Mamoura Diversified Global Holding PJSC

BOARD OF DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

Mamoura Diversified Global Holding PJSC

Consolidated financial statements

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BOARD OF DIRECTORS' REPORT

For the year ended 31 December 2024

The Board of Directors is pleased to present the consolidated financial statements of Mamoura Diversified Global Holding PJSC (the "Company" or "MDGH") and its subsidiaries (together the "Group") for the year ended 31 December 2024.

Financial Highlights

The financial performance of MDGH for the year ended 31 December 2024 is reflective of significant transactions entered into by the Group during the year and improved returns on the Group's investment portfolio. Nova, a material subsidiary of the Group, has been classified as held for sale, disposals of previously held for sale assets such as OMV and Yahsat have been completed, the Group has acquired new subsidiaries such as Kelix Bio, new associates such as Space42 and Fortress and invested in new financial assets such as MGX I LP, CRC Group *(previously known as Truist Insurance Holdings)*, among others. Details of significant transactions are disclosed in Notes 4, 5, 17 and 19 to the consolidated financial statements.

Revenue for the year ended 31 December 2024 was AED 39,528 million as compared to AED 39,507 million (as reclassified) for the year ended 31 December 2023.

Profit for the year attributable to the Owner of the Company was AED 37,376 million for the year ended 31 December 2024 as compared to AED 29,940 million for the year ended 31 December 2023 and total comprehensive income for the year attributable to the Owner of the Company for the year ended 31 December 2024 was AED 35,469 million compared to AED 29,881 million for the year ended 31 December 2023.

Total assets were AED 596,168 million as at 31 December 2024 as compared to AED 539,422 million as at 31 December 2023. Total liabilities were AED 211,742 million as at 31 December 2024 as compared to AED 197,281 million as at 31 December 2023.

Total equity attributable to the Owner of the Company was AED 369,526 million as at 31 December 2024 as compared to AED 331,647 million as at 31 December 2023.

For and on behalf of the Board of Directors,

//Signed//

Waleed Al Mokarrab Al Muhairi
Chairman

//Signed//

Carlos Obeid
Group Chief Financial Officer

18 April 2025

Independent auditor's report to the shareholder of Mamoura Diversified Global Holding PJSC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mamoura Diversified Global Holding PJSC ("MDGH" or the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with applicable ethical and independence requirements of United Arab Emirates that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Independent auditor's report to the shareholders of Mamoura Diversified Global Holding PJSC (continued)

Our audit approach

Overview

Key Audit Matters	• Classification of investments; and • Valuation of non-derivative financial assets measured at fair value and classified as Level 3 in the fair value hierarchy.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Classification of investments	
The Group's principal activity is to invest and manage investments through different holdings in investees, and management is required to make significant judgements in determining the classification of these investments. As part of this, the Group assesses whether it controls, jointly controls or exercises significant influence on the investees considering the applicable IFRS Accounting Standards. We considered this to be a key audit matter in view of the significance of the Group's investment balances to the consolidated financial statements, and the judgements exercised by management in determining the appropriate classification of these investments. Refer to notes 6, 17, 19 and 36 to the consolidated financial statements for further details on the classification of investments as of 31 December 2024.	We have performed the following audit procedures: • Understanding and assessing management's processes in relation to classification of investments during initial recognition and subsequent reassessment; • Assessing the design and implementation of key controls and testing operating effectiveness related to management's process around the classification of investments; • Evaluating management's assessment for a sample of investment transactions made during the year, and evaluating management's judgment in determining appropriate classification of these investments i.e. whether the Group has control, joint control or significant influence over the investees for these samples in accordance with IFRS Accounting Standards; • Obtaining and examining underlying agreements to assess appropriate classification of investments, for a sample of investment transactions made during the year; and • Assessing the adequacy of disclosures made within the consolidated financial statements based on the requirements of IFRS Accounting Standards.

Independent auditor's report to the shareholders of Mamoura Diversified Global Holding PJSC (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter

Valuation of non-derivative financial assets measured at fair value and classified as Level 3 in the fair value hierarchy
 	
As at 31 December 2024, the Group had Level 3 non-derivative financial assets measured at fair value of AED 263,810 million which represents 83% of the total other financial assets - Note 17(b) and 33(d). In accordance with IFRS 13 – 'Fair Value Measurement', the Group determines the fair values of these investments using a combination of valuation approaches such as use of recent transaction prices, market approach, income approach and net asset valuations (NAVs) that use significant unobservable inputs, which require the use of significant estimation or judgement.
 	
These Level 3 non-derivative financial assets measured at fair value include material investments in equity securities, debt securities, funds, loans receivable and convertible bonds (together, "unquoted investments") for which there is a high level of estimation uncertainty.
 	
We determined that the assessment of the fair value of unquoted investments is a key audit matter due to the significance of unquoted investments to the consolidated financial statements and the high degree of estimation uncertainty due to the use of unobservable inputs in the valuation models.
 	
Refer to note 33(d) to the consolidated financial statements for further details on Level 3 non-derivative financial assets measured at fair value including the significant unobservable inputs as of 31 December 2024.
	We have performed the following audit procedures:
	• Understanding and assessing management's process on the valuation of unquoted investments measured at fair value and classified as Level 3 in the fair value hierarchy;
	• Assessing the design and implementation of key controls and testing operating effectiveness related to the valuation of Level 3 non-derivative financial assets;
	• Testing the fair values of a sample of unquoted investments by performing the following procedures:
	    • Involving our internal valuation experts on a sample of investments based on the judgement and complexity of the underlying valuation to assess the appropriateness of valuation methodology adopted, and to evaluate reasonableness of the key unobservable inputs and assumptions, such as discount rate, growth rate, market multiples used in the valuation model;
	    • Obtaining evidence to corroborate and challenge the data supporting valuation assumptions, such as review of available financial information and board approved plans;
	    • Testing mathematical accuracy of the relevant valuation computations applied in management's valuation models; and
	    • Evaluating competencies, capabilities, and objectivity for external valuers involved by management for the samples selected.
	• Obtaining and inspecting NAV statements for a sample of unquoted fund investments, and comparing these with the latest available financial statements of these funds; and
	• Assessing the adequacy of disclosures made within the consolidated financial statements based on IFRS Accounting Standards.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the shareholders of Mamoura Diversified Global Holding PJSC (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and the applicable provisions of Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the shareholders of Mamoura Diversified Global Holding PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021 we report that:

(i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;

Independent auditor's report to the shareholders of Mamoura Diversified Global Holding PJSC (continued)

Report on other legal and regulatory requirements (continued)

(v) as disclosed in notes 6, 17(b), 19 and 33(d) to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2024;

(vi) Note 29 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Further, as required by the ADAA Chairman's Resolution no 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2024:

(i) Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended;

(ii) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and

(iii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

PricewaterhouseCoopers Limited Partnership - Abu Dhabi
18 April 2025

Rami Sarhan
Registered Auditor Number: 1152
Abu Dhabi, United Arab Emirates

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	***2024 AED millions***	*2023 AED millions*
CONTINUING OPERATIONS			
Revenue	9	**39,528**	39,507
Cost of sales	10	**(31,763)**	(28,310)
Gross profit		**7,765**	11,197
Research, development and exploration expenses		**(2,422)**	(1,677)
General and administrative expenses	11	**(8,044)**	(8,463)
Investment income *(net)(see note (i))*	12	**35,518**	27,554
Income from equity accounted investees *(net)(see note (i))*	19(b)	**4,349**	2,088
Other income *(net)*	13	**1,802**	845
Impairment of investments in equity accounted investees *(see note (i))*		**(2,397)**	(519)
Impairment losses related to financial assets at amortised cost *(net)*	33(a)	**(597)**	(1,415)
Profit before net finance expense and taxes		**35,974**	29,610
Finance income *(see note (i))*		**4,463**	4,000
Finance costs		**(7,756)**	(5,704)
Net foreign exchange gain / (loss)		**783**	(333)
Net finance expense		**(2,510)**	(2,037)
Profit before income tax from continuing operations		**33,464**	27,573
Income tax expense (*net)*	23	**(982)**	(862)
Profit for the year from continuing operations		**32,482**	26,711
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations, net of tax	4	**4,755**	3,999
Profit for the year		**37,237**	30,710
Profit / (loss) for the year attributable to:			
Owner of the Company		**37,376**	29,940
Non-controlling interests		**(139)**	770
		37,237	30,710

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued
For the year ended 31 December 2024

	2024 AED millions	*2023 AED millions*
Other comprehensive (loss) / income		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange difference on translation of foreign operations	**(1,014)**	1,034
Gain / (loss) on hedge of net investments in foreign operations *(net)*	**310**	(490)
Share of other comprehensive loss of equity accounted investees	**(923)**	(388)
Effective portion of changes in fair value of cash flow hedges and other reserves	**(316)**	(215)
	(1,943)	(59)
Items that will not be reclassified to profit or loss in subsequent periods		
Re-measurements of defined benefit liability	**(24)**	(49)
Other comprehensive loss for the year, net of income tax	**(1,967)**	(108)
Total comprehensive income for the year	**35,270**	30,602
Total comprehensive income / (loss) for the year attributable to:		
Owner of the Company	**35,469**	29,881
Non-controlling interests	**(199)**	721
	35,270	30,602

(i) See note 40 for changes in comparative figures.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	***2024 AED millions***	*2023 AED millions*
ASSETS			
Cash and cash equivalents	14	**29,649**	23,543
Trade receivables		**5,961**	7,275
Inventories	15	**8,440**	9,272
Receivables, prepayments and other assets	16	**37,098**	52,672
Other financial assets	17	**318,826**	239,086
Investment in equity accounted investees	19(a)	**94,714**	82,995
Investment properties	20	**7,750**	12,162
Property, plant and equipment	21	**40,532**	80,455
Intangible assets	22	**8,049**	6,622
Deferred tax assets	23	**760**	1,235
Assets classified as held for sale	4	**44,389**	24,105
TOTAL ASSETS		**596,168**	539,422
EQUITY AND LIABILITIES			
Liabilities			
Trade and other payables		**3,355**	4,260
Other liabilities	25	**35,162**	31,141
Borrowings and lease liabilities	26	**143,561**	148,888
Provisions		**1,582**	3,673
Deferred tax liabilities	23	**1,051**	5,215
Liabilities directly associated with assets classified as held for sale	4	**27,031**	4,104
Total liabilities		**211,742**	197,281
Equity			
Share capital	27	**56,136**	56,136
Additional shareholder contributions	29(d)	**117,860**	117,860
Shareholder current account		**47,168**	46,669
Retained earnings		**146,745**	107,777
Other reserves	28	**1,250**	2,838
Government grants	32(ii)	**367**	367
Total equity attributable to the Owner of the Company		**369,526**	331,647
Non-controlling interests		**14,900**	10,494
Total equity		**384,426**	342,141
TOTAL EQUITY AND LIABILITIES		**596,168**	539,422

//Signed//

Waleed Al Mokarrab Al Muhairi
Chairman

//Signed//

Carlos Obeid
Group Chief Financial Officer

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

All amounts in AED millions	*Share capital (note 27)*	*Additional shareholder contributions (note 29(d))*	*Shareholder current account*	*Retained earnings*	*Other reserves (note 28)*	*Government grants (note 32(ii))*	*Total equity attributable to the Owner of the Company*	*Non-controlling interests*	*Total equity*
At 1 January 2024	56,136	117,860	46,669	107,777	2,838	367	331,647	10,494	342,141
Profit / (loss) for the year	-	-	-	37,376	-	-	37,376	(139)	37,237
Other comprehensive loss	-	-	-	-	(1,907)	-	(1,907)	(60)	(1,967)
Total comprehensive income / (loss)	**-**	**-**	**-**	**37,376**	**(1,907)**	**-**	**35,469**	**(199)**	**35,270**
Dividends to non-controlling interests	-	-	-	-	-	-	-	(315)	(315)
Acquisition of interest in subsidiaries *(see note 19(a)(ii))*	-	-	-	-	-	-	-	3,834	3,834
Share-based payments of a subsidiary *(see note (i))*	-	-	-	-	-	-	-	689	689
Disposal of interest in subsidiaries *(see note (ii))*	-	-	-	1,683	72	-	1,755	(614)	1,141
Transfer from entities under common control *(see note (iii))*	-	-	578	-	-	-	578	-	578
Other movements	-	-	(79)	(91)	247	-	77	1,011	1,088
At 31 December 2024	**56,136**	**117,860**	**47,168**	**146,745**	**1,250**	**367**	**369,526**	**14,900**	**384,426**

(i) Share based payment consists of shares issued to key management personnel of GlobalFoundries Inc. ("GlobalFoundries").

(ii) In May 2024, the Group sold 19 million of its shares in GlobalFoundries at a price of USD 50.75 per share, out of which 4 million shares were bought back and cancelled by GlobalFoundries. After this transaction, the Group continues to exercise control over GlobalFoundries and therefore the resultant gain of AED 1,683 million, net of expenses incurred was recognised directly in the retained earnings.Subsequent to these transactions, the Group holds 81.46% shareholding in GlobalFoundries.

Additionally, during the year, the Group derecognised non-controlling interests upon the disposal of Al Yah Satellite Communications Company PJSC ("Yahsat") amounting to AED 1,418 million.

(iii) In December 2024, an entity under common control transferred FVTPL financial asset with a fair value of AED 578 million to the Group.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

For the year ended 31 December 2024

All amounts in AED millions	*Share capital (note 27)*	*Additional shareholder contributions (note 29(d))*	*Shareholder current account*	*Retained earnings*	*Other reserves (note 28)*	*Government grants (note 32(ii))*	*Total equity attributable to the Owner of the Company*	*Non-controlling interests*	*Total equity*
At 1 January 2023	56,136	117,860	46,107	77,939	2,897	367	301,306	9,627	310,933
Profit for the year	-	-	-	29,940	-	-	29,940	770	30,710
Other comprehensive loss	-	-	-	-	(59)	-	(59)	(49)	(108)
Total comprehensive income / (loss)	**-**	**-**	**-**	**29,940**	**(59)**	**-**	**29,881**	**721**	**30,602**
Dividends to non-controlling interests	-	-	-	-	-	-	-	(294)	(294)
Transfer from entities under common control *(see note (i))*	-	-	562	-	-	-	562	-	562
Share-based payments of a subsidiary *(see note (ii))*	-	-	-	-	-	-	-	792	792
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	(379)	(379)
Other movements	-	-	-	(102)	-	-	(102)	27	(75)
At 31 December 2023	**56,136**	**117,860**	**46,669**	**107,777**	**2,838**	**367**	**331,647**	**10,494**	**342,141**

(i) In 2023, an entity under common control transferred investment property with a fair value of AED 562 million to the Group, which the Group acquired with an intention to sell. During the same year, the asset was sold to a third party by the Group.

(ii) Share based payment consists of shares issued to key management personnel of GlobalFoundries.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	***2024 AED millions***	*2023 AED millions*
Cash flows from operating activities			
Profit for the year		**37,237**	30,710
Adjustments for:			
Depreciation, amortisation and net impairment of property, plant and equipment, right-of-use and intangible assets	21, 22	**14,125**	10,523
Investment income *(net)*	12	**(35,518)**	(27,554)
Other income *(net)*	13	**(1,802)**	(845)
Impairment losses related to financial assets at amortised cost *(net)*	33(a)	**597**	1,415
Gain on disposal of discontinued operations *(net)*		**(5,887)**	(4,393)
Income from equity accounted investees *(net)*	19(b)	**(4,349)**	(2,088)
Impairment of investments in equity accounted investees	19(c)	**2,397**	519
Net finance expenses		**2,510**	2,037
Income tax expense *(net)*	23	**982**	862
Share-based payment of a subsidiary		**689**	792
Non-cash income and expense from discontinued operations		**661**	1,101
		11,642	13,079
Change in inventories		**(742)**	(407)
Change in trade and other receivables and prepayments		**8,533**	6,736
Change in trade payables and other liabilities		**2,604**	(6,115)
Income taxes paid		**(461)**	(87)
Net cash generated from operating activities		**21,576**	13,206
Cash flows from investing activities			
Acquisition of financial investments		**(81,904)**	(54,386)
Proceeds from distributions, disposal and redemption of financial investments		**32,838**	28,298
Acquisition of and contribution to equity accounted investees		**(18,248)**	(8,320)
Acquisition of subsidiaries *(net of cash acquired)*		**(2,590)**	-
Proceeds from disposal of and distribution of equity accounted investees		**19,112**	564
Proceeds from disposal of subsidiaries *(net of cash disposed)*		**-**	134
Acquisition of non-current assets *(see note (i))*		**(8,404)**	(7,945)
Proceeds from disposal of non-current assets *(see note (i))*		**3,277**	1,239
Proceeds from maturity of long-term deposits		**60,188**	53,629
Placements of long-term deposits		**(47,337)**	(57,421)
Dividend income received		**9,648**	9,459
Interest income received		**5,355**	7,987
Net cash used in investing activities		**(28,065)**	(26,762)

CONSOLIDATED STATEMENT OF CASH FLOWS continued

For the year ended 31 December 2024

	Notes	***2024 AED millions***	*2023 AED millions*
Cash flows from financing activities			
Receipts of government grants		**274**	137
Contribution by the non-controlling shareholders in partially owned subsidiaries		**7,632**	-
Proceeds on disposal of partial interest in a subsidiary		**2,742**	-
Proceeds from issuance of borrowings	26	**50,545**	39,029
Repayment of borrowings and lease liabilities		**(39,774)**	(27,478)
Interest paid		**(8,528)**	(6,487)
Dividends paid to non-controlling interest		**(315)**	(294)
Net cash generated from financing activities		**12,576**	4,907
Net increase/(decrease) in cash and cash equivalents		**6,087**	(8,649)
Cash and cash equivalents at 1 January		**23,543**	32,258
Net foreign exchange fluctuation		**19**	(66)
Cash and cash equivalents at 31 December	14	**29,649**	23,543

(i) Non-current assets comprise of property, plant and equipment, intangible assets and investment properties.

Significant non-cash transactions have been excluded from the consolidated statement of cash flows. Refer to the consolidated statement of changes in equity and note 4.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mamoura Diversified Global Holding PJSC ("MDGH" or "the Company") is registered as a public joint stock company in the Emirate of Abu Dhabi, United Arab Emirates ("UAE"). The Company was established by the Emiri Decree No. 12, dated 6 October 2002 and was incorporated on 27 October 2002. The Company's registered head office is PO Box 45005, Abu Dhabi, UAE.

The Company and its subsidiaries (together the "Group") are engaged in investing and managing investments, in sectors and 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 and industries.

The Company is wholly owned by Mubadala Investment Company PJSC (the "Shareholder" or the "Parent") and the ultimate parent of the Company is the Government of the Emirate of Abu Dhabi (the "Ultimate Parent").

These consolidated financial statements were authorised for issue by the Board of Directors on 18 April 2025.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable provisions of the Company's Articles of Association and applicable requirements of the UAE Federal Decree Law No. 32 of 2021.

(b) Basis of measurement

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

- Certain financial assets and liabilities (including derivative instruments) measured at fair value;
- Investment properties – measured at fair value;
- Assets held for sale – measured at the lower of carrying amount and fair value less costs to sell;
- Defined benefit pension plans in accordance with IAS 19 and plan assets measured at fair value; and
- Certain non-current assets received as government grants which are measured at nominal value.

(c) Functional and presentation currency

The consolidated financial statements are presented in UAE Dirhams, ("AED") which is the Company's functional and the Group's presentational currency. All financial information presented in AED has been rounded to the nearest millions, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, 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 recognised in the period in which the estimates are revised and in any future periods affected.

Judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and significant estimates are disclosed in note 36.

2 BASIS OF PREPARATION continued

(e) New and revised IFRS

(i) New and revised IFRS adopted in the consolidated financial statements

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

In May 2023, the IASB published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to introduce disclosure requirements and 'signposts' within existing disclosure requirements. The purpose is to prompt entities to provide qualitative and quantitative information about supplier finance arrangements. This amendment has no significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued lease liability in a sale and leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Group does not have any significant sale-and-leaseback transactions and accordingly this amendment has no significant impact on the consolidated financial statements of the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current liabilities with covenants

In 2020 and 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period including new disclosures for non-current liabilities that are subject to future covenants. Further, the amendments also clarify that classification is not affected by the expectations of the entity or events after the reporting date. This amendment has no significant impact on the consolidated financial statements of the Group.

(ii) New and revised IFRS issued but not yet effective and not early adopted

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (applicable for reporting periods beginning on or after 1 January 2025)

In August 2023, The International Accounting Standards Board (IASB) issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. The Group does not expect the amendments to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRS – Volume 11 (applicable for reporting periods beginning on or after 1 January 2026)

On 18 July 2024, as part of its annual improvements process, the IASB issued amendments to IFRS 7, IFRS 9, IFRS 10, and IAS 7 to clarify wording, correct inconsistencies, and address minor unintended consequences. Key changes include refinements to derecognition guidance, transaction price definitions, and disclosure requirements. The Group does not expect these amendments to have a significant impact on the Group's consolidated financial statements.

2 BASIS OF PREPARATION continued

(e) New and revised IFRS continued

(ii) New and revised IFRS issued but not yet effective and not early adopted continued

Amendments to IFRS 9 and IFRS 7: Nature-Dependent Electricity Contracts (applicable for reporting periods beginning on or after 1 January 2026)

On 18 December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to clarify the accounting for nature-dependent electricity contracts, such as power purchase agreements (PPAs). The amendments refine the ‘own-use’ requirements, permit hedge accounting, and introduce new disclosure requirements. The Group does not expect the amendments to have any significant impact on the Group’s consolidated financial statements.

IFRS 9 and IFRS 7 – Classification and measurement of Financial Instruments (applicable for reporting periods beginning on or after 1 January 2026)

On May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosure*, providing clarifications on the classification of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for financial instruments with contingent features and equity instruments classified at fair value through OCI. The Group is currently assessing the impact of the standard on the consolidated financial statements of the Group.

