- Premium education, healthcare and infrastructure assets
- The creation of a sustainable knowledge based economy
- An optimal transparent regulatory environment
- Complete international and domestic security
- A continuation of strong and diverse international relationships
- The optimization of the Emirate's resources
- The maintenance of Abu Dhabi's values, culture and heritage
- A significant and ongoing contribution to the federation of the United Arab Emirates

These pillars were established to ensure delivery of the Government of Abu Dhabi's primary goals: a safe and secure society complemented by a sustainable, transparent and globally competitive economy.

www.abudhabi.ae

united arab emirates: at a glance

The United Arab Emirates (UAE) is a young, emerging nation, currently experiencing rapid levels of growth.

Founded on 2nd December 1971, the UAE is a federation of seven states, known locally as Emirates. The seven municipalities are Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain.

Situated along the southeastern tip of the Arabian Peninsula, the UAE's coastlines form the south and southeastern shores of the Arabian Gulf and part of the western shores of the Gulf of Oman. The UAE shares land borders with Oman and Saudi Arabia.

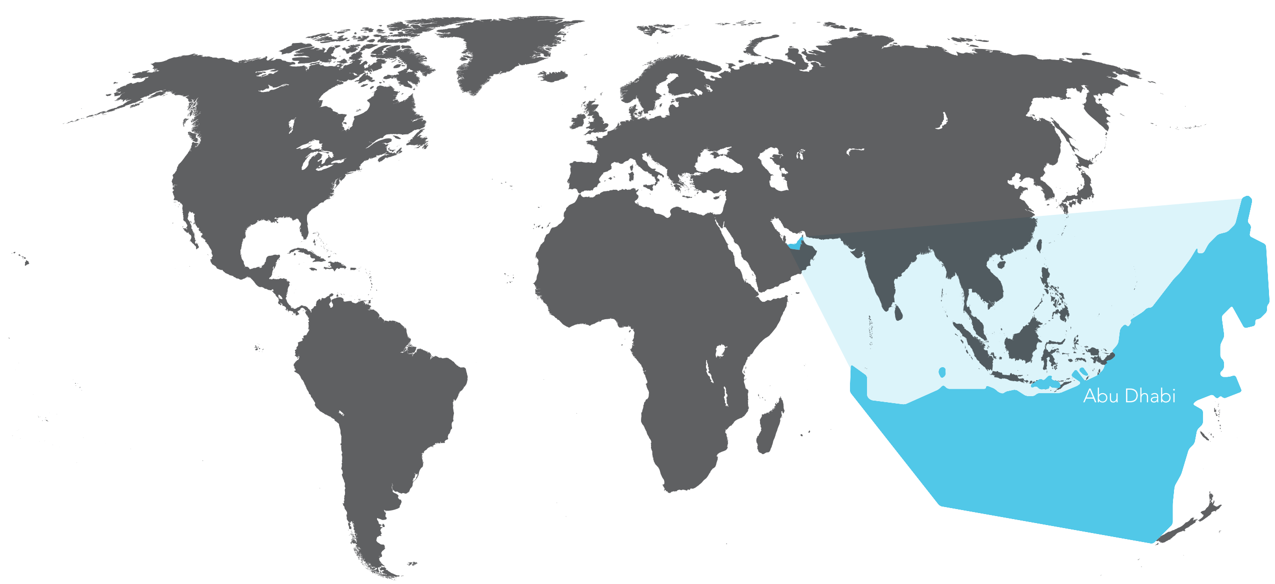
Country Profile

- **Population:** 4.76 million
- **Capital:** Abu Dhabi
- **Currency:** Emirati dirham (Dh or AED)
- **President:** His Highness Sheikh Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi

The UAE has a vibrant economy with a significant annual trade surplus.

Economy

- **2008 GDP:** AED991 billion (US $270 billion)
- **Real GDP growth rate:** 8.5% (2008 estimate)
- **Non-oil sector contribution to nominal GDP:** 62% (2008)
- **Industries:** oil and gas, petrochemicals, aluminum, cement, ceramics, ship repair, pharmaceuticals, tourism, transport, real estate, financial services, aerospace.
- **Oil exports:** 2.2 million barrels of crude oil per day, world's third largest exporter of crude oil
- **Oil reserves:** 97.8 billion barrels, sixth largest in the world
- **Natural gas reserves:** 212 trillion cubic feet, fifth largest in the world.



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