IFRS 18 - Presentation and Disclosure in Financial Statements (applicable for reporting periods beginning on or after 1 January 2027)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard introduces new requirements to improve companies’ reporting of financial performance and introduces three defined categories for income and expenses i.e. operating, investing and financing and two new defined subtotals i.e. operating profit and profit before financing and income taxes. Further, the new standard will enhance transparency of management-defined performance measures and will provide more useful grouping of information in the financial statements. The Group is currently assessing the impact of the standard on the consolidated financial statements of the Group.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures (applicable for reporting periods beginning on or after 1 January 2027)

On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which permits eligible subsidiaries to provide reduced disclosures while applying the recognition, measurement and presentation requirements in IFRS. This standard has no impact on the consolidated financial statements of the Group.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently by the Group for all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(i) Subsidiaries continued

- power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. The accounting policies of the subsidiaries are adjusted where necessary to ensure conformity with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the Owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(ii) Changes in Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owner of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

When disposals of interest in entities to parties under common control of the Shareholder have commercial substance, the difference between the fair value of the consideration received and the net carrying value of interest in such entities is recorded in the statement of comprehensive income.

<u>Disposals of interest in a subsidiary that does not contain a business, as defined in IFRS 3, to an equity accounted investee</u>

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(ii) Changes in Group's ownership interest in existing subsidiaries continued

Gain or loss, including the amounts previously recognised in other comprehensive income that would be reclassified to profit or loss, on the disposal of interest in a subsidiary that does not contain a business as defined in IFRS 3, to an equity accounted investee, is recognised only to the extent of the unrelated investors' interests in that equity accounted investee and the remaining gain or loss is eliminated against the carrying amount of the investment in the equity accounted investee.

(iii) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred except if related to the issue of debt securities.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the statement of comprehensive income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control including control achieved in a business that was joint operation) and the resulting gain or loss, if any, is recognised in the statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

The Group, when it participates in a joint operation but does not have joint control, might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. In such a scenario the previously held interests in that joint operation are not remeasured.

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(iii) Business combinations continued

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(iv) Acquisition of interest in entities under common control

Acquisition of controlling interest in entities that are under common control of the Shareholder which lack commercial substance and are based on a decision by the Shareholder are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. The consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control without restating and presenting the prior period. The assets and liabilities are accounted for at carrying amounts previously recorded in the books of the transferor.

The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

Acquisition of controlling interest in entities that are under common control of the Shareholder which have commercial substance are recorded using the acquisition method.

Acquisition of interest in associates and joint ventures accounted for using the equity method from entities under common control based on a decision by the Shareholder are accounted for using the carrying value in the books of the transferor.

Acquisition of investments measured at fair value through profit or loss ("FVTPL") from entities under common control based on a decision by the Shareholder are accounted for at their fair value on the transfer date.

<u>Disposals of interest in entities to parties under common control</u>

Disposals of interest in entities to parties under common control of the Shareholder, which lack commercial substance and are based on a decision by the Shareholder are accounted for on the date of transfer without restatement of prior years. Any gain or loss arising on such transaction is recorded directly in equity.

When disposals of interest in entities to parties under common control of the Shareholder have commercial substance, the difference between the fair value of the consideration received and the net carrying value of interest in such entities is recorded in the consolidated statement of comprehensive income.

<u>Determining whether a transaction has commercial substance</u>
A business transaction is said to have commercial substance when it is expected that the future cash flows of a business will change as a result of the transaction which is considered to have occurred when there is a significant change in any one of the following (not including tax considerations):

- <u>Risk</u>: such as experiencing an increase in the risk that inbound cash flows will not occur as the result of a transaction;
- <u>Timing</u>: such as a change in the timing of cash inflows received as the result of a transaction;
- <u>Amount</u>: such as a change in the amount paid as the result of a transaction

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(v) Investment in associates and joint arrangements

Associates are those entities over which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of the investee.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

For the purpose of accounting for its interests in joint arrangements, the Group segregates its investments in joint arrangements into two types – joint ventures and joint operations.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint ventures 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.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost, which includes transaction costs. When the investor has previously held an investment in the entity (generally accounted for under IFRS 9), the deemed cost of the associate or joint venture is the fair value of the original investment at the date that significant influence or joint control is obtained plus the consideration paid for the additional stake.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates and joint ventures, after adjustments to align the accounting policies of associates and joint ventures 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.

In addition, when there has been a change recognised directly in the equity (other than due to other comprehensive income) of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of comprehensive income and corresponding effect would be reflected in the net carrying value of interest in such investees.

When the Group's share of losses exceeds its interest in an associate or joint venture, 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 a constructive or legal obligation to contribute to such losses or has made payments on behalf of the investee.

Any excess of the acquisition cost over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or joint venture is treated at the acquisition date as goodwill, which is included within the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities over the acquisition cost, after reassessment, is recognised immediately in the statement of comprehensive income representing gain on acquisition.

After application of equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets*.

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(v) Investment in associates and joint arrangements continued

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. Upon disposal of equity accounted investees that results in a loss of significant influence or joint control, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the equity accounted investee attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the equity accounted investee. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to equity accounted investee on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the equity accounted investees would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a Group's entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group, as a joint operator, accounts for the assets, liabilities, income and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, income and expenses.

(vi) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, and (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support.

Based on individual assessments under IFRS 10 *Consolidated Financial Statements*, some of the Group's investments in unconsolidated Structured Entities ("Structured Entities") are not consolidated despite holding over 50% of voting rights. These investments are recognised as financial instruments classified and measured as FVTPL. The change in fair value of the Group's interest in these unconsolidated Structured Entities is included in the consolidated statement of profit and loss in "Investment income - fair value gains / (losses) on non-derivative financial instruments *(net)*".

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses (except for foreign translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees, involving assets that do not constitute a business, are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services

Revenue recognition under IFRS 15

Revenue from sale of goods and services primarily include income from sale of semiconductor wafers, sale of petrochemicals, exploration and production activities, aircraft maintenance and repairs, components leasing and sale and satellite capacity leasing revenue.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 *Revenue from Contracts with Customers*:

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

- Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

- Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions is met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Significant financing component

Generally, the Group receives short-term advances from its customers, the Group uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of goods. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Non-cash consideration
The Group applies the requirements of IFRS 13 *Fair Value Measurement* in measuring the fair value of the noncash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods or services supplied. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the goods or services.

(i) Sale of semiconductor wafers

The Group recognises revenue when control of the promised goods or services is transferred to customers for an amount that reflects the consideration that the Group expects to receive in exchange for those goods or services. Generally, the Group's customers obtain control at the point of shipment from the Group's facilities for wafers, and over time for pre-fabrication services such as non-recurring engineering services and mask production based on a percentage of costs incurred over total expected costs. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore excluded from revenue in the consolidated statements of comprehensive income.

(ii) Petroleum and petrochemicals

Revenue from the sale of petroleum and petrochemicals products in which the Group has an interest with other producers is recognised based on the Group's share of liftings or offtake arrangements at a point in time.

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

(ii) Petroleum and petrochemicals continued

Lifting or off-take arrangements for hydrocarbons produced by certain of the Group's joint operations are such that each participant may not receive its precise share of the overall production, which is based on the Group's working interest and the terms of the relevant production sharing contracts (also known as "entitlements"). There may be an imbalance between cumulative entitlement and cumulative liftings that is termed as 'under lift' or 'over lift'. Under lift and over lift are valued at a) market value b) cost or c) lower of market value and cost, depending on the contractual terms of arrangement requiring physical settlement or cash balancing. Movements during an accounting period are adjusted through cost of sales.

(iii) Aircraft maintenance and repairs

The Group is in the business of leasing, trading, repair and maintenance of aircraft engines and components.

Revenue from contracts with customers in relation to maintenance and repair of aircrafts and related components is recognised over time. The Group measures progress towards complete satisfaction of a performance obligation using the input method which considers the basis of the entity's efforts or inputs to the satisfaction of the performance obligation (for example: resources consumed, labour hours expended, costs incurred, time elapsed) relative to the total expected inputs to the satisfaction of that performance obligation.

Revenue from contracts with customers for sale of composite aero-structure parts and provision of services is recognised at a point in time at which the performance obligations are met.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue arising from operating lease and access agreements is measured at the fair value of the consideration received. The Group recognises income from lease and access agreements on a straight-line basis over the agreement terms.

The access agreements have a single performance obligation, the transaction price is fixed based on a monthly access fee rate, and the single performance obligation is met over the access agreement term.

(iv) Satellite capacity leasing revenue

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer and at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to customer (if any).

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Lease revenue is recognised in accordance with IFRS 16. Service revenue is recognised over time as rendered.

Managed solutions revenue represents end-to-end integrated satellite communication and managed solutions provided to customers (which includes supply of services, goods or both). Revenue is typically recognised in profit or loss based on milestones reached, time elapsed units delivered. No revenue is recognised 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.

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

(iv) Satellite capacity leasing revenue continued

Mobility solutions revenue includes revenue from mobile satellite services (airtime revenue - voice, data and messaging services) and sale of related equipment and accessories. Service revenue is recognised over the period in which the services are provided. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions.

Revenue from the sale of prepaid cards is recognised on the actual utilisation of the prepaid card and is deferred in deferred revenue until the customer uses the airtime, or the credit expires.

Data solutions revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories. Service revenue is recognised as rendered. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed.

Revenue is recognised net of returns, upfront discounts and sales commissions.

(c) Oil and gas exploration, evaluation and development expenditures

<u>Oil and gas exploration, evaluation and development expenditures</u>

The Group follows the successful efforts method of accounting for its oil and gas exploration, evaluation, appraisal and development expenditures. Under this method, costs of acquiring properties, drilling successful exploration and appraisal wells, and all development costs are capitalised. All other costs are charged to profit or loss as and when incurred.

License and property acquisition costs
Exploration license and leasehold property acquisition costs are capitalised within exploration and evaluation assets. If no future activity is planned, the remaining balance of the license and property acquisition costs is written off.

These costs are initially amortised over the term of the agreement on a straight-line basis during exploration phase. Upon recognition of proven reserves, including internal approval for development, the relevant expenditure is transferred to property, plant and equipment and is then amortised based on unit of production method (once production is underway).

Exploration and appraisal expenditures
Annual lease rentals, exploratory geological and geophysical costs including seismic costs incurred during exploration phase, are charged to profit or loss as and when incurred. Costs associated directly with drilling of exploratory wells are capitalised within exploration and evaluation assets until the drilling of well is complete and the results have been evaluated.

3 MATERIAL ACCOUNTING POLICIES continued

(c) Oil and gas exploration, evaluation and development expenditures continued

Oil and gas exploration, evaluation and development expenditures continued

These costs include employee remuneration, materials and fuel used, rig costs, delay rentals, drilling services and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration expenditures are written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, including the costs of drilling appraisal wells and additional seismic, geological and geophysical activities, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, are initially capitalised as part of exploration and evaluation assets.

All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When such intent no longer exists, or if there is a change in circumstances signifying an adverse change in initial judgment, these costs are written off and classified under “exploration costs”. When commercial reserves of hydrocarbons are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment.

Development expenditures
Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service, recompletion and unsuccessful development or delineation wells, is capitalised within property, plant and equipment and is depreciated upon the commencement of production as described in the accounting policy for property, plant and equipment.

Depreciation, depletion and amortisation of oil and gas assets
Oil and gas assets are depreciated using a unit of production method, using estimated proven and probable reserves. The unit-of-production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with approved future development expenditure required to develop reserves.

The impact of changes in estimated reserves is dealt with prospectively by amortising the remaining carrying value of the asset over the expected future production. If reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down of the property’s carrying value.

Other mining rights

Mineral rights, other than hydrocarbons, acquired in a business combination are recognised at cost i.e. the fair value attributable to rights acquired in a business combination. Subsequent to initial recognition, these rights are stated at cost less impairment losses until the commencement of mining activities. Upon commencement of mining activities, mineral rights are stated at cost less accumulated amortisation and impairment losses and are amortised based on the units of production method.

(d) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Upon initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

3 MATERIAL ACCOUNTING POLICIES continued

(d) Research and development costs continued

Amortisation of the asset begins when development is complete and the asset is available for use over the expected future benefit. During the period of development, the asset is tested for impairment annually. Development costs which do not meet the above criteria are expensed as incurred.

(e) 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 reporting 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 amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised 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 recognised in profit or loss, except for differences arising on the translation of equity securities designated at FVOCI or a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges to the extent hedges are effective, which are recognised in other comprehensive income.

(ii) Foreign operations

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

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture, that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. 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 recognised in other comprehensive income, and are presented within equity in the FCTR.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognised in other comprehensive income.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets (except trade receivables and debt securities) and liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified and measured as:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI (FVOCI) with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

<u>Business model assessment</u>

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Financial assets continued

Business model assessment continued

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its par contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. A financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Financial assets continued
Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. However, *(see note (f)(ii))* for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses *(see note 3(t)(i))*. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances, call deposits, investment in money market funds and US treasury bills which are readily convertible into known amount of cash and cash equivalents and are subject to an insignificant risk of changes in fair values that are used by the Group in the management of its short-term commitments. 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 consolidated statement of cash flows. The carrying amount of these assets approximates their fair value.

Financial liabilities
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Financial liabilities continued

Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs in the event that a specified party fails to meet its obligation when due in accordance with the contractual terms. Financial guarantee contracts are initially recognised at their fair value, which is likely to equal the premium received on issuance. The received premium is included within other liabilities and is amortised over the life of the financial guarantee. The guarantee liability is subsequently recognised at the higher of this amortised amount and the present value of any expected payments

Loans and borrowings
Loans and borrowings are recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest rate (“EIR”) method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to interest-bearing loans and borrowings.

When a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows, including only fees paid or received between the borrower and the lender, comprising also fees paid or received by either the borrower or lender on the other’s behalf, discounted at the original EIR. This means that the difference cannot be spread over the remaining life of the instrument.

Classification as debt or equity
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Commodities
Commodities futures contracts, forward contracts, physical commodities and related options related mainly to exploration and production of condensate gas business, prices of certain raw materials listed on domestic and international markets, such as the price of crude oil and natural gas, prices of refined petroleum and petrochemical products are initially recognised and subsequently measured at fair value in the consolidated statement of financial position with transaction costs recognised directly in the profit or loss. Gains or losses are recognised directly in the profit or loss.

Fair value measurement
The determination of fair values of financial assets and liabilities is based on quoted market prices or dealer quotations for financial instruments traded in active markets. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis. Quoted closing prices are used for financial assets and quoted ask prices are used for financial liabilities.

For financial instruments not traded on an active market, fair value is determined based on recent transactions, brokers’ quotes or widely recognised valuation techniques. Valuation techniques include using recent arm’s length transaction between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Fair value measurement continued
The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Derecognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

Interest rate benchmark reform
When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of comprehensive income .

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised as cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged item expected future cash flows affect profit or loss.

If the hedged items future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Derivative financial instruments and hedge accounting continued

Hedges directly affected by interest rate benchmark reform
The Group has adopted the Phase 2 amendments and retrospectively applied them from 1 January 2021. When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following change(s):

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the consolidated statement of comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of comprehensive income.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Derivative financial instruments and hedge accounting continued

Fair value hedges continued
When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income.

Short selling
In certain instances, the Group sells securities that it does not own and therefore, it will be obliged to purchase such securities at a future date. When the Group sells a security short, an amount equal to the proceeds received is recorded as a liability and is subsequently adjusted to the current market value of the securities sold short. Upon the closing of the short position, the difference between the proceeds originally received and the cost of the securities purchased to close the short position is recognised as a realised gain or loss. This is disclosed on the consolidated statement of financial position in liabilities under financial liabilities through profit or loss. These positions are shown as financial liabilities at fair value through profit or loss until they are realised. Upon realisation, they are shown in the consolidated statement of comprehensive income as loss or income from financial investments.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of comprehensive income On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in other comprehensive income is transferred to the consolidated statement of profit or loss.

Separable embedded derivatives
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. Changes in the fair value of separable embedded derivatives are recognised immediately in the consolidated statement of comprehensive income.

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 recognised immediately in the profit or loss.

(g) Government grants

As the Government of the Emirate of Abu Dhabi is the ultimate parent of the Shareholder of the Company, on receipt of any assistance from the Government of Abu Dhabi, the Group evaluates the assistance to determine if the transaction is a transaction with the Government in their capacity as the ultimate parent and therefore treated as equity contribution, or if not, then as a government grant.

This determination is done after considering various factors not limited to the following:

- if the purpose of the assistance was a restricted purpose;
- are there conditions associated with the receipt of the assistance;
- is there evidence of an equity transaction;
- the legal form and documentation of assistance; and
- would similar support or assistance be given by the Government to an entity not owned by the Government.

3 MATERIAL ACCOUNTING POLICIES continued

(g) Government grants continued

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants accounting

(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 utilise 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 recognised 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.

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

Furthermore, for certain plots of land based on their current or intended use, it is certain that no future economic benefits will flow to the Group from use of such lands. These are not recognised as assets, but their existence is disclosed in the consolidated financial statements.

The determination of whether future economic benefits will flow to the Group is made by management. Once the determination is made, land is recognised in the consolidated 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 transferred to the relevant asset category (such as investment properties, property, plant and equipment or inventories) depending on its intended use, and is thereafter accounted for using the accounting policy in place for that relevant asset category.

(ii) Others

Other non-monetary government grants are recognised in the consolidated statement of financial position at nominal value, and the granted assets are classified with other assets of the same nature as the granted item.

Monetary government grants
Monetary government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Monetary grants that compensate the Group for expenses to be incurred are initially recognised in the consolidated statement of financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses are recognised.

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

3 MATERIAL ACCOUNTING POLICIES continued

(h) Finance income and expenses

(i) Finance income from loans

Finance income from loans comprises interest income on loans given to third parties and equity accounted investees. Finance income from loans is recognised in the statement of comprehensive income as they accrue using the effective interest rate method.

(ii) Net finance expense

Net finance expense comprises interest income on short term deposits and advances, effective interest on service concession receivables; and interest expenses on term loans, amortisation of loan arrangement fees and foreign exchange gains and losses that are recognised in the statement of comprehensive income. Interest income and expenses are recognised in the statement of comprehensive income as they accrue using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(i) Dividend income

Dividend income from investments is recognised when the Group's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

(j) Income tax

Income tax expense / benefit comprise current and deferred tax. Current and deferred taxes are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments.

The Group considers whether it has any material uncertain tax positions based on its tax filings and tax positions taken in different jurisdictions and also considers the probability of these being challenged by the tax authorities. The Group determines that is probable that its material tax positions will be accepted by the taxation authorities and that the interpretation does not have a material impact on the consolidated financial statements of the Group.

Deferred tax is recognised in respect of 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 recognised 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 that does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

3 MATERIAL ACCOUNTING POLICIES continued

(j) Income tax continued

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 realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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 realised.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about fact and circumstances have changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in the statement of comprehensive income.

(k) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included; and
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(l) Investment tax credits

The Group accounts for investment tax credits using the cost-reduction approach. Investment tax credits related to the acquisition of assets are deducted from the related assets with depreciation calculated on the net amount. Investment tax credits related to current expenses are included in the determination of income or loss for the year.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred *(see note 3(h))*.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3 MATERIAL ACCOUNTING POLICIES continued

(n) Property, plant and equipment

(i) Recognition and measurement

Owned assets
Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any, except for land, received as government grants which are stated at nominal value *(see note 3(g))*. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of property, plant and equipment acquired in a business combination is stated at fair value as at the date of acquisition.

The cost of self-constructed assets includes the cost of materials and direct labour, 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, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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.

Leased assets
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for leases of ‘low-value’ assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured based on the amortised cost method. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Right-to-use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. It is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review similar to property, plant and equipment assets. When a right-of-use asset initially meets the definition of investment property, it is presented within the same line as Investment Properties. The right-of-use assets are initially measured at cost and subsequently measured at fair value, in accordance with the Group’s accounting policy.

3 MATERIAL ACCOUNTING POLICIES continued

(n) Property, plant and equipment continued

(i) Recognition and measurement continued

Group as lessor
Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease. The amounts due from the lessee are recorded in the statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment, if any. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised 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 carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. The costs of the day-to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) 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. *See note 3(c)* for accounting policy on depreciation, depletion and amortisation of oil and gas assets.

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 profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful lives
Buildings, plant and office equipment	15 - 50 years
Aircraft engines and spares	10 - 30 years
Computers	2 - 10 years
Others	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3 MATERIAL ACCOUNTING POLICIES continued

(n) Property, plant and equipment continued

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised within "other income (net)" in the statement of comprehensive income in the period in which the asset is derecognised.

(v) Capital work in progress

The Group capitalises 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 transferred 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.

(vi) Proceeds before intended use

Proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended, and the cost of those items, are recognised in profit or loss in accordance with applicable Standards.

(o) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition *(see note 3(a)(iii))*. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

The recoverable amounts of the cash-generating units are estimated based on the higher of the fair values less cost to sell and value in use. Value in use is determined with the assistance of independent valuers, as well as by internal estimates. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash- generating units) which is expected to benefit from the synergies of the combination. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Brand and Trademarks

Acquired brands, trademarks and licenses are shown at historical costs. Trademarks and licenses primarily have indefinite useful lives and are subject to impairment testing which is performed annually or in case of triggering events.

3 MATERIAL ACCOUNTING POLICIES continued

(o) Intangible assets continued

(iii) Service concession arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition (which is regarded as their cost).

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

(iv) Other intangible assets

Other intangible assets, which includes patents, customer contracts and other intangible assets, have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Greenhouse gas emission allowances
In the absence of a current IFRS standard or interpretation on accounting for greenhouse gas emission allowances, the following principles have been applied:

- Emission rights granted free of charge are accounted for at market price prevailing at the beginning of the year to which it relates and are recognised with a credit to other liabilities;
- Emission rights acquired from the market are measured at acquisition cost;
- Liabilities resulting from potential differences between available quotas and quotas to be delivered at the end of the compliance period are accounted for as liabilities and measured at acquisition cost; and
- Spot market transactions are recognised in income at cost.

Emission rights are recognised as non-amortisable intangible assets and are derecognised when they are delivered, transferred to third parties or expire. At the end of the compliance period, the Group delivers CO_2 emission rights equal to the volume of emissions made during the year. If the net realisable value of the emissions rights is less than their carrying amount, the value of the emission rights owned will be reduced to market value.

(v) Subsequent expenditure

Subsequent expenditure is capitalised 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 recognised in the statement of comprehensive income as incurred.

(vi) Business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

(vii) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of comprehensive income when the asset is derecognised.

3 MATERIAL ACCOUNTING POLICIES continued

(o) Intangible assets continued

(viii) Amortisation

License fees relating to mineral exploration and production rights and oil reserves are amortised using the unit-of-production method *(see note 3(c))*. Favourable supply contracts acquired in a business combination are amortised on a straight-line basis over the life of the contract.

Possible and contingent hydrocarbons reserves acquired in a business combination are amortised on a straight-line basis over the life of the project until the reserves move to the proved and probable category. After the reserves move to the proved and probable category, they are amortised based on the unit-of-production method.

Amortisation of other intangible assets is recognised in the statement of comprehensive income 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:

	Estimated useful lives
Trademarks	Indefinite
Patents	3 - 20 years
Technology, license and software	2 - 20 years
Customer contracts	3 – 20 years
Others	3 - 48 years and unit of production

Amortisation methods, useful lives and residual values are reviewed at each financial year end date and adjusted if appropriate.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the tenants for the use of the infrastructure to the end of the concession period.

(p) Investment properties

Investment properties are properties held to earn rental and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gain and losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period in which the property is derecognised.

Amounts paid to purchase investment properties are initially recorded as advances on investment properties and the related capital commitments are disclosed in the commitments and contingencies. When the investment property recognition criteria are met, advances on investment properties are reclassified to investment properties.

The investment property portfolio is valued through a mix of internal valuations and / or independent external valuations. Where external independent valuation is used management engages external independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

3 MATERIAL ACCOUNTING POLICIES continued

(p) Investment properties continued

The fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Where appropriate, the specific approved usage of the investment property is given due consideration. 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 property 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, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value.

For inventories other than petrochemicals and land and building held for sale, cost is based on the weighted average cost method (or standard costs approximately equal to cost based on weighted average cost method) and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cost also comprises directly attributable productions costs and a proportionate share of fixed and variable overhead production costs. Allocated overhead costs are primarily calculated based on normal capacity utilisation. Financing costs are not included in production costs.

For inventories of finished goods, work-in-progress and raw materials relating to petrochemicals cost is determined on first-in first-out basis (FIFO method).

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Group assesses the net realisable value of the inventories at the end of each year and recognises the appropriate impairment if this value is lower than the carrying amount. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(r) Provisions and contingent liabilities

Provisions are recognised 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. The unwinding of the discount is recognised as finance cost.

3 MATERIAL ACCOUNTING POLICIES continued

(r) Provisions and contingent liabilities continued

Product warranties
The Group warrants that products will meet the stated functionality as agreed to in each sale arrangement. The Group provides for the estimated warranty costs under these guarantees based upon historical experience, a weighting of possible outcomes against their associated probabilities, and management's estimates of the level of future claims and accrues for specific items at the time their existence is known and the amounts can be estimated. The initial estimate of warranty-related cost is revisited annually.

Decommissioning liabilities
Liabilities for decommissioning costs are recognised 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. Liabilities for decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. A corresponding item of property, 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. Subsequent to initial recognition, any change, other than unwinding of discount, is recognised in property, plant and equipment.

Legal provisions
The Group is involved in litigation from time-to-time in the ordinary course of business. At each reporting date, the Group evaluates litigation matters and review with the Group's legal department and external counsel, the status of various outstanding legal cases and, where appropriate, establish provisions and disclose any contingent liabilities as required by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. In order to make an assessment for legal provisions and contingent liabilities, the Group considers various factors including, but not limited to, reviewing, on a case-by-case basis, the underlying facts of pending or threatened litigation, the Group's history with prior claims, the actual or possible claim assessment by internal and external counsel and the status of negotiations.

Based on the Group's overall assessment of the case, if the Group believes it is probable that an outflow of resources will be required to settle the obligation, the Group then determines whether a reliable estimate can be made. The management estimates the amount to be recorded as a provision in the consolidated financial statements based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period

Contingent liabilities
Contingent liabilities are possible obligations, whose existence will only be confirmed by future events not wholly within the Group's control or present obligation where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Also, to the extent any information required is not disclosed because it is not practicable to do so, that fact is stated.

If disclosure of some or all of the information is expected to prejudice seriously the Group's position in a dispute with other parties on the subject matter of a provision or contingent liability, the Group does not disclose such information, but does disclose the general nature of the dispute, together with the fact that, and the reason why, the information has not been disclosed.

3 MATERIAL ACCOUNTING POLICIES continued

(r) Provisions and contingent liabilities continued

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(s) Staff terminal benefits and pensions

Entities domiciled in the UAE
For the Group entities domiciled in UAE, a provision for staff terminal benefits is made in accordance with the UAE Federal Labour Law and is determined as the liability that would arise if the employment of all staff were terminated at the reporting date.

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 Group is recognised in profit or loss. 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 in respect of UAE employees 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.

Entities domiciled outside the UAE
For the 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. The Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodical actuarial calculations and legally independent from the Group. The Group has both defined benefit and defined contribution schemes. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The cost of defined contribution benefits is expensed as earned by employees. Certain group companies also provide medical care and life insurance to eligible retirees and their dependents. These benefits are unfunded and are expensed as the employees provide service.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

3 MATERIAL ACCOUNTING POLICIES continued

(s) Staff terminal benefits and pensions continued

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of comprehensive income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

For certain defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share option scheme
The Group measures and recognises compensation expense related to share-based transactions, including employee, consultant, and non-employee director share option awards, in the Consolidated Financial Statements based on fair value. The Group estimates the share option fair value at the date of grant using the Black-Scholes option pricing model, which requires management to make certain assumptions of future expectations based on historical and current data. The assumptions include the expected term of the share option, expected volatility, dividend yield, and risk-free interest rate. The expected term represents the amount of time that options granted are expected to be outstanding, based on forecasted exercise behavior. The risk-free rate is based on the rate at grant date of zero-coupon U.S. Treasury notes with a term comparable to the expected term of the option. The Group estimates expected volatility based on the historical volatility of comparable public entities' share price from the same industry. The Group bases its dividend yield on forecasted expected payments, which the Group expects to be zero for the immediate future. The Group recognises compensation expense over the vesting period of the award on a graded attribution basis, and the Group estimates forfeitures. The Group will continue to use judgment in evaluating the assumptions related to our share-based compensation on a prospective basis. As the Group continues to accumulate additional data related to our ordinary shares, the Group may have refinements to its estimates, which could materially impact our future share-based compensation expense.

3 MATERIAL ACCOUNTING POLICIES continued

(t) Impairment

i. Non-derivative financial assets

Financial instruments and contract assets
The Group recognises loss allowances for Expected Credit Losses (“ECLs”) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;
- contract assets; and
- finance lease receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, finance lease receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

3 MATERIAL ACCOUNTING POLICIES continued

(t) Impairment continued

i. Non-derivative financial assets continued

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The loss allowance for debt investments at FVOCI is recognised in consolidated statement of comprehensive income and reduces the fair value loss otherwise recognised in OCI.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii. 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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 current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit", or "CGU").

3 MATERIAL ACCOUNTING POLICIES continued

(u) Assets and liabilities classified as held for sale

Non-current assets and disposal groups comprising assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets and liabilities (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on re-measurement are recognised in the statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates or joint ventures ceases once classified as held for sale or distribution.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

(v) Client and fiduciary assets

Assets under management comprise assets which are placed with the Group for investment purposes and include discretionary and advisory counterparty assets. Discretionary assets are assets for which the customer fully transfers the discretionary power to the Group with a management mandate. Advisory assets include assets placed with the Group where the client is provided access to investment advice but retains discretion over investment decisions.

The Group provides fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are reported in the consolidated financial statements as off-balance sheet items, as they are not the assets of the Group.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Investment Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available *(see note 8)*.

4 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Assets and liabilities classified as held for sale

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

	Assets classified as held for sale		**Liabilities classified as held for sale**	
	2024 AED millions	*2023 AED millions*	***2024 AED millions***	*2023 AED millions*
Real Estate Investments *(see note 4(a)(i))*	**6,883**	-	**1,566**	-
NOVA Chemicals Corporation (“NOVA”) *(see note 4(b)(i))*	**36,549**	-	**25,423**	-
Yahsat *(see note 4(b)(ii))*	**-**	7,280	**-**	4,104
OMV Aktiengesellschaft ("OMV") *(see note 4(b)(iii))*	**-**	16,825	**-**	-
Others	**957**	-	**42**	-
	44,389	24,105	**27,031**	4,104

(i) Real Estate Investments

In July 2024, the Board of Directors of the Parent, approved the transfer of the Galleria Luxury Collection retail mall, various land plots in Abu Dhabi and various real estate assets and related liabilities of Masdar City Services LLC (“Masdar City”) (together, the “Real Estate Investments”) to new entities expected to be owned by Aldar Properties PJSC (“Aldar”) and the Group in the ratio of 60% and 40%, respectively. The final ownership interests in the new entities would be dependent on final valuation of the various assets to be transferred by the Group and Aldar into these entities. It is expected that the Group will not exercise control over tese entities. Accordingly, the Group has classified the assets and related liabilities of the Real Estate Investments as held for sale in these consolidated financial statements. The Group has assessed that the Real Estate Investments do not represent a separate major line of business, and therefore have not disclosed them as discontinued operations in these consolidated financial statements. In January 2025, the Group completed the transfer of Masdar City’s various real estate assets and related liabilities to an entity jointly owned by the Group and Aldar. The Group has lost control over these transferred assets and liabilities *(see note 41(i))*.

The total value of the assets and liabilities of Real Estate Investments recorded in the consolidated financial statements as held for sale are as follows:

	2024 AED millions
Investment properties *(see note 20)*	**5,886**
Other non-current assets	**338**
Current assets	**230**
Cash and cash equivalents	**429**
Assets held for sale	**6,883**
Borrowings *(see note 26(a))*	**(1,324)**
Current liabilities	**(242)**
Liabilities held for sale	**(1,566)**

4 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS continued

(b) Discontinued operations

	2024 AED millions	*2023 AED millions*
NOVA *(see note 4(b)(i))*	**(1,472)**	(976)
Yahsat *(see note 4(b)(ii))*	**1,993**	380
OMV *(see note 4(b)(iii))*	**4,238**	-
Mubadala Health LLC ("Mubadala Health") *(see note 4(b)(iv))*	**-**	4,114
Busrakham Oil and Gas Limited ("Busrakham")	**-**	437
Others	**(4)**	44
Profit for the year from discontinued operations, net of tax	**4,755**	3,999

The comparative information in the consolidated statement of comprehensive income has been re-presented for the impact of discontinued operations.

(i) NOVA

In November 2024, the Board of Directors of the Parent approved to accept, subject to Nova Chemicals Holding GmbH’s prior endorsement and approval, a binding offer from Abu Dhabi National Oil Company (“ADNOC”) in relation to the sale of the Group’s entire interest in NOVA. The offer is subject to due diligence, negotiation of the definitive documentation and other customary conditions including obtaining regulatory approvals, the final internal approvals of the parties and the approval of the Supreme Council for Financial and Economic Affairs. NOVA is included in the Private Equity operating segment. Subsequent the year ended 31 December 2024, the Group and ADNOC entered into a share purchase agreement for the sale of the Group’s entire interest in NOVA *(see note 41(ii))*.

Accordingly, NOVA has been classified as held for sale and disclosed as discontinued operations in these consolidated financial statements.

The results of operations of NOVA for the current and comparative years are set out below:

	2024 AED millions	*2023 AED millions*
Revenue	**13,406**	12,307
Cost of sales	**(11,629)**	(11,681)
Gross profit	**1,777**	626
Research, development and exploration expenses	**(182)**	(156)
General and administrative expenses	**(817)**	(846)
Other losses (*net*)	**(1,732)**	(285)
Finance expense *(net)*	**(949)**	(679)
Income tax benefit	**431**	364
Loss from discontinued operations	**(1,472)**	(976)

4 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS continued

(b) Discontinued operations continued

(i) NOVA continued

Summarised cash flows of NOVA for the current and comparative years are presented below:

	2024 AED millions	*2023 AED millions*
Net cash generated from operating activities	**3,214**	2,138
Net cash used in investing activities	**(1,543)**	(1,954)
Net cash used in financing activities	**(1,547)**	(478)
Net increase / (decrease) in cash and cash equivalents	**124**	(294)

The total value of assets and liabilities of NOVA recorded in the consolidated financial statements as held for sale are as follows:

	2024 AED millions
Property, plant and equipment	**30,327**
Intangible assets *(see note 22)*	**1,155**
Deferred tax assets *(see note 23)*	**399**
Other non-current assets	**343**
Inventories	**1,860**
Cash and cash equivalents	**418**
Other current assets	**2,047**
Assets held for sale	**36,549**
Borrowings *(see note 26(a))*	**(13,842)**
Deferred tax liabilities *(see note 23)*	**(4,017)**
Other non-current liabilities	**(1,374)**
Provisions	**(3,404)**
Trade payables	**(1,064)**
Other current liabilities	**(1,722)**
Liabilities held for sale	**(25,423)**

(ii) Yahsat

On 19 December 2023, Yahsat and Bayanat AI PLC ("Bayanat") announced that they had agreed to the terms of a merger between the two companies. In 2024, their respective Board of Directors and shareholders approved the merger. On 1 October 2024, the merger between Yahsat and Bayanat was completed and the merged entity was renamed as "Space42". Accordingly, the Group recognized the disposal of Yahsat effective 1 October 2024 *(see note 37)*. The Group holds 28.97% interest in Space42. By virtue of rights entitled to the Group, the Group has assessed that it exercises significant influence over Space42 and accordingly, the Group's interest in Space42 has been classified as investment in an associate *(see note 19 (a)(iii))*. Yahsat, and thereafter Space42, are included in the UAE Investments operating segment.

4 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS continued

(b) Discontinued operations continued

(ii) Yahsat continued

The gain on disposal of Yahsat in the current year and the results of operations of the Yahsat until the date of loss of control by the Group, are set out below:

	1 January 2024 to 1 October 2024 AED millions	*1 January 2023 to 31 December 2023 AED millions*
Revenue	**1,095**	1,678
Cost of sales	**(433)**	(681)
Gross profit	**662**	997
Finance income *(net)*	**42**	48
Other expenses, net of other income	**(360)**	(665)
Gain on disposal of Yahsat	**1,649**	-
Profit from discontinued operations	**1,993**	380

Summarised cash flows of Yahsat for the current and comparative years are presented below:

	1 January 2024 to 1 October 2024 AED millions	*1 January 2023 to 31 December 2023 AED millions*
Net cash generated from operating activities	**588**	1,232
Net cash used in investing activities	**(940)**	(296)
Net cash generated from / (used in) financing activities	**289**	(754)
Net (decrease) / increase in cash and cash equivalents	**(63)**	182

The total assets and liabilities of Yahsat recorded in the consolidated financial statements until the date of disposal and gain on disposal is calculated as follows:

	At 1 October 2024 AED millions
Non-current assets	**4,989**
Cash and cash equivalents	**2,183**
Other current assets	**792**
Total assets	**7,964**

4 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS continued

(b) Discontinued operations continued

(ii) Yahsat continued

	At 1 October 2024 AED millions
Non-current liabilities	**(2,503)**
Current liabilities	**(2,409)**
Non-controlling interest	**(1,418)**
Total liabilities	**(6,330)**
Net assets of Yahsat as at 1 October 2024	**1,634**
Sale consideration: fair value of the Group's 28.97% interest in Space42	**3,283**
Gain on disposal of Yahsat	**1,649**

(iii) OMV

In December 2022, subsequent to the approval by the Board of Directors of the Parent, the Group signed an agreement with ADNOC to transfer its 24.9% interest in OMV to ADNOC. In February 2024, the Group completed the sale and recorded a gain of AED 4,238 million in the consolidated financial statements. OMV was a significant associate of the Group, and its operations and cash flows were clearly distinguished, both operationally and for financial reporting purposes, from the rest of the Group. Accordingly, OMV was classified as discontinued operations of the Group as per IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

(iv) Mubadala Health

In December 2022, subsequent to the approval by the Board of Directors of the Parent, the Group entered into a share purchase and subscription agreement with Group 42 Holding Limited ("G42") to transfer the Group's interest in its 100% owned subsidiary Mubadala Health in exchange for acquiring 45% interest in M42 Ltd ("M42") *(see note 37)*. The Group and G42 own 45% and 55% interest in M42, respectively. In January 2023, all conditions precedent to the transaction were completed. Accordingly, the Group recognised the sale effective January 2023.

The gain on disposal of Mubadala Health was calculated as follows:

	January 2023 AED millions
Net assets of Mubadala Health	4,623
Sale consideration	8,737
Gain on disposal of Mubadala Health	4,114

5 MATERIAL BUSINESS COMBINATIONS

(i) Kelix Bio Limited ("Kelix Bio"), Global Medical Supply Chain LLC ("GMSC") and Al Ittihad Drug Store LLC ("IDS")

On 19 September 2024, the Group through its wholly owned subsidiary, MIC UAE Investments 1 RSC Limited, subsequently renamed as Mubadala Bio Limited ("Mubadala Bio"), acquired 100% interest in Kelix Bio. Additionally, on 12 December 2024, the Group through Mubadala Bio acquired 80% interest in GMSC and IDS. The Group has assessed that it has control over these acquired businesses. Kelix Bio is a leading specialty pharmaceutical company providing complex generics and biosimilars globally, GMSC is engaged in the wholesale trading of medical equipment and medication and IDS is involved in the operation and management of drug stores.

In accordance with IFRS *10 Consolidated Financial Statements,* the Group consolidated the income, expenses, assets and liabilities of these businesses from the respective date of acquisition in the consolidated financial statements.

The following table summarises the fair value of the identifiable assets and liabilities of these businesses as at the respective acquisition dates:

	Fair value AED millions
Total assets	
Intangible assets	**1,223**
Trade and other receivables	**813**
Inventories	**366**
Property, plant and equipment	**286**
Cash and bank balances	**163**
Other current and non-current assets	**94**
	2,945
Total liabilities	
Trade payables	**(516)**
Borrowings *(see note 26(a))*	**(254)**
Deferred and current tax liabilities	**(271)**
Other current and non-current liabilities	**(126)**
	(1,167)
Net assets acquired	**1,778**
Non-controlling interest	**(156)**
Goodwill arising on acquisition	**1,131**
Purchase consideration	**2,753**
Cash and cash equivalent acquired	**(163)**
Net cash outflow on acquisition	**2,590**

From the respective dates of their acquisition, Kelix Bio, GMSC and IDS have contributed AED 251 million of revenue and AED 36 million of loss to the Group for the year ended 31 December 2024. If the above-mentioned acquisition had taken place on 1 January 2024, the Group's consolidated revenue for the year ended 31 December 2024 would have been higher by AED 1,520 million and Group's consolidated profit for the year ended 31 December 2024 would have been higher by AED 56 million. The goodwill of AED 1,131 million represents the fair value of expected synergies arising from acquisition.

6 MATERIAL OPERATING SUBSIDIARIES

The Group's material operating subsidiaries are set out below.

		Ownership interest		
Subsidiaries	***Domicile***	***2024***	*2023*	***Principal business activities***
GlobalFoundries *(see note (i))*	Cayman Islands	**81.46%**	84.82%	Focused on semiconductor wafer fabrication services and technologies, and manufacturing a broad range of semiconductor devices
NOVA *(see note 4(b)(i))*	New Brunswick, Canada	**100%**	100%	Engaged in producing and selling ethylene, polyethylene and co-products, which are used in a wide range of applications including rigid and flexible packaging, containers, plastic bags, plastic pipe, consumer electronics, building and construction materials, housewares and other industrial and consumer goods
Mubadala Capital LLC ("Mubadala Capital")	UAE	**100%**	100%	Engaged in asset management and investment advisory activities, including arranging investment deals, advising on investments, arranging custody, managing assets and collective investment funds
Mubadala Energy Holding Company LLC ("Mubadala Energy")	UAE	**100%**	100%	Engaged in exploration, development, production and marketing of hydrocarbons
Dolphin Investment Company LLC	UAE	**100%**	100%	Engaged in managing investments, which are engaged in development, production, procurement and sale of hydrocarbons and related products
MC Investments Parent LP	Cayman Islands	**100%**	100%	Investments to focus on three main asset classes: Direct Lending, Asset Based Lending and Real Estate Debt in the USA and Europe
MMJV LP	Cayman Islands	**100%**	100%	Focused on investing in senior secured middle-market loans in the USA and Europe sourced through off-market partnerships
Great Lakes MC, LP	Cayman Islands	**100%**	100%	Investments to focus on senior secured middle-market loans in the USA
Masdar City *(see note 4(a)(i))*	UAE	**100%**	100%	Engaged in infrastructure, commercial, real estate, industrial, power enterprises investments and sustainable real estate business
Aerospace Turbine Services & Solutions LLC ("Sanad")	UAE	**100%**	100%	Engaged in aircraft maintenance and repairs, components leasing and sales
Yahsat *(see note 4(b)(ii))*	UAE	-	63%	Engaged in leasing of satellite communication capacity to the UAE Armed Forces and other customers

Note

(i) The ownership interest of the Group has reduced as a result of share based payments made to key management personnel of GlobalFoundries and disposal of shares by the Group *(see notes (i) and (ii) to the Consolidated Statement of Changes in Equity).*

7 PARTIALLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of partially-owned subsidiaries of the Group which have material non-controlling interests ("NCI"):

		2024			2023		
	Domicile	*Ownership interest held by NCI %*	*Profit allocated to NCI AED millions*	*Accumulated NCI AED millions*	*Ownership interest held by NCI %*	*Profit allocated to NCI AED millions*	*Accumulated NCI AED millions*
Subsidiary:							
GlobalFoundries	Cayman Islands	**18.54%**	**(199)**	**9,331**	15.18%	547	7,718
Yahsat *(see note 4(b)(ii))*	UAE	**-**	**111**	**-**	37%	120	1,534

Summarised financial information in respect of the Group's subsidiaries that have a material non-controlling interest is set out below. The summarised financial information represents amounts shown in their respective financial statements (before intra-group eliminations) prepared in accordance with IFRS.

	2024	2023	
All amounts in AED millions	***GlobalFoundries***	*GlobalFoundries*	*Yahsat*
For the year ended 31 December			
Summarised statement of comprehensive income:			
Revenue	**24,796**	27,155	1,678
Net (loss) / profit for the year	**(962)**	3,740	375
Other comprehensive loss	**(191)**	(84)	(43)
Total comprehensive (loss) / income	**(1,153)**	3,656	332
Summarised statement of cash flows:			
Net cash generated from operating activities	**6,326**	7,806	1,232
Net cash used in investing activities	**(4,133)**	(6,914)	(296)
Net cash generated used in financing activities	**(2,884)**	(779)	(754)
Net cash (outflows) / inflows	**(691)**	113	182
Dividend paid to non-controlling interest	**-**	-	147
As at 31 December			
Summarised statement of financial position:			
Non-current assets	**38,142**	43,042	4,525
Current assets	**23,569**	23,242	2,780
Non-current liabilities	**(10,767)**	(13,937)	(3,074)
Current liabilities	**(11,182)**	(11,384)	(906)
Non-controlling interests	**(176)**	(173)	(232)

8 OPERATING SEGMENTS

The Group is organised into four business platforms namely, UAE Investments, Private Equity *(previously known as Direct Investments)*, Credit and Special Situations *(previously known as Diversified Investments)* and Real Assets *(previously known as Real Estate and Infrastructure Investments)*. The business platforms are responsible for the screening, due diligence, development and implementation of all business ideas, investment opportunities, acquisitions and disposals. The following summary describes the operations in each of the Group's reportable segments:

UAE Investments
This platform aims to accelerate the transformation of the UAE's economy by investing in national champions, fostering vibrant industrial and commercial clusters and partnering with world-class global entities. The platform's key portfolio assets include: (i) subsidiaries such as Mubadala Energy, Dolphin Investment Company LLC, Strata Manufacturing PJSC, Sanad, Mubadala Bio, (ii) associates such as Aldar, National Central Cooling Company PJSC, M42, Space42 and (iii) joint ventures such as Emirates Global Aluminium PJSC ("EGA") and Abu Dhabi Future Energy Company PJSC ("Masdar"). The aspiration of the platform is to grow these assets and incubate new initiatives aimed at attracting investment partners to cultivate these sectors further and establish additional clusters in the UAE for profitable and sustainable growth.

Private Equity
This platform executes global direct investments and actively manages a portfolio targeting high-growth, highly-profitable companies across a range of sectors with strong fundamentals including energy and sustainability, technology, life sciences, consumer, industrials and business services and financial services. The platform's primary geographical focus is North America, Europe and Asia. Key portfolio assets include: (i) subsidiaries such as GlobalFoundries and NOVA, (ii) joint ventures such as Moeve *(previously known as Compañía Española de Petróleos S.A.U. ("CEPSA"))* and Dental Care Alliance, and (iii) its financial investments in Reliance Retail Ventures Limited, PCI Pharma Services, Envirotainer Holdings AB, Avalara Inc., Medallia Inc., Culligan International Co., Independent Vetcare Limited trading under the name IVC Evidensia, CRC Group *(previously known as Truist Insurance Holdings ("Trust Insurance"))*, Zelis Parent, L.P ("Zelis"), Soliant Holdings, Dalian Xindameng Management Co. Ltd ("Dalian") and United States Infrastructure Corporation.

Credit and Special Situations
This platform encompasses: (i) investments in late stage/high growth companies and funds across a range of sectors, with a focus on enterprise software, fin-tech and frontier technologies primarily in the US and Europe (including the UK), (ii) credit investments primarily in the form of direct lending in North America, Western Europe and the APAC region and across different asset classes and industries, (iii) investments in special opportunities across a wide range of sectors and geographies (including the management of some of the platform's key portfolio assets), (iv) commercially driven country investment programs alongside select global counterparts, and (v) Mubadala Capital, a wholly-owned asset management subsidiary. The platform's key portfolio assets include its investments in Silver Lake Partnership, Softbank Vision Fund 1, Fortress Investment Group, Getir B.V., Waymo LLC, Bpifrance's LAC I Fund and direct lending programmes with Apollo Global Management, Ares Management Corporation, Barings, Carlyle, Goldman Sachs Asset Management, BlackRock and Kohlberg Kravis Roberts & Co. L.P.

Real Assets
This platform deploys capital into international real estate and infrastructure assets that offer long-term stable and predictable cash flows across business cycles. The platform partners with best-in-class investment managers and capital partners to create long-term sustainable value. The platform is geographically diversified across North America, Europe and Asia. The platform's key infrastructure portfolio assets include its investments in Jio Platforms, Port Sudeste, CityFibre, Princeton Digital Group, Calisen Limited, Tata Power Renewable Energy, Terminal Investment Limited, Skyborn Renewables GmbH, GlobalConnect, Aligned Energy Holdings LP, Rio Grande LNG LLC and Zenobe Energy Limited. The real estate portfolio is heavily focused on the logistics, living, healthcare/life sciences and credit sectors, with investment managers such as 3650 Capital, Pretium, Crow Holdings, Barings, Starz Real Estate, ESR and CBC Group.

8 OPERATING SEGMENTS continued

Corporate
The segment is responsible for developing and driving the strategy of the Group as whole as well as focusing on the economic development by establishing business in services-based sectors, such as insurance and financing. Furthermore, this segment includes strategy acceleration program and treasury activities that include liquidity management program, investing in cryptocurrency and related exchange traded funds, structuring and raising debt, and providing banks and investors relationships management. The segment’s key investments include investment in MGX and related funds.

<u>Changes to segments</u>

Effective January 2024, Disruptive Investments has been renamed to Diversified Investments. On the same date, a portfolio of investments was transferred from Disruptive Investments to UAE Investments and Direct Investments. Segment disclosures of the comparative period have been adjusted in accordance with IFRS 8 Operating Segments to reflect these transfers, effective January 2024.

Effective January 2025, Direct Investments, Diversified Investments, and Real Estate and Infrastructure Investments have been renamed to Private Equity, Credit and Special Situations, and Real Assets, respectively. Further, on the same date, a portfolio of investments was transferred from Credit and Special Situations to Private Equity.

8 OPERATING SEGMENTS continued

AED millions	*UAE Investments*		*Credit and Special Situations*		*Private Equity*		*Real Assets*		*Corporate*		*Total*	
For the year ended 31 December	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenues from contracts with customers	**12,763**	10,713	**991**	586	**24,839**	27,168	**-**	-	**-**	-	**38,593**	38,467
Other revenue	**847**	964	**12**	-	**1**	10	**-**	-	**75**	66	**935**	1,040
Total revenue	**13,610**	11,677	**1,003**	586	**24,840**	27,178	**-**	-	**75**	66	**39,528**	39,507
Depreciation and amortisation	**1,604**	1,606	**81**	42	**5,788**	5,331	**10**	10	**147**	140	**7,630**	7,129
Investment income *(net)*	**10,647**	4,656	**13,769**	13,159	**7,243**	8,170	**3,191**	523	**668**	1,046	**35,518**	27,554
Income from equity accounted investees *(net)*	**4,881**	4,695	**(601)**	125	**(323)**	(1,717)	**392**	(1,015)	**-**	-	**4,349**	2,088
Net (finance cost) / finance income	**(185)**	(168)	**(1,422)**	(303)	**233**	(135)	**72**	347	**(1,208)**	(1,778)	**(2,510)**	(2,037)
Profit / (loss) for the period attributable to the Owner of the Company (continuing operations)	**17,510**	10,960	**9,326**	12,331	**5,119**	8,951	**3,253**	(1,955)	**(2,477)**	(4,227)	**32,731**	26,060
Profit for the period attributable to the Owner of the Company (discontinued operations)	**1,882**	4,812	**-**	-	**2,766**	(976)	**(3)**	44	**-**	-	**4,645**	3,880
Total comprehensive income / (loss) for the period attributable to the Owner of the Company	**18,617**	15,355	**9,230**	12,355	**7,088**	8,022	**2,983**	(1,631)	**(2,449)**	(4,220)	**35,469**	29,881
Additions to non-current assets *(see note (i))*	**3,030**	2,167	**383**	121	**4,703**	6,049	**17**	74	**270**	187	**8,403**	8,598
At 31 December	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Investments in equity accounted investees	**57,342**	51,751	**7,132**	3,631	**17,186**	16,526	**12,044**	11,087	**1,010**	-	**94,714**	82,995
Total assets	**132,669**	113,024	**162,017**	133,652	**191,165**	193,445	**49,306**	43,249	**61,011**	56,052	**596,168**	539,422
Total liabilities	**19,735**	22,123	**49,991**	34,612	**51,948**	52,246	**1,531**	1,493	**89,537**	86,807	**211,742**	197,281

(i) Additions to non-current assets includes additions to property, plant and equipment, intangible assets and investment properties.

8 OPERATING SEGMENTS continued

Geographical information
In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers.

Geographical information

	For the year ended 31 December 2024	***As at 31 December 2024***	*For the year ended 31 December 2023*	*As at 31 December 2023*
	Revenue AED millions	***Non-current assets AED millions (see note (i))***	*Revenue AED millions*	*Non-current assets AED millions (see note (i))*
Continuing operations				
UAE *(country of domicile)*	**3,100**	**11,224**	4,082	16,306
United States *(see note (ii))*	**6,725**	**12,518**	7,131	23,209
Republic of Singapore	**7,999**	**11,539**	7,871	12,048
Taiwan	**4,153**	**-**	3,204	-
People's Republic of China	**1,723**	**7**	2,014	3
Federal Republic of Germany	**389**	**7,975**	2,376	8,442
United Kingdom	**4,991**	**43**	3,849	50
South Korea	**1,705**	**-**	1,563	-
State of Qatar	**1,402**	**2,371**	1,394	2,592
Arab Republic of Egypt	**1,153**	**2,750**	1,224	2,808
Malaysia	**1,566**	**1,687**	1,182	1,951
Canada *(see note (ii))*	**10**	**-**	16	25,825
Others	**4,612**	**5,217**	3,601	6,005
	39,528	**56,331**	39,507	99,239
Discontinued operations				
United States	**8,108**	**6,694**	7,209	-
Canada	**3,679**	**24,785**	4,008	-
UAE *(country of domicile)*	**641**	-	1,367	4,125
Others	**2,073**	-	1,401	64
	14,501	**31,479**	13,985	4,189

(i) Segment non-current assets consist of property, plant and equipment, intangible assets and investment properties.

(ii) Reduction in non-current assets as at 31 December 2024 relates to NOVA which has been classified as held for sale *(see note 4(b)(i))*.

Major customers

In 2024 and 2023, none of the Group’s customers individually exceeded 10% of the Group’s revenue.

9 REVENUE

	2024 AED millions	2023 AED millions
Revenue from contracts with customers		
Revenue from semiconductor wafers	**24,798**	27,156
Revenue from exploration and production activities	**5,724**	5,518
Revenue from aircraft maintenance, repairs and sales	**5,170**	3,624
Revenue from asset management services	**675**	513
Others	**2,226**	1,656
	38,593	38,467
Other revenue		
Revenue from property leasing	**723**	835
Revenue from aircraft components leasing	**78**	134
Others	**134**	71
	935	1,040
Total revenue	**39,528**	39,507

	2024 AED millions	2023 AED millions
Timing of revenue recognition		
Over a period of time	**9,358**	7,104
At a single point in time	**29,235**	31,363
	38,593	38,467

10 COST OF SALES

	2024 AED millions	2023 AED millions
Raw materials consumed *(see note 15)*	**8,443**	6,953
Depreciation of property, plant and equipment *(see note 21)*	**6,179**	5,789
Staff costs	**4,417**	4,066
Maintenance costs	**2,766**	2,859
Impairment of property, plant, and equipment *(see note 21)*	**3,363**	549
Distribution, utilities and related costs	**1,841**	2,152
Amortisation of intangible assets *(see note 22)*	**316**	377
Impairment of intangible assets *(see note 22)*	**69**	326
Other costs	**4,369**	5,239
	31,763	28,310

11 GENERAL AND ADMINISTRATIVE EXPENSES

	2024 AED millions	*2023 AED millions*
Staff costs	**2,606**	2,307
Depreciation of property, plant and equipment *(see note 21)*	**397**	306
Amortisation of intangible assets *(see note 22)*	**204**	187
Selling, distribution and transportation costs	**94**	79
Reversal of impairment of property, plant and equipment *(see note 21)*	**(70)**	(184)
Impairment of intangible assets *(see note 22)*	**-**	62
Other expenses *(see note (i))*	**4,813**	5,706
	8,044	8,463

(i) In line with Abu Dhabi Accountability Authority's Chairman Resolution No. (27) of 2023 applicable to the Subject Entities, remuneration of auditors in 2024 and 2023 for the Company and all subsidiaries of the Group is as follows:

	2024 AED millions	*2023 AED millions*
Audit of financial statements	**82**	43
Other assurance services *(see note (ii))*	**39**	3
Non-assurance services as required by applicable law	**-**	-
All other non-assurance services *(see note (iii))*	**51**	4
	172	50

(ii) Other assurance services primarily include services to provide a reasonable assurance report on the effectiveness of internal controls over financial reporting.

(iii) All other non-assurance services primarily include services relating to comfort letters issued in connection with issuance of borrowings and services relating to tax advisory and tax filing services permissible under the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants.

12 INVESTMENT INCOME *(NET)*

	2024 AED millions	*2023 AED millions*
Fair value gains on non-derivative financial instruments *(net) (see note 17(b))*	**25,071**	22,766
Distribution income from funds	**4,054**	1,138
Fair value gain on derivative financial instruments *(net)*	**3,896**	711
Fair value gain on investment properties *(net) (see note 20)*	**1,524**	841
Dividend income from equity investments	**973**	2,098
	35,518	27,554

13 OTHER INCOME *(NET)*

	2024 AED millions	*2023 AED millions*
Government grant income	**584**	284
Gain on disposal of property, plant and equipment, intangibles and other assets *(net)*	**267**	47
Other income	**951**	514
	1,802	845

14 CASH AND CASH EQUIVALENTS

	2024 AED millions	*2023 AED millions*
Bank balances *(see note (i))*:		
- deposit accounts	**6,045**	7,996
- call and current accounts	**16,437**	8,466
Money market funds *(see note (ii))*	**4,454**	5,515
Treasury bills *(see note (iii))*	**2,711**	1,563
Cash in hand	**2**	3
Cash and cash equivalents *(see note (iv))*	**29,649**	23,543

(i) Bank deposit, call and current accounts are placed with commercial banks. Deposits have a maturity of less than 3 months. Deposit and call accounts earn interest at prevailing market rates. Bank balances include AED 4,180 million *(31 December 2023: AED 4,106 million)* placed with financial institutions which are considered related parties *(see note 29(d))*. The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 33.

(ii) Money market funds include investments in fixed income and other liquid assets, made through third-party managers. The investments are primarily made in the United States, France, Canada, United Kingdom and Japan and have average maturity of less than 3 months.

(iii) Treasury bills represent US treasury bills which are highly liquid and readily convertible into known amounts of cash.

(iv) Cash and cash equivalents include AED 10,182 million *(31 December 2023: AED 10,156 million)* managed by Corporate.

15 INVENTORIES

	2024 AED millions	*2023 AED millions*
Work in progress	**4,057**	3,748
Raw materials and consumables	**2,605**	2,685
Land plots for sale *(see note 32(i))*	**937**	896
Goods in transit	**190**	144
Finished goods	**156**	1,007
Others	**1,164**	1,574
	9,109	10,054
Less: provision for obsolescence	**(669)**	(782)
	8,440	9,272

During 2024, inventories of AED 8,443 million *(2023: AED 6,953 million)* were recognised as an expense during the year within ‘Cost of sales’.

The movement in provision for inventory obsolescence during the year is as follows:

	2024 AED millions	*2023 AED millions*
At 1 January	**782**	686
Provision made during the year	**455**	393
Provision reversed during the year	**(379)**	(161)
Write off	**(170)**	(113)
Transfer to held for sale	**(35)**	(40)
Other movements, including foreign exchange	**16**	17
At 31 December	**669**	782

16 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	2024 AED millions	*2023 AED millions*
Restricted and long-term deposits *(see note (i))*	**13,975**	26,879
Project receivable *(see note 29(d))*	**5,423**	5,408
Service concession receivables *(see note (ii))*	**3,266**	3,579
Receivables against disposal of assets	**1,014**	2,472
Interest receivables	**1,353**	1,124
Advances to suppliers and contractors	**1,359**	1,019
Receivables against government grants *(see note 32(ii))*	**944**	210
Prepaid expenses	**903**	674
Contract assets	**781**	559
Finance lease receivables	**369**	548
Tax receivables	**309**	703
Defined benefit plan assets	**63**	262
Others	**7,705**	9,652
	37,464	53,089
Less: expected credit losses	**(366)**	(417)
	37,098	52,672

(i) Includes long-term deposits of AED 13,182 million *(31 December 2023: AED 25,898 million)* which represent deposits with original maturity of more than three months and which are managed by Corporate. Long-term deposits include AED 2,764 million (*31 December 2023: AED 4,005 million*) placed with financial institutions which are considered related parties *(see note 29(d)).*

(ii) Service concession receivables are services relating to the construction of buildings for certain universities. Service concession receivables are expected to be recovered over the respective concession periods of the universities which is expected to continue until the years 2034 to 2036.

17 OTHER FINANCIAL ASSETS

	2024 AED millions	*2023 AED millions*
Loans receivable *(see note 17(a))*	**13,289**	11,975
Investment in non-derivative financial instruments *(see note 17(b))*	**301,157**	224,362
Derivative financial instruments *(see note 33(d))*	**4,380**	2,749
	318,826	239,086

17 OTHER FINANCIAL ASSETS continued

(a) Loans receivable

	2024 AED millions	*2023 AED millions*
Loans to joint ventures	**752**	542
Loans to associates *(see note (i))*	**645**	-
Less: expected credit losses	**(21)**	(17)
Loans to related parties *(net)* *(see note 29(d))*	**1,376**	525
Loans to third parties *(see notes (ii) and (iii))*	**14,250**	13,415
Less: expected credit losses	**(2,337)**	(1,965)
Loans to third parties *(net)*	**11,913**	11,450
Total loans receivable	**13,289**	11,975

(i) During the year, the Group acquired 31% interest in Soliant Holdings through subscription to Class A preference shares *(see note 19(a))* and acquired 16.5% interest in a fully owned subsidiary of Soliant Holdings, through subscription to Series A preferred units. The latter investment is classified as a financial asset measured at amortised cost with a carrying value of AED 645 million as at 31 December 2024.

(ii) Loans given to third parties include loan investments made by a consolidated credit portfolio of the Group amounting to AED 9,645 million *(31 December 2023: AED 8,489 million)* and is represented by senior secured loans provided to middle-market businesses across multiple industries primarily located in the United States. These loans are secured, through share pledges, by the enterprise value of the obligors. As at 31 December 2024, this collateral represents approximately 277% *(31 December 2023: 253%)* of the carrying value of the senior secured loan portfolio.

(iii) During the year, the Group acquired 9.8% equity interest in Dalian, an entity which provides management services for shopping malls. The carrying value of the equity interest as at 31 December 2024 is AED 2,351 million. The equity interest is pledged as collateral against a loan borrowed by Dalian *(see note 17(b)(v))*. Additionally, the Group disbursed a loan of AED 821 million to Dalian. The loan is interest free and due to be repaid by 2032.

(b) Investment in non-derivative financial instruments

	2024 AED millions	*2023 AED millions*
i. Financial assets at FVTPL		
Quoted investments		
Equity securities *(see note (i))*	**10,026**	9,872
Debt securities *(see note (ii))*	**17,732**	9,322
Exchange traded funds *(see note (iii))*	**3,215**	2,067
Total quoted investments	**30,973**	21,261

17 OTHER FINANCIAL ASSETS continued

(b) Investment in non-derivative financial instruments continued

	2024 AED millions	*2023 AED millions*
i. Financial assets at FVTPL continued		
Unquoted investments		
Convertible bonds and preference shares *(see note (iv))*	**15,931**	12,185
Equity securities *(see note (v))*	**69,628**	47,376
Funds *(see note (vi))*	**134,136**	105,184
Loans receivable *(see note (vii))*	**42,928**	32,624
Total unquoted investments	**262,623**	197,369
Total financial assets at FVTPL	**293,596**	218,630
ii. Financial assets at FVOCI		
Quoted debt securities *(see note (viii))*	**7,466**	5,660
Quoted equity securities	**41**	-
Unquoted debt securities	**54**	-
Unquoted equity securities	**-**	72
Total financial assets at FVOCI	**7,561**	5,732
	301,157	224,362

Details of fair value hierarchy and fair value methodology are disclosed in note 33(d).

(i) In May 2024, Abu Dhabi Aviation Company PJSC ("AD Aviation"), an associate of the Group, issued new shares to ADQ Aviation and Aerospace Services LLC ("ADQ Aviation") subsequent to which, the Group's interest in AD Aviation has diluted and the Group assessed that it ceased to have significant influence over AD Aviation. Accordingly, the Group classified its retained interest in AD Aviation as an investment in equity securities measured at FVTPL. The carrying value of investment in AD Aviation as at 31 December 2024 is AED 757 million.

Additionally, the Group made net disposals of quoted equity securities of approximately AED 1,239 million and recognised a net fair value gain of approximately AED 928 million on its investment in quoted equity securities (*2023: net fair value gain of approximately AED 1,628 million*).

(ii) Investments in quoted debt securities include investments by Corporate in fixed income and other debt securities made directly and through external managers. During the year, the net amount invested in fixed income and debt securities by Corporate was AED 6,328 million *(31 December 2023: AED 8,310 million)*.

Additionally, the Group made net new investments of approximately AED 1,520 million on its investment in other quoted debt securities.

(iii) During the year, the Group acquired 8.2 million shares in iShares Bitcoin Trust ETF. The carrying value of the investment as at 31 December 2024 is AED 1,605 million.

(iv) During the year, the Group made net new investments of approximately AED 1,641 million and recognised a net fair value gain of approximately AED 2,491 million on its investment in convertible bonds and preference shares.

17 OTHER FINANCIAL ASSETS continued

(b) Investment in non-derivative financial instruments continued

(v) During the year, the Group acquired 9.21% interest in ordinary shares of Neptune Project Holding 1 Limited (“Neptune”), an entity which holds the combined businesses of Network International Holdings Plc and Magnati Sole Proprietorship LLC. The carrying value of the investment as at 31 December 2024 is AED 918 million.

During the year, the Group acquired 9.8% equity interest in Dalian. The carrying value of the investment as at 31 December 2024 is AED 2,351 million. The equity interest is pledged as collateral against a loan borrowed by Dalian *(see note 17(a)(ii))*.

Additionally, the Group made net new investments of approximately AED 8,300 million and recognised a net fair value gain of approximately AED 11,640 million on its investment in other unquoted equity securities (*2023: net fair value gain of approximately AED 4,860 million*).

(vi) During the year, the Group made an additional investment in CRC Group of AED 2,571 million, subsequent to which the Group’s investment was reclassified from investment in equity securities to investment in funds measured as FVTPL. The carrying value investment in CRC Group as at 31 December 2024 is AED 4,165 million.

During the year, the Group acquired a 12% limited partner interest in Zelis which specialises in managing healthcare payments in the United States. The carrying value of the investment in Zelis as at 31 December 2024 is AED 5,510 million.

During the year, the Group invested in MGX 1 LP specialising in artificial intelligence and technologies. The carrying value of the investment in MGX 1 LP as at 31 December 2024 is AED 3,966 million.

Additionally, the Group made new investments of approximately AED 24,510 million and received capital distributions of approximately AED 13,377 million from its other unquoted fund investments. The Group also recognised a net fair value gain of approximately AED 5,614 million *(2023: net fair value gain of approximately AED 7,011 million)* on its unquoted fund investments.

(vii) During the year, the Group disbursed additional net loans of approximately AED 10,606 million from its consolidated credit portfolio.

Loans receivable measured at FVTPL amounting to AED 41,989 million *(31 December 2023: AED 31,913 million)* are represented by middle market-based first lien senior secured loans, unitranche loans, second lien loans across multiple industries primarily located in the United States, United Kingdom and Europe. As at 31 December 2024, this collateral represents approximately a range of 146% - 339% *(31 December 2023: a range of 204% - 314*%) of the carrying value of the secured loan portfolio.

Loans receivable measured at FVTPL amounting to AED 71 million *(31 December 2023: AED 363 million)* are placed with related parties *(see note 29(d)).*

(viii) During the year, a subsidiary of the Group made additional net investment in quoted marketable debt securities of AED 1,823 million.

18 INTEREST IN JOINT OPERATIONS

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.

18 INTEREST IN JOINT OPERATIONS continued

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. The Groups interest in those concession blocks are at different stages – exploration, development and / or production, and are located in Canada, USA, Egypt, Qatar, Israel, Malaysia, Oman and Thailand.

The Group's significant interest in joint operations are as follows:

Contract Area	***Description***	***Group's working interest 2024 %***	*Group's working interest 2023 %*
Joint operations in Canada[1]			
Joffree E3 Ethylene Plant	Ethylene production	**50**	50
Cogeneration Facility at Joffre	Natural gas power station	**20**	20
Joint operations in USA[1]			
Geismar, Louisiana Plant	Ethylene production	**88.46**	88.46
Joint operations in Egypt			
Mubadala Petroleum (Shorouk) Limited ("Shorouk Concession")	Exploration and production of condensate gas	**10**	10
Mubadala Energy (Nour) Ltd	Exploration and production of condensate gas	**20**	20
Mubadala Energy (Red Sea Block 4) Holding RSC Ltd	Exploration and production of condensate gas	**27**	27
Joint operations in Qatar			
Development and Production Sharing Agreement, Dolphin Contract Location, North Field ("DPSA") operated by DEL	Development, production and sale of hydrocarbons and related products	**51**	51
Joint operations in Malaysia			
Block SK320 PSC Malaysia	Exploration and development of oil and gas	**55**	55
Joint operations in Oman			
Block 53 Mukhaizna	Production of crude oil	**15**	15
Joint operations in Thailand			
PTTEP Energy Development Limited	Exploration of oil and gas	**40**	40
KrisEnergy (Gulf of Thailand) Limited	Exploration of oil and gas	**-**	30
Joint operations in Indonesia			
Andaman I	Exploration and development of oil and gas	**100**	80
Andaman II	Exploration and development of oil and gas	**30**	30
South Andaman	Exploration and development of oil and gas	**80**	80

[1] This relates to NOVA, which has been classified as held for sale and disclosed as discontinued operations in these consolidated financial statements *(see note 4(b)(i))*.

19 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

(a) Investments in equity accounted investees

	2024 AED millions	*2023 AED millions*
Investments in associates	**38,819**	30,483
Investments in joint ventures	**55,895**	52,512
	94,714	82,995

(b) Income from equity accounted investees

	2024 AED millions	*2023 AED millions*
Share of results from equity accounted investees	**4,709**	2,089
Loss on disposal of equity accounted investees *(net)*	**(360)**	(1)
	4,349	2,088

(c) Investments in associates

(i) MIC Global Mining Ventures, S.L.U ("MIC GMV")

In June 2024, the Group entered into an investment agreement with Aris Mining Corporation ("Aris Mining") through which the Group's interest in MIC Global Mining Ventures, S.L.U ("Minesa") reduced from 80% to 49% and the Group received 15.75 million shares of Aris Group as consideration which has been classified as Level 1 within the fair value hierarchy. The Group ceased to exercise control over Minesa. Accordingly, the Group's retained interest of 49% in Minesa is accounted for as an associate with a carrying amount of AED 563 million. As per the terms of the transaction, the Group is entitled to receive an additional 6 million shares of Minesa upon Aris Group obtaining environmental license for Minesa.

(ii) Fortress Investment Group ("Fortress")

In May 2024, the Group, through a partially owned subsidiary, made investment in Fortress. Based on the terms of the transaction, the investment has been classified as an associate. The carrying value of investment in Fortress is AED 4,548 million as at 31 December 2024. As part of this transaction, the non-controlling shareholders of the partially owned subsidiary contributed an amount of AED 3,459 million (USD 942 million), out of which the Group's Parent has contributed an amount of AED 1,840 million (USD 501 million).

(iii) Space42

In October 2024, as a result of the merger of Yahsat and Bayanat, the Group acquired 28.97% interest in Space42, which is classified as investment in an associate. The carrying value of Space42 as at 31 December 2024 is AED 2,763 million *(see note 4(b)(ii))*.

(iv) TVG Soliant Holdings LP ("Soliant Holdings")

During the year, the Group acquired 31% interest in Soliant Holdings through subscription of Class A preference shares. The Group assessed that it has significant influence over Soliant Holdings. Accordingly, the investment is classified as an investment in associate and the carrying value of the investment as at 31 December 2024 is AED 1,254 million. *(see note 17 (a)(i))*.

19 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(c) Investments in associates continued

The Group has the following material investments in associates:

Associates	*Domicile*	*Ownership interest %* *2024*	*2023*	*Principal business activity*
Aldar	UAE	**25.12**	25.12	Development, sales, investment, and associated services for real estate. In addition, Aldar is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.
M42	UAE	**45.00**	45.00	Technology enabled healthcare company. It combines G42 Healthcare's medical and data centric technologies with Mubadala Health's patient services and medical facilities.
OMV *(see note 4(b)(iii))*	Austria	**-**	24.90	Engaged in the business of producing and marketing oil and gas as well as chemical products and solutions.

Summarised financial information in respect of each of the Group's material associates is set out below *(see note 4(b)(iii) for OMV)*. The summarised financial information represents amounts shown in the associates' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRS, except for the Group's share of profits and dividends received.

	2024		*2023*	
All amount in AED million	***Aldar***	***M42***	*Aldar*	*M42*
Revenue	**22,998**	**8,460**	14,161	7,505
Profit for the year	**6,504**	**298**	4,416	227
Other comprehensive (loss) / income	**(513)**	**(62)**	(288)	68
Total comprehensive income	**5,991**	**236**	4,128	295
Group's share of profit / (loss)	**1,180**	**(97)**	961	(56)
Dividends received by the Group	**334**	**-**	316	-
Current assets	**46,882**	**5,611**	36,560	6,402
Non-current assets	**38,854**	**16,437**	36,298	16,464
Current liabilities	**(23,065)**	**(3,736)**	(18,080)	(4,268)
Non-current liabilities	**(19,875)**	**(6,762)**	(16,595)	(7,011)
Non-controlling interest	**(6,087)**	**(509)**	(5,303)	(617)
Hybrid capital not contributed by the Group	**(1,815)**	**(70)**	(1,815)	-
Net asset	**34,894**	**10,971**	31,065	10,970

19 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(c) Investments in associates continued

Reconciliation of the above summarised financial information to the carrying amount of the interests in the above associates recognised in the consolidated financial statements is as follows:

	2024		*2023*	
All amount in AED million	***Aldar***	***M42***	***Aldar***	*M42*
Net assets	**34,894**	**10,971**	31,065	10,970
Ownership%	**25.12%**	**45%**	25.12%	45%
Group's share of net assets	**8,765**	**4,937**	7,804	4,937
Reconciling items:				
Purchase price allocation adjustments *(net)*	**42**	**3,121**	125	3,256
Carrying amounts	**8,807**	**8,058**	7,929	8,193
Market value of investments	**15,171**	**-**	10,568	-

Aggregate information of associates that are not individually material:

	2024 AED millions	*2023 AED millions*
Group's share of loss *(net)*	**(127)**	(522)
Group's share of other comprehensive loss *(net)*	**(87)**	(86)
Group's share of total comprehensive (loss) / income *(net)*	**(214)**	438
Carrying value of the Group's share	**21,954**	14,361

Some of the Group's associates that are not individually material are listed on various stock exchanges. As at 31 December 2024, the market values of these listed associates are AED 6,011 million *(31 December 2023: AED 8,144 million)* while the carrying values were AED 4,832 million as at 31 December 2024 (*31 December 2023: AED 5,726 million).*

(d) Investments in joint ventures

(i) MGX 1 Strategic Co-Invest LP and MGX Group Holding 1 Ltd

During the year, the Group entered into agreements to jointly own, with G42, 50% interest in MGX 1 Strategic Co-Invest LP and MGX Group Holding 1 Ltd. The Group has assessed that it has joint control over these entities together with G42. Accordingly, the investments are classified as investment in joint ventures and the carrying values as at 31 December 2024 are AED 918 million and AED 92 million, respectively.

19 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(d) Investments in joint ventures continued

The Group has the following material investments in joint ventures:

Joint ventures	*Domicile*	*Ownership interest %* ***2024***	*2023*	*Principal business activity*
EGA	UAE	**50**	50	Develop, construct, operate, finance and Maintain aluminium smelter
Moeve	Spain	**61.36**	61.36	Engaged in exploration and extraction of crude oil, the production of petrochemical and energy products, asphalts, lubricants and polymers, their distribution and marketing, as well as gas distribution and electricity generation
Masdar	UAE	**33**	33	Invests in entities in renewable energy, energy efficiency, carbon reduction, carbon capture and storage and other forms of sustainability related technologies and provision of services for the reduction of carbon emissions.

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRS, except for the Group's share of profit and dividends received.

	2024			*2023*		
	EGA AED millions	***Moeve AED millions***	***Masdar AED millions***	*EGA AED millions*	*Moeve AED millions*	*Masdar AED millions*
Profit / (loss) for the year	**2,625**	**366**	**404**	3,444	(925)	(44)
Other comprehensive income /(loss)	**12**	**314**	**(444)**	(24)	(442)	22
Total comprehensive income / (loss)	**2,637**	**680**	**(40)**	3,420	(1,367)	(22)
Group's share of profit / (loss)	**1,263**	**(108)**	**133**	1,669	(854)	(20)
Dividends received by the Group	**1,837**	**451**	**-**	2,571	2,052	-
Included in total comprehensive income / (loss):						
Revenue	**30,032**	**98,846**	**3,421**	29,533	91,490	3,353
Depreciation and amortization	**(2,882)**	**(2,790)**	**(228)**	(2,898)	(2,824)	(122)
Interest income	**206**	**1,312**	**223**	174	1,795	148
Interest expense	**(1,442)**	**(2,508)**	**(673)**	(1,299)	(2,173)	(230)
Income tax expense	**(503)**	**(1,403)**	**(141)**	(71)	(671)	(54)

19 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(d) Investments in joint ventures continued

	2024			2023		
	EGA AED millions	***Moeve AED millions***	***Masdar AED millions***	*EGA AED millions*	*Moeve AED millions*	*Masdar AED millions*
Current assets	**13,276**	**28,062**	**9,993**	11,721	23,552	4,385
Non-current assets	**49,929**	**30,499**	**49,796**	51,364	30,683	13,814
Current liabilities	**(9,820)**	**(21,707)**	**(6,045)**	(7,149)	(21,691)	(2,500)
Non-current liabilities	**(15,151)**	**(22,954)**	**(24,737)**	(16,721)	(18,001)	(5,894)
Non-controlling interest	**(56)**	**(627)**	**(1,218)**	-	(247)	2
Net assets	**38,178**	**13,273**	**27,789**	39,215	14,296	9,807
Included in the net assets:						
Cash and cash equivalents	**3,994**	**7,294**	**6,954**	4,512	2,672	2,480
Current financial liabilities [1]	**(3,324)**	**(1,402)**	**(3,240)**	(1,549)	(872)	(1,235)
Non-current financial liabilities [1]	**(15,150)**	**(13,930)**	**(24,736)**	(16,280)	(11,089)	(5,894)

[1] excluding trade and other payables and provisions.

Reconciliation of the above summarised financial information to the carrying amount of the interests in the above joint ventures recognised in the consolidated financial statements is as follows:

	2024			2023		
	EGA AED millions	***Moeve AED millions***	***Masdar AED millions***	*EGA AED millions*	*Moeve AED millions*	*Masdar AED millions*
Net assets	**38,178**	**13,273**	**27,789**	39,215	14,296	9,807
Ownership%	**50%**	**61.36%**	**33%**	50%	61.36%	33%
Group's share of net assets	**19,089**	**8,144**	**9,170**	19,608	8,772	3,236
Reconciling items:						
Purchase price allocation adjustments *(net)*	**315**	**2,378**	**780**	369	2,820	868
Carrying amounts	**19,404**	**10,522**	**9,950**	19,977	11,592	4,104

Aggregate information of joint ventures that are not individually material:

	2024 AED millions	*2023 AED millions*
Group's share of profit / (loss) *(net)*	**2,390**	(152)
Group's share of other comprehensive loss *(net)*	**(83)**	(155)
Group's share of total comprehensive income / (loss) *(net)*	**2,307**	(307)
Carrying amount of Group's share	**16,019**	16,839

20 INVESTMENT PROPERTIES

The movement during the year is as follows:

	2024			2023		
	Investment properties	***Investment properties under development***	***Total***	*Investment properties*	*Investment properties under development*	*Total*
All amounts in AED millions						
At 1 January	**11,291**	**871**	**12,162**	10,430	524	10,954
Additions	**38**	**28**	**66**	89	468	557
Disposals	**(510)**	**-**	**(510)**	(70)	-	(70)
Transfers from capital work in progress *(see note 21(a))*	**-**	**457**	**457**	-	-	-
Transfers to held for sale *(see note 4(a)(i))*	**(5,742)**	**(144)**	**(5,886)**	(81)	-	(81)
Transfers from / (to) investment properties under development	**44**	**(44)**	**-**	121	(121)	-
Increase in fair value *(net)*	**1,524**	**-**	**1,524**	841	-	841
Effect of movement in foreign exchange rates and other movements	**(63)**	**-**	**(63)**	(39)	-	(39)
As at 31 December	**6,582**	**1,168**	**7,750**	11,291	871	12,162

Amounts recognised in the consolidated statement of comprehensive income for investment properties is as follows:

	2024 AED millions	*2023 AED millions*
Rental income from investment property (included in revenue)	**319**	709
Direct operating costs, including repairs and maintenance (included in cost of sales)	**85**	182

Significant investment properties of the Group include the Galleria Al Maryah Island Mall, Rihan Heights towers and various land plots. All these properties are located in the UAE and classified as Level 3 within the fair value hierarchy.

20 INVESTMENT PROPERTIES continued

The investment properties portfolio including those under development is valued through a mix of internal valuations and / or independent external valuations. Where external independent valuation is used, management engages external independent valuation companies, having appropriate recognised professional accreditations and experience. The fair values are based on valuation methods comprising the Comparable Method and Income Approach. Both valuation methods require the use of discounted future cash flows techniques. Where appropriate, the specific approved usage of the investment property is given due consideration. Cash flow projections which are intended to earn rental are based on estimated future cash inflows, supported by existing leases, current market rents for similar properties and estimated future cash outflows for operational expenses, construction costs and maintenance of the properties. While cash flow for capital appreciation (including property under construction for such purposes) is based on estimated future cash inflows expected for the net lettable area and future cash outflows based on construction contracts already awarded for part of the land and estimate of the development costs where contracts have not yet been awarded.

The Group conducted a sensitivity analysis for the largest assets in its investment properties portfolio with an aggregate amount of AED 5,268 million (*31 December 2023: AED 11,329 million*). The analysis has been conducted on the capitalisation/discount rate and rental values. Based on this sensitivity analysis:

- A decrease in the capitalisation/discount rate by 50 basis points ("bps") would result in an estimated AED 151 million or 3% increase (*2023: AED 343 million or 3% increase*) in the fair value, whilst an increase in the capitalisation/discount rate by 50bps would result in an estimated AED 148 million or 3% decrease (*2023: AED 316 million or 3% decrease*) in the fair value; and
- An increase in the rental rates by 10% would result in an estimated AED 210 million or 4% increase *(2023: AED 663 million or 6% increase*) in the fair value, whilst a decrease in the rental rates by 10% would result in an estimated AED 202 million or 4% decrease (*2023: AED 631 million or 6% decrease*) in the fair value.

The key assumptions used in the determination of the fair valuation of investment properties are as follows:

	2024 Range	*2023 Range*
Discount rate	**9% - 10%**	9% - 10%
Rental yield	**6% - 7%**	7% - 8%

21 PROPERTY, PLANT AND EQUIPMENT

	2024 AED millions	*2023 AED millions*
Property, plant and equipment *(see note 21(a))*	**37,926**	77,670
Property, plant and equipment – right-of-use *(see note (i))*	**2,606**	2,785
	40,532	80,455

21(a) PROPERTY, PLANT AND EQUIPMENT continued

All amount in AED millions	*Land*	*Oil and gas assets*	*Buildings, plant, and office equipment*	*Aircraft engines and spares*	*Computers*	*Capital work in progress*	*Others*	*Total*
Cost								
At 1 January 2024	296	23,781	140,175	2,972	2,613	17,630	227	187,694
Additions	-	372	1,581	-	54	3,239	82	5,328
Borrowing costs capitalized	-	-	-	-	-	73	-	73
Acquisition through business combination	28	-	367	-	4	59	7	465
Disposals	-	-	(2,229)	(1,708)	(141)	(38)	(8)	(4,124)
Divestment of a subsidiary	(12)	-	(76)	-	(9)	(1,067)	(6)	(1,170)
Transfer to investment properties *(see note 20)*	-	-	-	-	-	(457)	-	(457)
Write off	-	(109)	(42)	-	(1)	(9)	-	(161)
Transfer from capital work in progress	-	-	14,701	-	-	(14,701)	-	-
Transfer to assets classified as held for sale	(262)	-	(45,423)	(1,211)	(162)	(1,499)	(218)	(48,775)
Effect of movement in foreign exchange rates and other movements	(23)	10	(455)	(1)	39	(378)	326	(482)
At 31 December 2024	**27**	**24,054**	**108,599**	**52**	**2,397**	**2,852**	**410**	**138,391**
Accumulated depreciation and impairment								
At 1 January 2024	-	(16,169)	(89,058)	(1,055)	(2,366)	(1,203)	(173)	(110,024)
Charge for the year *(see notes (i) and (ii))*	-	(1,148)	(7,634)	(89)	(129)	-	(68)	(9,068)
Disposals	-	-	2,054	403	141	-	5	2,603
Divestment of a subsidiary	-	-	224	-	4	-	6	234
(Impairment) / reversals of impairment - *net (see note (iii))*	(21)	(180)	(3,272)	(48)	(3)	(15)	-	(3,539)
Transfer to assets classified as held for sale	-	180	17,760	744	135	-	176	18,995
Effect of movement in foreign exchange rates and other movements	21	-	(69)	(6)	(7)	457	(62)	334
At 31 December 2024	**-**	**(17,317)**	**(79,995)**	**(51)**	**(2,225)**	**(761)**	**(116)**	**(100,465)**
Carrying amounts								
At 31 December 2024	**27**	**6,737**	**28,604**	**1**	**172**	**2,091**	**294**	**37,926**

21(a) PROPERTY, PLANT AND EQUIPMENT continued

All amount in AED millions	*Land*	*Oil and gas assets*	*Buildings, plant, and office equipment*	*Aircraft engines and spares*	*Computers*	*Capital work in progress*	*Others*	*Total*
Cost								
Cost								
At 1 January 2023	314	23,107	136,456	3,685	2,565	27,003	223	193,353
Additions	-	658	1,223	1	86	4,362	1	6,331
Borrowing costs capitalized	-	-	-	-	-	248	-	248
Disposals	-	-	(1,678)	(714)	(9)	(109)	-	(2,510)
Transfer from capital work in progress	-	-	11,754	-	-	(11,754)	-	-
Transfer to assets classified as held for sale	(18)	-	(7,823)	-	(52)	(1,777)	-	(9,670)
Effect of movement in foreign exchange rates and other movements	-	16	243	-	23	(343)	3	(58)
At 31 December 2023	**296**	**23,781**	**140,175**	**2,972**	**2,613**	**17,630**	**227**	**187,694**
Accumulated depreciation and impairment								
At 1 January 2023	-	(14,481)	(89,200)	(1,328)	(2,287)	(1,311)	(159)	(108,766)
Charge for the year *(see notes (i) and (ii))*	-	(1,144)	(6,959)	(120)	(135)	-	(14)	(8,372)
Disposals	-	-	1,518	437	9	-	-	1,964
(Impairment) / reversals of impairment - *net (see note (iii))*	-	(543)	226	(44)	-	(4)	-	(365)
Transfer to assets classified as held for sale	-	-	5,505	-	48	-	-	5,553
Effect of movement in foreign exchange rates and other movements	-	(1)	(148)	-	(1)	112	-	(38)
At 31 December 2023	**-**	**(16,169)**	**(89,058)**	**(1,055)**	**(2,366)**	**(1,203)**	**(173)**	**(110,024)**
Carrying amounts								
At 31 December 2023	**296**	**7,612**	**51,117**	**1,917**	**247**	**16,427**	**54**	**77,670**

21 PROPERTY, PLANT AND EQUIPMENT continued

(i) Land includes plots of land recorded at nominal value, carrying amounts of which are insignificant. It also includes rights granted to certain subsidiaries to use plots of land free of charge *(see note 32)*. Depreciation charge for the year amounting to AED 562 million *(2023: AED 489 million)* was recognised on right-of-use assets *(see note 21(a)(ii))*.

(ii) Depreciation charge for the year was allocated as follows:

	2024 AED millions	*2023 AED millions*
Cost of sales *(see note 10)*	**6,179**	5,789
Research, development and exploration expenses	**278**	227
General and administrative expenses *(see note 11)*	**397**	306
Discontinued operations	**2,776**	2,539
	9,630	8,861

Property, plant and equipment of AED 14,275 million *(31 December 2023: AED 26,533 million)* have been pledged as security against certain borrowings *(see note 26(a)).*

(iii) Impairment / (reversal of impairment) charge for the year was allocated as follows:

	2024 AED millions	*2023 AED millions*
Cost of sales *(see note 10)*	**3,363**	549
Research, development and exploration expenses	**246**	-
General and administrative expenses *(see note 11)*	**(70)**	(184)
	3,539	365

Details of significant impairment charges are described below:

Impairment assessment of GlobalFoundries' Fabrication Facilities
During 2024, the management of GlobalFoundries' conducted an impairment test on the long-lived assets relating to legacy investments in production capacity at its fab facility in Malta, New York, by evaluating the current technological capabilities relative to projected market demand for certain FinFet related products. This was undertaken pursuant to the diversification of its long-term manufacturing technology platform roadmap in Malta. Based on the impairment test conducted, using a discount rate of 11.5%, it was determined that the carrying value of the long-lived assets exceeded its recoverable amount by AED 3,435 million (USD 935 million). As a result, an impairment loss of AED 3,435 million (USD 935 million) was recorded during the year ended 31 December 2024.

Impairment assessment of oil and gas assets and reserves of Mubadala Energy
During 2024, the management of Mubadala Energy conducted an impairment test of oil and gas assets and reserves relating to its interest in Shorouk concession due to decline in oil and gas reserves *(2023: Shorouk concession and Block 53 Mukhaizna)*. Based on the impairment test conducted, an impairment charge of AED 250 million *(2023: net impairment charge of AED 549 million)* is recorded. The recoverable amounts of the CGUs were estimated based on their value in use determined by discounting the future cash flows using the following key assumptions:

21 PROPERTY, PLANT AND EQUIPMENT continued

Impairment assessment of oil and gas assets and reserves continued

- cash flows were projected for each field based on the projected production plan of the fields' 2P (proved and probable) reserves;

- oil/condensate or gas prices linked to Brent are based on forecasted Brent prices and are adjusted for regional price differences;

- for gas prices based on long term contracts, the underlying contracts are used and suitable assumptions made for period beyond the contract term as approved by the management; and

- a discount rate of 14% was applied in determining the recoverable amount of the respective units.

Out of the total impairment charge of AED 250 million *(2023: net impairment charge of AED 549 million)*, impairment charge of AED 181 million *(2023: AED 223 million)* is recorded on oil and gas assets within property, plant and equipment and AED 69 million *(2023: AED 326 million)* is recorded on the on the oil and gas reserves within intangible assets *(see note 22)*.

22 INTANGIBLE ASSETS

All amount in AED millions	*Licences, trademarks and patents*	*Oil and gas reserves*	*Goodwill*	*Software*	*Customer contracts*	*Exploration and evaluation assets*	*Others*	*Total*
Cost								
At 1 January 2024	2,307	5,618	1,649	6,611	1,961	1,085	2,126	21,357
Additions	11	-	-	1,098	-	665	188	1,962
Acquisitions through business combinations	820	-	1,336	92	277	-	264	2,789
Disposals	-	-	(13)	(673)	-	-	(67)	(753)
Transfers to assets classified as held for sale *(see note 4(b)(i))*	(330)	-	(598)	(86)	(1,341)	-	(168)	(2,523)
Divestment of subsidiaries	(1,367)	-	-	(2)	-	(294)	(7)	(1,670)
Effect of movement in foreign exchange rates and other movements	20	-	62	(4)	(62)	(124)	143	35
At 31 December 2024	**1,461**	**5,618**	**2,436**	**7,036**	**835**	**1,332**	**2,479**	**21,197**
Accumulated amortisation and impairment								
At 1 January 2024	(937)	(4,431)	(640)	(5,199)	(1,563)	(452)	(1,513)	(14,735)
Charge for the year *(see note (i))*	(36)	(99)	-	(490)	(87)	(153)	(22)	(887)
Impairment	-	(69)	-	-	-	-	-	(69)
Disposals	-	-	-	673	-	-	1	674
Transfers to assets classified as held for sale *(see note 4(b)(i))*	256	-	-	75	1,037	-	-	1,368
Divestment of subsidiaries	23	-	-	7	-	437	3	470
Effect of movement in foreign exchange rates and other movements	3	-	-	(1)	5	68	(44)	31
At 31 December 2024	**(691)**	**(4,599)**	**(640)**	**(4,935)**	**(608)**	**(100)**	**(1,575)**	**(13,148)**
Carrying amounts								
At 31 December 2024	**770**	**1,019**	**1,796**	**2,101**	**227**	**1,232**	**904**	**8,049**

22 INTANGIBLE ASSETS continued

All amount in AED millions	*Licences, trademarks and patents*	*Oil and gas reserves*	*Goodwill*	*Software*	*Customer contracts*	*Exploration and evaluation assets*	*Others*	*Total*
Cost								
At 1 January 2023	2,307	5,618	1,570	6,192	1,961	749	2,184	20,581
Additions	-	-	-	601	-	336	9	946
Acquisitions through business combinations	-	-	92	-	-	-	22	114
Disposals	-	-	-	(157)	-	-	(106)	(263)
Transfers to assets classified as held for sale	-	-	(14)	(58)	-	-	(56)	(128)
Effect of movement in foreign exchange rates and other movements	-	-	1	33	-	-	73	107
At 31 December 2023	**2,307**	**5,618**	**1,649**	**6,611**	**1,961**	**1,085**	**2,126**	**21,357**
Accumulated amortisation and impairment								
At 1 January 2023	(937)	(3,957)	(577)	(4,885)	(1,481)	(296)	(1,641)	(13,774)
Charge for the year *(see note (i))*	-	(147)	-	(492)	(82)	(153)	(35)	(909)
Impairment	-	(326)	(62)	-	-	-	-	(388)
Disposals	-	-	-	156	-	-	106	262
Transfers to assets classified as held for sale	-	-	-	20	-	-	53	73
Effect of movement in foreign exchange rates and other movements	-	(1)	(1)	2	-	(3)	4	1
At 31 December 2023	**(937)**	**(4,431)**	**(640)**	**(5,199)**	**(1,563)**	**(452)**	**(1,513)**	**(14,735)**
Carrying amounts								
At 31 December 2023	**1,370**	**1,187**	**1,009**	**1,412**	**398**	**633**	**613**	**6,622**

22 INTANGIBLE ASSETS continued

(i) Amortisation charge for the year was allocated as follows:

	2024 AED millions	*2023 AED millions*
Cost of sales *(see note 10)*	**316**	377
Research, development and exploration expenses	**256**	243
General and administrative expenses *(see note 11)*	**204**	187
Discontinued operations	**111**	102
	887	909

(ii) Impairment charge for the year was allocated as follows:

	2024 AED millions	*2023 AED millions*
Cost of sales *(see note 10)*	**69**	326
General and administrative expenses *(see note 11)*	**-**	62
	69	388

Impairment assessment of Goodwill arising on the acquisitions of Kelix Bio, GMSC and IDS
Intangible assets include goodwill of AED 1,131 million arising from the acquisitions of Kelix Bio, GMSC and IDS *(see note 5)*. Management of Mubadala Bio performed annual impairment testing for goodwill allocated to various CGUs. The recoverable amount of CGUs was determined based on value in use calculations which were estimated using available market price forecasts and historical operating rates, and key assumptions regarding volumes sold, underlying industry margins and discount and growth rates. The calculations use discounted cash flow projections based on financial forecasts. The discount rate applied to discount the cash flows were in the range of 10.5% to 13.4% and a growth rate in the range of 2% to 3% was used.

A sensitivity analysis was performed based on reasonably possible changes in industry margins and discount and growth rates and concluded that reasonable changes in those assumptions would not result in an impairment in the respective CGUs.

Based on the results of the goodwill impairment testing as at 31 December 2024, management concluded that the recoverable amount of the CGU was higher than the carrying value and no impairment was recorded. Management believes that none of the anticipated changes in key assumptions used in the value in use calculation, which can rationally be expected, would cause the carrying amount of the cash-generating units to materially exceed the recoverable amount.

23 INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "CIT" Law) to enact a federal corporate tax regime in the UAE, effective for accounting periods beginning on or after 1 June 2023. A tax rate of 9% will apply to taxable income exceeding AED 375,000. The Ministry of Finance continue to issue supplemental decisions of the Cabinet of Ministers of the UAE to further clarify certain aspects of the CIT Law. Such decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the CIT Law on the Group.

23 INCOME TAX continued

In relation to UAE CIT, the Group has not identified any material temporary differences that would trigger any deferred taxes, as of and for the year ended 31 December 2024. In performing this assessment, the Group considered the provisions of the Law and the Cabinet Decisions issued. The Group will review future Cabinet decisions to assess if there is any impact on previously concluded position on deferred tax.

International Tax Reform – Pillar II
In December 2021, the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) released the Pillar II Anti Global Base Erosion Rules ("GloBE Rules"). These rules mandate a global minimum tax rate of 15% for multinational enterprises that meet a threshold of consolidated revenue exceeding EUR 750 million. The UAE has recently issued legislation adopting the GloBE Rules in the form of a domestic minimum top-up tax, effective 1 January 2025. These rules, in alignment with the OECD Pillar 2 rules, exclude Sovereign Wealth Funds from their scope. As such, these rules are not expected to have a material tax impact on the Group.

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024 AED millions	*2023 AED millions*
Income tax recognised in profit or loss:		
Current tax (expense) / benefit		
On taxable profit of the year	**(772)**	(154)
Adjustment in respect of prior years' current tax	**(21)**	(284)
	(793)	(438)
Deferred tax (expense) / benefit		
Origination and reversal of temporary differences	**110**	(146)
Impact of tax losses and tax credits carryforwards	**(73)**	(271)
Deferred tax adjustment on depreciation, depletion and amortisation	**17**	(58)
Foreign exchange difference	**(182)**	86
Other movements	**(61)**	(35)
Income tax expense recognised in profit or loss *(see notes (i) and (ii))*	**(982)**	(862)

(i) Income tax expense excludes tax expense from discontinued operations of AED 423 million (*2023: AED 66 million*).

(ii) Income tax is calculated at tax rates prevailing in the respective jurisdictions, and primarily arises from GlobalFoundries and Mubadala Energy for the years ended 31 December 2024 and 31 December 2023.

23 INCOME TAX continued

The total income tax recognised in profit or loss for the year can be reconciled to the results from continuing operations as follows:

	2024 AED millions	*2023 AED millions*
Profit before income tax from continuing operations	**33,464**	27,573
Tax using the Company's jurisdiction tax rate of 9% (*2023: nil*)	**(3,012)**	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(396)**	(345)
Tax effect of:		
- Share of profit of equity-accounted investees	**424**	-
- Income that is exempt from taxation	**2,703**	-
- Expenses that are not deductible in determining taxable profit	**(113)**	65
- Unused tax losses and tax offsets not recognised as deferred tax assets	**(439)**	(86)
- Previously unrecognised/unused tax losses and deductible temporary differences now recognised as deferred tax assets	**(20)**	(47)
- Others	**(108)**	(165)
	(961)	(578)
Adjustments recognised in the current year in relation to the current tax of prior years	**(21)**	(284)
Income tax expense recognised in profit or loss *(net)*	**(982)**	(862)

Deferred tax assets and liabilities

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

	2024 AED millions	*2023 AED millions*
At 1 January	**(3,980)**	(3,716)
Tax charges recognised in profit or loss	**144**	(379)
Transfer to held for sale *(see note 4(b)(i))*	**3,618**	-
Other adjustments	**(73)**	115
At 31 December, net deferred tax liabilities	**(291)**	(3,980)

The Group has recognised deferred tax assets based on the assessment that it is probable that future taxable profits will be available to realise the deferred tax assets. Subject to the agreement of the relevant tax authorities, the Group's unrecognised tax losses, investment allowances or unrecovered cost pools in various jurisdictions as at 31 December 2024 amounted to AED 37,664 million *(31 December 2023: AED 40,229 million)* and are available for offset against future taxable income. The Group has not recognised deferred tax assets of AED 14,130 million *(31 December 2023: AED 13,664 million)* in relation to these losses as it is not probable that these losses will be utilised. Out of these losses on which deferred tax assets have not been recognized, losses amounting to AED 22,390 million *(31 December 2023: AED 28,988 million)* are expected to expire between 2032 to 2045 *(2023: 2026 to 2043)*. The remaining losses can be carried forward indefinitely.

23 INCOME TAX continued

Deferred tax liabilities in certain jurisdictions are primarily in respect of the excess of the carrying amount over the tax written down value of property, plant and equipment.

The Group has entered into various exploration and production sharing agreements in Malaysia, Indonesia, Egypt and Israel. In Malaysia and Israel, the Group pays taxes at the prevailing rates under the applicable laws. In Egypt, the Government discharges the Group's income tax liability, so no tax-related income, expense, asset, or liability is recognised. In Indonesia, as all blocks are in the exploration and development phase and future taxable profits are uncertain, no deferred tax assets are recognized.

As at 31 December 2024, the carrying value of income tax payable is AED 273 million *(31 December 2023: AED 243 million)* and is included within “Trade and other payables”.

23 INCOME TAX continued

Recognised deferred tax assets and liabilities are attributable to:

	2024			2023		
All amounts in AED millions	***Assets***	***Liabilities***	***Net***	*Assets*	*Liabilities*	*Net*
Property, plant and equipment	**-**	**(339)**	**(339)**	(1,201)	(5,588)	(6,789)
Intangible assets	**3**	**(154)**	**(151)**	-	(45)	(45)
Investment Property	**2**	**(29)**	**(27)**	-	-	-
Financial assets measured at FVTPL	**-**	**(494)**	**(494)**	-	(370)	(370)
Derivatives	**3**	**5**	**8**	7	-	7
Receivables, prepayments and other assets	**1**	**(84)**	**(83)**	27	(1)	26
Other liabilities	**28**	**109**	**137**	87	1,063	1,150
Tax losses recognised, net of valuation allowances	**722**	**(58)**	**664**	2,314	(4)	2,310
Others	**1**	**(7)**	**(6)**	1	(270)	(269)
Deferred tax assets / (liabilities)	**760**	**(1,051)**	**(291)**	1,235	(5,215)	(3,980)

Income tax recognised in other comprehensive income:

	2024			2023		
All amounts in AED millions	***Before tax***	***Tax benefit***	***Net of tax***	*Before tax*	*Tax benefit*	*Net of tax*
Exchange difference on translation of foreign operations	**(1,033)**	**19**	**(1,014)**	1,038	(4)	1,034
Gain on hedge of net investment in foreign operations *(net)*	**310**	**-**	**310**	(490)	-	(490)
Share of other comprehensive income of equity accounted investees	**(922)**	**-**	**(922)**	(388)	-	(388)
Effective portion of changes in fair value of cash flow hedges and other reserves *(net of tax)*	**(324)**	**7**	**(317)**	(291)	76	(215)
Net movement in defined benefit plan	**(18)**	**(6)**	**(24)**	(67)	18	(49)
	(1,987)	**20**	**(1,967)**	(198)	90	(108)

24 OPERATING LEASE ARRANGEMENTS

The minimum lease receivable relating to the Group's leases on the investment properties and property, plant and equipment are as follows:

	2024 AED millions	*2023 AED millions*
Within one year	**248**	573
After one year but not more than five years	**508**	1,620
After five years	**69**	2,770
	825	4,963

As at 31 December 2024, the minimum lease receivable relating to operating lease arrangements has decreased due to classification of related investment properties and property, plant and equipment as held for sale *(see note 4(a)(i)).*

25 OTHER LIABILITIES

	2024 AED millions	*2023 AED millions*
Advances, loans, deposits and balances with related parties *(see notes 29(d)), (i) and (vi))*	**11,740**	10,023
Advances from customers *(see note (ii))*	**5,598**	6,044
Accrued expenses *(see note (iii))*	**4,193**	5,075
Amounts payable to unit holders *(see note (iv))*	**4,253**	-
Financial liabilities designated at FVTPL *(see notes 29(d),(v) and (vi))*	**2,608**	2,300
Unearned revenue	**1,475**	2,346
Derivative financial instruments *(see note 33(d))*	**316**	1,241
Staff costs payable	**811**	656
Employees' benefit liabilities	**201**	498
Other liabilities	**3,967**	2,958
Total other liabilities	**35,162**	31,141

(i) During 2021, a subsidiary of the Group and one of its joint ventures entered into an agreement pursuant to which the joint venture made available to each of its shareholder certain amount of cash advances. The advances received by the subsidiary of the Group is interest free and is repayable on demand. As at 31 December 2024, the outstanding balance of advance is AED 2,718 million (USD 740 million) *(31 December 2023: AED 3,007 million (USD 819 million)).*

(ii) This includes amounts received by GlobalFoundries relating to multiple long-term supply agreement with its customers. Many of these contracts include customer advanced payments and capacity reservation fees in order to secure future supply. During the year, GlobalFoundries received advances of AED 995 million *(31 December 2023: AED 1,473 million)* and released an amount of AED 1,484 million *(31 December 2023: AED 1,561 million)*.

(iii) During the year, the Group recognised interest expense of AED 8,246 million *(31 December 2023: AED 5,935 million)* and paid interest of AED 7,643 million *(2023: AED 6,239 million)* on borrowings and related financing activities.

25 OTHER LIABILITIES continued

(iv) Amounts payable to unit holders are contributions received from third party limited partners into funds managed and consolidated by Mubadala Capital, a subsidiary of the Group *(see note 39).*

(v) Financial liabilities designated at FVTPL are included in amounts due to related parties and classified as Level 3 within the fair value hierarchy.

(vi) Includes amounts due to related parties amounting to AED 14,348 million *(31 December 2023: AED 12,323 million) (see note 29(d))*.

26 BORROWINGS AND LEASE LIABILITIES

	2024 AED millions	*2023 AED millions*
Borrowings *(see note 26(a))*	**140,741**	145,691
Lease liabilities	**2,820**	3,197
	143,561	148,888

(a) Borrowings

Unsecured corporate bonds *(see note (i))*	**66,544**	81,209
Unsecured bank borrowings *(see note (i))*	**18,343**	17,580
Secured bank borrowings	**45,177**	45,457
Sukuk *(see note (ii))*	**4,652**	-
Other unsecured borrowings *(see note (iii))*	**3,347**	-
Collateralised Loan Obligations (“CLOs”) *(see note (iv))*	**2,678**	-
Secured bonds	**-**	1,445
	140,741	145,691

Total undrawn borrowing facilities, as at the reporting date, amount to AED 27,159 million *(31 December 2023: AED 32,077 million),* of which AED 11,021 million pertains to Corporate undrawn facilities *(31 December 2023: AED 15,802 million).* Total undrawn borrowing facilities with financial institutions classified as related parties as at 31 December 2024 stand at AED 2,613 million *(31 December 2023: AED 3,306 million)*.

(i) Included in unsecured corporate bonds and unsecured bank borrowings at 31 December 2024 were borrowings of AED 7,506 million (*31 December 2023: AED 14,645 million*) which have been designated as a hedge of the net investments in certain foreign operations of certain assets *(see note 33(c))*.

26 BORROWINGS AND LEASE LIABILITIES continued

(a) Borrowings continued

Analysis of borrowings at the reporting date, by each significant sub-group of companies, are as follows:

	2024 AED millions	*2023 AED millions*
Corporate *(see note (ii))*	**89,565**	88,633
GlobalFoundries	**6,634**	8,715
Macpherson Holdings LP *(see note (iii))*	**3,347**	-
GR Sowwah Retail Mezz ltd ("GAMI")	**2,642**	2,689
Al Maqsed Development Company PJSC	**1,976**	2,124
Mubadala Energy	**1,119**	1,195
Sanad	**230**	1,038
Consolidated credit portfolio *(see note (v))*	**34,032**	25,036
NOVA *(see note 4(b)(i))*	**-**	13,938
Other subsidiaries	**1,196**	2,323
	140,741	145,691

(ii) In April 2024 and November 2024, the Company, through its subsidiary SPV MDGH Sukuk Limited, issued its inaugural Sukuk of AED 3,673 million (USD 1,000 million) and AED 1,000 million with a tenor of 10 years and 5 years, respectively.

In September 2023, the Company entered into an Islamic loan facility with Abu Dhabi Islamic Bank PJSC of AED 1,837 million (USD 500 million). During the six-month period ended 30 June 2024, the facility was fully utilized by the Group.

Further, in December 2024, the Company prepaid its AED 6,321 million (EUR 1,640 million) unsecured bank borrowings due in 2025.

During the year, the Group recognised expense of AED 78 million *(2023: nil)* on the above Islamic facilities which is included in "Finance costs".

(iii) This represents liquidity facility provided by a third party to a consolidated structured entity of the Group. The liquidity facility is carried at fair value and classified as Level 3 within the fair value hierarchy.

(iv) These represents CLOs issued by two consolidated credit portfolio of the Group to securitise a portfolio of financial assets at FVTPL. The CLOs are carried at fair value and classified as Level 3 within the fair value hierarchy.

(v) During the year, the consolidated credit portfolio of the Group utilised their loan facilities, drawing approximately AED 15,375 million. Additionally, the consolidated credit portfolio repaid AED 6,635 million.

26 BORROWINGS AND LEASE LIABILITIES continued

(a) Borrowings continued

Movement in borrowings during the year is as follows:

	2024 AED millions	*2023 AED millions*
At 1 January	**145,691**	134,315
Proceeds from issuances and drawdowns	**50,545**	39,029
Repayments	**(38,862)**	(26,855)
Acquisition through business combination *(see note 5)*	**254**	-
Transfer to liabilities classified as held for sale *(see notes 4(a)(i) and 4(b)(i))*	**(15,166)**	(1,597)
Foreign exchange fluctuations and other movements	**(1,721)**	799
At 31 December	**140,741**	145,691

The estimated fair value of borrowings is as follows:

	2024 AED millions	*2023 AED millions*
Level 1	**65,040**	74,354
Level 2	**7,486**	9,878
Level 3	**62,916**	55,672
	135,442	139,904

26 BORROWINGS AND LEASE LIABILITIES continued

(a) Borrowings continued

Summarised below are the key terms of the outstanding borrowings as at 31 December:

Particulars	*Currency*	*Nominal interest rate*	*Year of maturity*	***2024 AED millions***	*2023 AED millions*
Unsecured bonds	EUR	Fixed	2026-2034	**4,711**	5,026
Unsecured bonds	JPY	Fixed	2031	**366**	379
Unsecured bonds	USD	Fixed	2026-2053	**58,077**	72,253
Unsecured bonds	AED	Fixed	2028	**748**	748
Unsecured bonds	GBP	Fixed	2026	**2,642**	2,803
Total				**66,544**	81,209
Unsecured bank borrowings	EUR	EURIBOR + margin	2027-2031	**12,981**	11,878
Unsecured bank borrowings	USD	SOFR/LIBOR + margin / fixed	2025-2028	**5,362**	5,702
Total				**18,343**	17,580
Secured bank borrowings	AED/SGD	EIBOR + margin	2026-2041	**7,909**	8,669
Secured bank borrowings	USD	SOFR/LIBOR + margin / fixed	2025-2035	**36,453**	31,576
Secured bank borrowings	EUR	EURIBOR + margin/ fixed	2025-2026	**511**	5,212
Secured bank borrowings	MAD	Fixed	2025-2030	**173**	-
Secured bank borrowings	/BRL	BRAZILIAN LIBOR + margin	2025-2029	**59**	-
Secured bank borrowings	INR/BRL	Fixed	2025	**72**	-
Total				**45,177**	45,457
Secured bonds	USD	Fixed	2028	**-**	1,445
Sukuk	AED	Fixed	2029	**997**	-
Sukuk	USD	Fixed	2034	**3,655**	-
Total				**4,652**	-
Other unsecured borrowings	USD	-	2032	**3,347**	-
CLOs	USD	LIBOR + margin	2029	**2,678**	-
				140,741	145,691

Summarised below are assets pledged as securities against secured bank borrowings and bonds as at 31 December:

	2024 AED millions	*2023 AED millions*
Secured bank borrowings and bonds:		
Property, plant and equipment	**14,275**	26,533
Debt and equity securities	**53,517**	30,149
Loans receivable from third parties	**10,033**	9,127
Inventories	**2,127**	2,575
Bank balances	**3,362**	1,815
Restricted cash	**327**	62
Investment properties	**3,349**	4,713
Finance lease receivables	**-**	157
	86,990	75,131

In addition to the above, borrowings with a carrying value of AED 1,119 million *(31 December 2023: AED 1,195 million)* are secured through net investment in joint operations. The carrying value of which as at 31 December 2024 is AED 933 million *(31 December 2023: AED 757 million).*

27 SHARE CAPITAL

	2024 AED millions	*2023 AED millions*
Authorised, issued and fully paid up:		
56,135,590,000 equity shares of AED 1 each	**56,136**	56,136

28 OTHER RESERVES

All amount in AED millions	*Statutory reserves*	*Foreign currency translation reserves*	*Hedging and other reserves*	*Reserves from discontinued operations*	*Total*
At 1 January 2023	1,582	(844)	1,866	293	2,897
Exchange difference on translation of foreign operations	-	1,025	-	-	1,025
Loss on hedge of net investment in foreign operations	-	(490)	-	-	(490)
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of tax)*	-	-	(153)	-	(153)
Share of other comprehensive loss of associates and joint ventures	-	-	(389)	-	(389)
Net movement in defined benefit plan *(net of tax)*	-	-	(52)	-	(52)
Transfer of reserve related to assets classified as held for sale	-	(213)	-	213	-
At 31 December 2023	1,582	(522)	1,272	506	2,838
Exchange difference on translation of foreign operations	**-**	**(1,815)**	**-**	**-**	**(1,815)**
Gain on hedge of net investment in foreign operations	**-**	**775**	**-**	**-**	**775**
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of tax)*	**-**	**-**	**(335)**	**-**	**(335)**
Share of other comprehensive loss of associates and joint ventures	**-**	**-**	**(108)**	**-**	**(108)**
Net movement in defined benefit plan *(net of tax)*	**-**	**-**	**(24)**	**-**	**(24)**
Recycling of reserve on disposal of OMV	**-**	**106**	**-**	**(506)**	**(400)**
Recycling of reserve on disposal of Yahsat	**-**	**103**	**(31)**	**-**	**72**
Transfer of reserve related to assets classified as held for sale *(see note 4(b)(i))*	**-**	**(62)**	**138**	**(76)**	**-**
Other movements	**-**	**284**	**(37)**	**-**	**247**
At 31 December 2024	**1,582**	**(1,131)**	**875**	**(76)**	**1,250**

Statutory reserve
As required by the UAE Federal Law No. 32 of 2021 and the articles of association of certain subsidiaries registered in UAE, 10% of profit from previous years were transferred to the statutory reserve. The reserve is not available for distribution.

28 OTHER RESERVES continued

Hedging and other reserve
Hedging reserve comprises the effective portion of the cumulative net change from cash flow hedges related to hedged transactions that has not yet been recycled to profit or loss accounts. Other reserve comprises of the Group's share in the other comprehensive income of equity accounted associates and joint ventures.

Foreign currency translation reserve
The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that were designated to hedge the Group's net investment in foreign operations.

As at 31 December 2024, borrowings with notional amounts of EUR 1,980 million (AED 7,530 million) *(31 December 2023: EUR 1,980 million (AED 8,028 million))* were designated as a hedge of the net investments for the Group's foreign currency exposure to Moeve.

The Group, as at 31 December 2024, has also designated the various EUR swaps as hedging instruments for its net investments in Moeve, with notional amount of EUR 514 million (AED 1,955 million) *(31 December 2023: EUR 514 million (AED 2,084 million)).*

Disposal of OMV in 2024

Prior to disposal of OMV *(see note 4(b)(iii))*, the Group had designated a borrowing with notional amount of EUR 1,640 million (AED 6,510 million) *(31 December 2023: EUR 1,640 million (AED 6,650 million))* and various EUR swaps with notional amount of EUR 423 million (AED 1,679 million) *(31 December 2023: EUR 423 million (AED 1,640 million)* as hedging instruments in relation to the Group's net investment in OMV.

Upon disposal of the Group's interest in OMV, the hedge relationships between the Group's net investment in OMV and the above hedging instruments ended and a loss of AED 465 million on hedging reserves was recycled from other comprehensive income to profit or loss during the year ended 31 December 2024.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Identification of related parties

The Group has related party relationships with its Shareholder, Ultimate Parent, joint ventures and associates, and with directors, key management personnels and parties which are under common control of the above entities.

(b) Compensation of the key management personnel and Board of Directors

Remuneration of key management personnel is paid by the Parent and hence not accounted for or disclosed in these consolidated financial statements.

(c) Related party transactions
In the ordinary course of business, the Group provides services to and receives services from related parties on terms agreed by management.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES continued

(c) *Related party transactions* continued

Significant transactions with related parties during the year (*other than those disclosed in note 4*) were as follows:

All amounts in AED millions	*Revenue*	*Purchases of goods and services*	*Borrowings and lease liabilities drawn*	*Borrowings and lease liabilities repaid*	*Loans and other funding given*	*Loans recovered*	*Finance income*	*Finance cost*
2024								
Entities under common control	**1,418**	**11**	**1,056**	**1,445**	**-**	**-**	**563**	**533**
Associates *(see note (i))*	**104**	**-**	**366**	**38**	**645**	**-**	**35**	**133**
Joint ventures *(see note (i))*	**530**	**440**	**-**	**-**	**77**	**55**	**11**	**-**
Ultimate Parent	**-**	**-**	**-**	**-**	**-**	**-**	**16**	**-**
	2,052	**451**	**1,422**	**1,483**	**722**	**55**	**625**	**666**
2023								
Entities under common control	1,052	20	471	77	-	-	567	337
Associates *(see note (i))*	20	4	-	248	-	-	88	61
Joint ventures *(see note (i))*	620	363	-	-	43	75	-	-
Ultimate Parent	90	-	-	-	-	-	2	-
	1,782	387	471	325	43	75	657	398

Other significant transactions:	***2024 AED millions***	*2023 AED millions*
Settlement by Ultimate Parent for recoverable projects	**-**	9,055
Recharge of expenses from Parent	**482**	2,643
Dividend and distributions from equity accounted investees	**3,018**	7,201
Contributions and investments in equity accounted investees	**21,731**	16,529
Income from provision of manpower, project management and consultancy services to joint ventures	**229**	227
Other miscellaneous transactions with associates, joint ventures and to entities under common control	**345**	384
Net additions to shareholder current account	**499**	562
Gain on sale of OMV to ADNOC *(see note 4(b)(iii))*	**4,238**	-
Non-controlling interest contributed by the Parent and a subsidiary of the Parent	**2,374**	-
Advance consideration received from an associate on Real Estate Investments *(see note 4(a)(i))*	**1,341**	-
Other significant transactions *(see (i),(ii), and (iii) of Consolidated Statement of Changes in Equity)*		

(i) Associates and joint ventures include associates and joint ventures of the Parent

29 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES continued

(d) Related party balances

All amounts in AED millions	*Bank balances*	*Long term deposits*	*Amounts due to related parties (see notes (i) and (ii)*	*Amounts due from related parties (see note (iii))*	*Advances from related parties (see note (ii))*	*Loans to related parties (see note (iv))*	*Borrowings and lease liabilities*	*Derivative Assets*	*Derivative Liabilities*	*Additional shareholder contributions (see note (v))*	*Non-controlling interest (see note 19(a)(ii))*
Entities under common control	**457**	**2,257**	**3,128**	**7,659**	**-**	**-**	**11,668**	**442**	**19**	**-**	**951**
Associates *(see note (vii))*	**3,857**	**507**	**-**	**781**	**1,341**	**645**	**2,164**	**143**	**16**	**-**	**-**
Joint ventures	**-**	**-**	**48**	**1,244**	**2,737**	**731**	**-**	**-**	**-**	**-**	**-**
Ultimate Parent *(see note (vi))*	**-**	**-**	**-**	**5,423**	**710**	**-**	**-**	**-**	**-**	**-**	
Shareholder	**-**	**-**	**6,384**	**-**	**-**	**-**	**-**	**-**	**-**	**117,860**	**1,473**
31 December 2024	**4,314**	**2,764**	**9,560**	**15,107**	**4,788**	**1,376**	**13,832**	**585**	**35**	**117,860**	**2,424**
Entities under common control	1,032	3,897	2,864	8,779	-	-	13,019	367	85	-	-
Associates *(see note (vii))*	3,074	108	-	802	1,625	-	2,961	61	3	-	-
Joint ventures	-	-	129	876	3,051	525	-	-	-	-	-
Ultimate Parent *(see note (vi))*	-	-	25	5,472	801	-	-	-	-	-	-
Shareholder	-	-	3,828	-	-	-	-	-	-	117,860	-
31 December 2023	4,106	4,005	6,846	15,929	5,477	525	15,980	428	88	117,860	-

(i) The balances in the table above are net of impairment and ECLs, where applicable.

(ii) Amounts due to related parties, advances from related parties and loans and deposits from related parties are included in other liabilities (*see note 25*).

(iii) Amounts due from related parties are included in receivables, prepayments and other assets (*see note 16*) and trade receivables of AED 59 million *(31 December 2023: AED 48 million)*, net of impairment of AED 528 million *(31 December 2023: AED 320 million).*

(iv) Loans to related parties are included in loan receivable (*see note 17(a)*).

(v) Additional shareholder contributions represent interest free loans from the Shareholder with no fixed repayment terms. Any repayments are at the discretion of the Company. These loans meet the definition of equity instruments rather than liability, and accordingly are presented within equity.

(vi) Ultimate Parent in this note includes the Government of Abu Dhabi and the Abu Dhabi Department of Finance.

(vii) Associates and joint ventures include associates and joint ventures of the Parent.

30 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments - Group

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

	2024 AED millions	*2023 AED millions*
Commitments for equity and debt instruments *(see notes (i) and (ii))*	**119,120**	65,416
Commitments for capital expenditure *(see note (iii))*	**3,733**	6,099
Other commitments *(see note (iv))*	**761**	59,314
Unfunded loan commitments	**213**	-
Commitments for exploration of oil and gas	**128**	66
	123,955	130,895

(i) Significant commitments for equity and debt instruments include the following:

	2024 AED millions	*2023 AED millions*
Equity accounted investments, excluding unquoted funds	**4,601**	5,628
Unquoted funds *(see note (ii))*	**107,473**	55,140
Unquoted equity securities	**5,712**	3,657
Unquoted debt securities	**1,334**	991
	119,120	65,416

(ii) This includes the Group outstanding commitment of AED 36,689 million to funds managed by MGX 1 LP.

(iii) Commitment for capital expenditures includes commitment for construction of property, plant and equipment and development of investment properties of the Group.

(iv) An amount of AED 50,655 million relating to feedstock and raw material commitments of NOVA, which has been classified as held for sale and disclosed as discontinued operations in these consolidated financial statements *(see note 4(b)(i))*.

(b) Contingencies

Contingencies of the Group at the end of the reporting year, are as follows:

	2024 AED millions	*2023 AED millions*
Contingent liabilities of the Group	**751**	907

Contingent liabilities include bank guarantees, performance bonds, advance payment bonds and completion guarantees.

31 LITIGATIONS

The Group is involved in litigations in the ordinary course of business. Legal claims often involve highly complex issues. These issues are subject to substantial uncertainties and therefore the estimation of the probability of loss and of damages are often difficult to determine.

The Group records a provision for claims for which it is able to make an estimate of the expected loss or range of possible loss, but believes that the publication of this information on a case-by-case basis would seriously prejudice its position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, for these claims, the Group has disclosed information with respect to the nature of the claim, but not an estimate of the range of potential loss or any provision accrued.

The Group believes that the aggregate provisions recorded for these matters are adequate based upon currently available information as of the consolidated statement of financial position date, which may be subject to ongoing revision of existing estimates. However, given the inherent uncertainties related to these claims, the Group could, in the future, incur judgements that could have a material adverse effect on its results of operations, liquidity, financial position or cash flows in any particular period.

For contingent liabilities, the Group has disclosed the claims, but has not recorded a provision of the potential outcome of these claims and is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceedings.

Provision for legal disputes which covers the best estimate of the Group’s exposure to the outcome of several litigations from the area of product liability, patent infringement, tax lawsuits, etc is AED 223 million as at 31 December 2024 *(2023: AED 1,360 million)*.

A summary of the major litigations of the Group are set out below:

GlobalFoundries
On 28 April 2021, International Business Machines ("IBM") sent GlobalFoundries a letter alleging for the first time that GlobalFoundries did not fulfill its obligations under the contracts entered into with IBM in 2014 associated with GlobalFoundries's acquisition of IBM's Microelectronics business. IBM asserted that GlobalFoundries engaged in fraudulent misrepresentations and claimed GlobalFoundries owed them AED 9,184 million (USD 2,500 million) in damages and restitution. On 7 June 2021, GlobalFoundries filed a complaint with the New York State Supreme Court (the "Court") seeking a declaratory judgment that it did not breach the relevant contracts. IBM subsequently filed its complaint with the Court on 8 June 2021. On 14 September 2021, the Court granted a motion to dismiss IBM's claims of fraud, unjust enrichment and breach of the implied covenant of good faith and fair dealing. IBM appealed the Court’s dismissal of its fraud claim (but not the other two dismissed claims) and on 7 April 2022, the Appellate Division, First Department reversed the dismissal. Trial was scheduled to commence on 3 February 2025 however the parties announced a settlement of the matter on 2 January 2025. The terms of the settlement are confidential.

31 LITIGATIONS continued

NOVA - Dow Litigations
In 2006, Dow Chemical Canada ULC and its European affiliate (collectively, "Dow") filed a claim against NOVA in the Court of King's Bench of Alberta (previously known as the Court of Queen's Bench of Alberta) concerning the jointly owned third ethylene plant at the Joffre site.

i. On 24 September 2019, a judgement was filed with the Court of King's Bench of Alberta awarding Dow damages and interest (for the period 2001-2012 in the aggregate amount of CAD 1,430 million (AED 3,964 million). On 10 October 2019, NOVA paid the amount in full to satisfy the judgement. NOVA appealed this decision to the Court of Appeal of Alberta and was successful in 4 out of the 5 issues appealed. The Court of Appeal of Alberta remanded such issues back to the Court of King's Bench of Alberta for redetermination (the "Base Trial").

ii. Trial in the Court of King's Bench of Alberta for damages for the period 2013 to June 2018 (the "Top-Up Trial") began in December 2021 and has been combined with certain issues regarding the Base Trial remanded back by the Court of Appeal. The trial court rendered the first of three decisions in April 2025 in respect of the Top-Up Trial and Base Trial remand. Following receipt of the two outstanding decisions, it is expected that NOVA will make any resulting payment award using available liquidity. NOVA expects the amount of damages and interest in respect of the Top-Up Trial and Base Trial remand to be final in 2025, such amounts to be subject to appeal. NOVA has recorded a provision related to the litigation in 2024 based on best estimates of the quantification of its exposure, in line with IFRS.

Others
Several group companies are currently subject to routine tax audits performed by their respective tax authorities. Managements' opinions are that the companies are in compliance with all applicable regulations. Given the preliminary nature of the proceedings, potential impacts, if any, cannot be currently reliably estimated.

32 GOVERNMENT GRANTS

(i) Non-monetary government grants

Non-monetary grants include parcels of land received by way of government grants. These land parcels have been provided by the Urban Planning Council free of charge. In the below table, PPE stands for Property, Plant and Equipment and IP stands for Investment Property.

Land identification	*Granted in year*	*Approximate area in square feet*	***Carrying amount 2024 AED millions***	*Carrying amount 2023 AED millions*	*Currently classified as*
Future economic benefits certain					
Healthpoint	2006	**179,403**	-	-	PPE
Headquarter and parking lot – Al Mamoura	2004/2009	**172,675**	-	-	PPE
Al Maryah Island - Plots for sale *(see note (a))*	2006	**3,346,937**	**321**	465	Inventory
Al Maryah Island *(see note (a))*	2006	**299,534**	**56**	56	PPE
New Fish Market - Mushrif Mall land	2006	**484,448**	**46**	28	IP
Masdar City Land *(see note (b))*	2008	**17,727,975**	**709**	760	Inventory PPE and IP
		22,210,972			
Future economic benefits uncertain / no future economic benefits *(see note (c))*					
Masdar City Land *(see note (b))*	2008	**10,901,133**	-	-	N/A
Al Maryah Island - Cleveland Clinic *(see note (a))*	2006	**1,007,158**	-	-	N/A
Al Maryah Island (remaining portion) *(see note (a))*	2006	**5,198,543**	-	-	N/A
Khalifa City - Zayed University *(see note (d))*	2006	**8,207,850**	-	-	N/A
Al Reem Island - Sorbonne University *(see note (d))*	2006	**1,000,687**	-	-	N/A
Others	2004-2009	**983,257**	-	-	N/A
		27,298,628			

During the year, the management of the Group has assessed that the land plots located in Al Falah and East Al Reem Island has met the criteria that future economic benefits will flow to the Group. Accordingly, these land plots have been recognised in the consolidated financial statements. As of 31 December 2024, the carrying value of these land plots is AED 394 million.

32 GOVERNMENT GRANTS continued

(i) Non-monetary government grants continued

Non-monetary government grants continued

(a) On Al Maryah Island, out of the total unsold land area of 9,852,172 square feet, an area of 1,007,158 square feet have been allocated for the Cleveland Clinic Project, which is a Government of Abu Dhabi project and during 2023 the management of this project has been transferred by the Group to M42C SPV RSC LTD, an entity jointly controlled by the Group and G42. No future economic benefit from this land plot is likely to flow to the Group. Further, the Group identified and earmarked certain plots of land for sale at Al Maryah Island. Accordingly, these plots of land with a land area of 3,346,937 square feet, have been classified as inventory.

Further, the Group has identified and earmarked plots of approximately 299,534 square feet for production or supply of goods and services. Accordingly, these plots of land have been classified as property, plant and equipment. Al Maryah Island includes 5,198,543 square feet of land earmarked for roads and waterfront for common public use.

(b) The overall masterplan of Masdar City has been updated. Some of the land areas originally allocated to certain projects have been divided into a number of newly allocated plots and, where there is certainty of use, classified as future economic benefit certain, with the remainder being classified under future economic benefits uncertain. Also, land plot areas reported above exclude the plots classified as held for sale *(see note 4(a)(i))*. For the plots of land where the future economic benefit is certain, the classification is based on the intended use of the plots. The plots classified as PPE are recognized based on the expectation that plot will be used for Masdar City's operations. The plots classified as inventory are recognized based on the expectation that the plots are held for sale. The plots classified as IP are recognised based on the expectation that the plots are held to earn rental and / or for capital appreciation.

(c) 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 revert back to the Government of Abu Dhabi. 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 by the Group.

(d) These parcels of land have been allocated for the purpose of construction of universities and other educational institutions on a Build, Operate and Transfer (BOT) basis. At the end of the BOT term of 31 July 2036, it is the intention of the parties that the ownership of the land along with the buildings will be transferred to the respective universities. Accordingly, no future economic benefits are likely to flow to the Group from its ownership of these plots.

(e) Land areas reported above are as per registration documents received from Municipality of Abu Dhabi.

(f) Land areas reported above exclude land portfolio leased out as finance lease.

32 GOVERNMENT GRANTS continued

(ii) Monetary government grants

During 2006, the Group received an amount of USD 100 million, equivalent to AED 367 million, from the Government of the Emirate of Abu Dhabi for investment in Masdar Clean Tech Fund L.P. (the "Fund") registered in the Cayman Islands. Since this is a monetary grant for investments in other business enterprises, this amount has been credited directly to the consolidated statement of changes in equity.

The Group has certain grants and allowances from government bodies outside UAE, which are primarily provided in connection with construction and operation of manufacturing facilities, employment and research and development.

The Group receives grants primarily in relation to construction, research and development. Certain investment grants are subject to forfeiture in declining amounts over the life of the agreement if the Group does not maintain certain agreed employment levels and fulfil other conditions specified in the relevant subsidy documents. In addition, certain investment allowances are repayable in full if investment or other conditions of the applicable regulations are not met over a specified period of time. Accordingly, should the Group fail to meet the terms and conditions of the respective investment grants and allowances, the Group may in the future be required to make repayments of investment grants and allowances. Receivables against government grants of AED 944 million *(31 December 2023: AED 210 million)* is included in receivables, prepayments and other assets *(see note 16)*.

In February 2024, the U.S. Department of Commerce announced AED 5,510 million (USD 1,500 million) in planned direct funding for GlobalFoundries as part of the CHIPS and Science Act. Furthermore, the State of New York also announced that it intends to provide AED 2,112 million (USD 575 million) in planned direct funding to GlobalFoundries. The preliminary awards are non-binding commitments and receipt of any funding will be subject to terms and conditions, including GlobalFoundries Inc meeting specific milestones.

33 FINANCIAL RISK MANAGEMENT

Overview
The Group, in its normal course of business, is exposed to credit risk, liquidity risk, and 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 these risks, and the Group's management of capital.

Financial risk management framework
The Board of Directors of the Parent establishes and oversees the Company's risk management framework, while the management and respective boards of certain companies within the Group takes responsibility for the establishment and oversight of risk management frameworks at the entities' levels.

The Group's risk management policies are established to identify and analyse 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 Parent's Audit, Risk and Compliance 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.

33 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises principally from Group's financial assets.

The Group invests in various financial instruments, both quoted and unquoted. All investments are approved by the Board of Directors or the Investment Committee of the Parent as per the delegation of authority. Adequate background checks and financial and legal due diligence are conducted with the aim of ensuring that default risk is low or mitigated.

Financial assets
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, for certain investments, management also considers the demographics of the Group's customer base, including the default risk of the industry and country, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. Further details on the Group's exposure to credit risk by class of financial instruments are set out below.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is set out below.

	2024 AED millions	*2023 AED millions*
Trade receivables *(see note (i))*	**5,961**	7,275
Other receivables		
Amounts due from related parties *(net) (see note (ii))*	**15,050**	15,891
Finance lease receivables	**369**	548
Restricted and long-term deposits *(see note (iii))*	**13,962**	26,866
Others *(see note (iv))*	**5,010**	6,638
Other financial assets		
Loans receivable *(see note (v))*	**13,289**	11,975
Investments in non-derivative financial instruments *(see notes (vii) and 17)*	**82,822**	59,791
Cash at bank *(see note (vi))*	**29,647**	23,540
	166,110	152,524

33 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

Financial assets at amoritsed cost

(i) *Trade receivables*
The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables. Primarily, credit risk with respect to trade receivables is mitigated by credit evaluations the Group performs on its customers, the short duration of payment terms for the majority of its customer contracts and by the diverse nature of the Group's customer base. As at 31 December 2024, the ECL on trade receivables amounts to AED 160 million *(31 December 2023: AED 106 million)*.

(ii) *Amounts due from related parties (net)*
The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for due from related parties. As of 31 December 2024, the expected credit loss on due from related parties amounts to AED 338 million *(31 December 2023: AED 310 million)*. The Group monitors these receivables closely to mitigate any concentration risk *(see notes 16 and 29(d))*.

(iii) *Restricted and long-term deposits*
As at 31 December 2024, restricted and long-term deposits include balances with entities under common control amounting to AED 2,257 million *(31 December 2023: AED 3,857 million) (see note 31(d)))*, whose credit ratings are of investment grade. The remaining AED 11,718 million *(31 December 2023: AED 23,022 million)* are held with other banks whose credit ratings are of investment grade. As at 31 December 2024, the expected credit loss on these deposits is AED 13 million *(31 December 2023: AED 13 million).*

(iv) *Other receivables*
For other receivables, the Group applies the IFRS 9 simplified approach to measure expected credit losses. As at 31 December 2024, the expected credit losses on other receivables and finance lease receivable amounts to AED 16 million *(31 December 2023: AED 94 million)*. Refer to note 16 for further details on the other receivables.

(v) *Loans receivable*
The credit risk on loans receivables from third parties is monitored and reassessed for each loan based on the borrower's financial performance and position, risk rating and adequacy of the collateral securing the loan.

Loan to third parties amount to AED 11,913 million *(31 December 2023: AED 11,450 million)* and loans to related parties amount to AED 1,377 million *(31 December 2023: AED 525 million).* As at 31 December 2024, expected credit loss of AED 2,337 million *(31 December 2023: AED 1,965 million)* for loan receivables from third parties and AED 21 million *(31 December 2023: AED 17 million)* was recognized on for loans receivable from related parties. As at 31 December 2024, 3.4% *(31 December 2023: 1.4%)* of loan portfolio was grouped as special mention or below on the risk scale and accordingly, ECL was assessed and recorded *(see note 17(a)).*

33 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

Financial assets at amoritsed cost continued

(vi) *Cash at bank*

The Group's cash at bank balances are held with banking entities whose credit ratings are measured at investment grade. Cash at bank balances are held with third party banks and with entities under common control.

Out of AED 29,647 million *(31 December 2023: AED 23,540 million)* of cash at bank, AED 461 million *(31 December 2023: AED 1,032 million)* is held with entities under common control. The credit ratings of these banking entities are of investment grade. Cash at bank of AED 29,186 million *(31 December 2023: AED 19,286 million)* are held with third party banks of which 96% have credit ratings of investment grade.

Financial assets at measured at fair value:

(vii) *Investments in non-derivative financial instruments*

As at 31 December 2024, investment in non-derivative financial instruments consist of convertible bonds and unquoted debt securities of AED 15,932 million *(31 December 2023: AED 12,185 million)*, loans receivable of AED 42,808 million *(31 December 2023: AED 32,624 million)*, quoted debt securities of AED 16,616 million *(31 December 2023: AED 9,322 million)* which are measured at FVTPL.

Included in the above is debt securities of AED 7,466 million *(31 December 2023: AED 5,660 million)* which are measured at FVOCI. The expected credit loss on debt securities is nil *(31 December 2023: AED nil)*. Debt securities measured at FVOCI are investment-grade instruments.

Refer to note 33(d) for fair value and note 17(b) for collateral disclosures on investments measured at fair value.

The Group follows a 'three-stage' model in line with IFRS 9 for impairment of loans receivable, cash at bank (including restricted and long-term deposits), and Debt Securities measured at FVOCI based on changes in credit quality since initial recognition as summarised below:

i. Stage 1: No significant deterioration in credit risk since origination (12-month ECL used);
ii. Stage 2: Significant deterioration in credit risk (lifetime ECL used); and
iii. Stage 3: Significant deterioration in credit risk and credit impaired i.e. incurred loss.

33 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

The table below shows the credit risk exposure and ECL information of the following financial assets by stages.

	Gross exposure AED millions	*Provision AED millions*	*Net amount AED millions*
31 December 2024			
Stage 1			
Loans receivable	**11,904**	**(120)**	**11,784**
Debt Securities measured at FVOCI	**7,466**	**-**	**7,466**
Cash at bank, including restricted and long-term deposits	**43,622**	**(13)**	**43,609**
	62,992	**(133)**	**62,859**
Stage 2			
Loans receivable	**1,210**	**(2)**	**1,208**
Stage 3			
Loans receivable	**2,534**	**(2,237)**	**297**
	66,736	**(2,372)**	**64,364**
31 December 2023			
Stage 1			
Loans receivable	11,245	(88)	11,157
Debt Securities measured at FVOCI	5,660	-	5,660
Cash at bank, including restricted and long-term deposits	50,419	(13)	50,406
	67,324	(101)	67,223
Stage 2			
Loans receivable	59	(1)	58
Stage 3			
Loans receivable	2,653	(1,893)	760
	70,036	(1,995)	68,041

The movement in the allowance for expected credit losses during the year was as follows:

	2024 AED millions	*2023 AED millions*
At 1 January	**1,995**	779
Provision for ECL during the year	**501**	1,391
Write offs during the year and other adjustments	**(124)**	(175)
At 31 December	**2,371**	1,995

33 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

The Group applies the IFRS 9 simplified approach to measure ECL using a lifetime expected credit loss provision to due from related parties. The following table provides information about the exposure to credit risk of these financial assets.

	Ratio of expected credit loss %	*Estimated gross carrying amount at default AED millions*	*Expected credit loss AED millions*	*Net carrying amount AED millions*
31 December 2024				
Current	**2.03%**	**15,146**	**(308)**	**14,838**
Above 180 days	**12.40%**	**242**	**(30)**	**212**
	2.20%	**15,388**	**(338)**	**15,050**
31 December 2023				
Current	1.93%	15,836	(305)	15,531
Above 180 days	9.09%	55	(5)	50
	1.95%	15,891	(310)	15,581

The movement in the allowance for expected credit losses in respect of financial assets measured applying the simplified approach was as follows:

	2024 AED millions	*2023 AED millions*
At 1 January	**511**	622
Provision for ECL during the year	**69**	42
Acquisition through business combination	**49**	-
Reversals during the year	**-**	(19)
Write offs during the year	**(99)**	(71)
Transfer to assets classified as held for sale	**(17)**	(57)
Other adjustments	**-**	(6)
At 31 December	**513**	511

33 FINANCIAL RISK MANAGEMENT continued

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities as and when they fall due. The Group's approach to managing liquidity is to forecast, as far as possible, that it will always have sufficient liquidity in the form of available cash, short-term liquid assets and credit lines to meet its liabilities when due, sufficient to withstand both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

		2024					*2023*				
All amounts in AED millions	*Notes*	***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*
Trade and other payables		**3,081**	**(3,081)**	**(3,081)**	**-**	**-**	4,017	(4,017)	(4,017)	-	-
Borrowings		**143,561**	**(179,708)**	**(9,786)**	**(81,450)**	**(88,472)**	148,888	(192,435)	(26,134)	(82,174)	(84,127)
Other liabilities		**13,745**	**(13,745)**	**(9,899)**	**(3,846)**	**-**	13,162	(14,199)	(13,775)	(424)	-
Derivative financial liabilities	*25*	**316**	**(10,711)**	**(1,102)**	**(4,552)**	**(5,057)**	1,241	(7,840)	(909)	(3,345)	(3,586)
Total financial liabilities		**160,703**	**(207,245)**	**(23,868)**	**(89,848)**	**(93,529)**	167,308	(218,491)	(44,835)	(85,943)	(87,713)
Off-balance sheet											
Financial commitments	*30(a)*	**123,955**	**(123,955)**	**(49,413)**	**(70,629)**	**(3,913)**	130,895	(130,895)	(24,353)	(73,077)	(33,465)

To the extent that interest is based on floating rates, the undiscounted amount is derived from foreign exchange rates at the reporting date. For the derivative instruments, where the payable or receivable is not fixed, the amount disclosed has been determined by reference to the foreign exchange rates at the reporting date.

The derivative financial liabilities disclosed in the above table are the gross undiscounted cash outflows. However, those amounts may be settled gross or net. The following table shows the corresponding gross future cash inflow and outflow amounts of the derivative financial instruments:

	2024				*2023*			
All amounts in AED millions	***Contractual cash flows***	***1 year or less***	***1-5 years***	***More than 5 years***	*Contractual cash flows*	*1 year or less*	*1-5 years*	*More than 5 years*
Cash inflows	**9,250**	**407**	**4,100**	**4,743**	7,049	290	3,247	3,512
Cash outflows	**(10,711)**	**(1,102)**	**(4,552)**	**(5,057)**	(7,840)	(909)	(3,345)	(3,586)
	(1,461)	**(695)**	**(452)**	**(314)**	(791)	(619)	(98)	(74)

33 FINANCIAL RISK MANAGEMENT continued

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and commodity prices, will affect the Group's profit or loss 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. In addition to taking advantage of diversification benefits within the portfolio, the Group utilised financial derivatives to actively manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors of the Parent.

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency), borrowings, financial assets at fair value through profit or loss and the Group's net investments in foreign subsidiaries, associates and joint ventures.

The Group manages its foreign currency risk by first taking advantage of natural offsets and then managing excess unwanted risks through use of derivatives or foreign currency borrowings.

When a derivative is entered into for the purpose of being a hedge instrument, the Group structures the terms of the derivative to match the terms of the hedged exposure. For hedges of forecasted transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into AED of its foreign operations by holding net borrowings in foreign currencies.

Hedge of net investments in foreign operations
The Company uses certain Euro borrowings and swap derivatives to hedge their exposure to foreign exchange risk on certain investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the Euro borrowings and swap derivatives. The Company has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. Hedge ineffectiveness will arise when the amount of the investment in the foreign operations becomes lower than the amount of the designated borrowings and swap derivatives.

33 FINANCIAL RISK MANAGEMENT continued

(c) Market risk continued

Currency risk continued
Hedge of net investments in foreign operations continued
The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2024 AED millions	*2023 AED millions*
Notional value of borrowings designated as hedge instruments	**7,530**	14,678
Carrying value of borrowings designated as hedge instruments	**7,506**	14,645
Notional value of derivatives designated as hedge instruments	**1,955**	3,800
Fair value of derivative liabilities designated as hedge instruments	**(21)**	213
Change in fair value of the hedging instruments used for measuring ineffectiveness for the year	**775**	(490)
Change in the value of hedged items used for measuring ineffectiveness for the year	**775**	(490)
Total hedging gains / (losses) recognised in OCI included in net gains arising on hedge of net investments in foreign operations	**775**	(490)

Sensitivity analysis
The following table demonstrates the sensitivity of AED on the Group's profit and equity to a reasonably possible strengthening by 1,000bps against the following foreign currencies, with all other variables held constant. The impact of translating the net assets of foreign operations into AED and USD is excluded from the sensitivity analysis.

	2024 Total exposure AED millions	*2023 Total exposure AED millions*	***2024 Effect on equity and profit or loss AED millions***	*2023 Effect on equity and profit or loss AED millions*
EUR	**9,185**	9,428	**919**	943
GBP	**4,590**	975	**459**	98
Others	**706**	2,128	**71**	213

The effect of weakening or 1,000bps decrease in AED against the above foreign currencies is expected to be equal but opposite impact. The movement in equity will offset the translation of the foreign operations to the Group's functional currency.

Interest rate risk
The Group is exposed to cash flow interest rate risk because entities in the Group borrow funds at fixed and floating interest rates.

33 FINANCIAL RISK MANAGEMENT continued

(c) Market risk continued

Interest rate risk continued
At the reporting date, the Group's variable interest-bearing financial instruments was:

	2024 AED millions	*2023 AED millions*
Financial assets		
Loans receivable	**10,072**	8,862
Cash and cash equivalents	**3,202**	997
Receivables, prepayments and other assets	**43,792**	28,718
	57,066	38,577
Financial liabilities		
Borrowings	**(62,596)**	(48,600)
Other liabilities	**(429)**	(5,509)
	(63,025)	(54,109)
	(5,959)	(15,532)

Sensitivity analysis
An increase of 100bps in interest rates at the reporting date would have decreased the profit or loss by an amount of AED 60 million *(2023: AED 155 million)*. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity does not consider the fixed interest rate instruments which may be rolled over / refinanced at different interest rates. The effect of a decrease of 100bps in interest rates at the reporting date is expected to have an equal but opposite impact.

Equity price risk
Equity price risk arises from financial assets at fair value through profit or loss. Material investments of the Company within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Board of Directors of the Parent or by the relevant committee as delegated by the Board of Directors.

The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 500bps decrease in the price of its equity holdings, assuming all other variables, in particular foreign currency rates, remain constant. The effect of an increase of 500bps in the price of its equity holdings at the reporting date is expected to have an equal but opposite impact.

	2024		*2023*	
All amounts in AED millions	***Effect on profit or loss***	***Effect on equity***	*Effect on profit or loss*	*Effect on equity*
Effect of change in equity portfolio of the Group *(see note (i))*	**(10,755)**	**(10,755)**	(8,217)	(8,217)

(i) It excludes the effect of change in equity portfolio for Group's investment in iShares Bitcoin Trust ETF, which is subject to significant price volatility and a 50% change in the price will result in an effect on profit or loss of AED 802 million.

33 FINANCIAL RISK MANAGEMENT continued

(c) Market risk continued

Commodity price risk
The Group is affected by the volatility of certain commodities. Its operating activities require the on-going purchase and manufacturing of certain commodities such as crude oil, natural gas, natural gas liquids, electricity and petrochemical feedstock. Due to the significant volatility of the price of the underlying commodities, the Group's management has a commodity risk management strategy for commodity price risk and its mitigation.

The Group actively monitors commodity price risks and where appropriate enters into commodity derivative contracts to mitigate such risks. The Group does not enter into physical commodity contracts other than to meet the Group's expected usage and sale requirements.

Fluctuations in crude oil prices also have an inverse effect on product refining and marketing operations, the extent of which depends on the speed with which price changes in energy products or base petrochemical products at source is relayed to the international and local finished goods markets.

Sensitivity analysis
The following table shows the effect of price changes after the impact of hedge accounting:

		2024		*2023*	
All amounts in AED millions	***Change***	***Effect on profit before tax***	***Effect on OCI***	*Effect on profit before tax*	*Effect on OCI*
Natural gas	**+10%**	**(99)**	**(14)**	(165)	(36)
Electricity	**+10%**	**(31)**	**(31)**	(48)	(48)
Petrochemical feedstock					
Propylene	**+10%**	**35**	**-**	21	-
Polyethylene	**+10%**	**928**	**-**	797	-
Other petrochemical feedstock*	**+10%**	**369**	**-**	273	-

*Other petrochemical feedstock includes products such as ethane, naphtha, ethylene, propane, butane and others.

The effect of decreases in commodity prices is expected to have an equal and opposite to the effect of the increases shown.

(d) Fair value

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

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

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

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

33 FINANCIAL RISK MANAGEMENT continued

(d) Fair value continued

As at 31 December 2024

All amounts in AED millions	*Carrying amount*	*Fair value*	*Level 1*	*Level 2*	*Level 3*
Financial assets measured at fair value					
Investment in non-derivative financial assets					
Financial assets at FVTPL					
Quoted investments					
Equity securities	**10,026**	**10,026**	**10,026**	**-**	**-**
Debt securities	**17,732**	**17,732**	**9,129**	**5,935**	**2,668**
Exchange traded funds	**3,215**	**3,215**	**3,215**	**-**	**-**
Unquoted investments					
Convertible bonds and preference shares	**15,931**	**15,931**	**-**	**-**	**15,931**
Equity securities	**69,628**	**69,628**	**-**	**-**	**69,628**
Funds	**134,136**	**134,136**	**-**	**1,535**	**132,601**
Loans receivable	**42,928**	**42,928**	**-**	**-**	**42,928**
Financial assets at FVOCI					
Quoted debt securities	**7,466**	**7,466**	**1,971**	**5,495**	**-**
Quoted equity securities	**41**	**41**	**41**	**-**	**-**
Unquoted debt securities	**54**	**54**	**-**	**-**	**54**
	301,157	**301,157**	**24,382**	**12,965**	**263,810**

As at 31 December 2023

Financial assets measured at fair value					
Investment in non-derivative financial assets					
Financial assets at FVTPL					
Quoted investments					
Equity securities	9,872	9,872	9,872	-	-
Debt securities	9,322	9,322	2,822	4,156	2,344
Exchange traded funds	2,067	2,067	2,067	-	-
Unquoted investments					
Convertible bonds and preference shares	12,185	12,185	-	995	11,190
Equity securities	47,376	47,376	2	-	47,374
Funds	105,184	105,184	-	1,008	104,176
Loans receivable	32,624	32,624	-	294	32,330
Financial assets at FVOCI					
Quoted debt securities	5,660	5,660	4,514	1,146	-
Unquoted equity securities	72	72	-	-	72
	224,362	224,362	19,277	7,599	197,486

33 FINANCIAL RISK MANAGEMENT continued

(d) *Fair value* continued

As at 31 December 2024

All amounts in AED millions	*Carrying amount*	*Fair value*	*Level 1*	*Level 2*	*Level 3*
Financial assets measured at fair value					
Derivative financial assets					
Cash flow hedge					
Currency forwards	**296**	**296**	**-**	**292**	**4**
Interest rate swaps	**95**	**95**	**-**	**95**	**-**
Commodity forwards	**505**	**505**	**-**	**505**	**-**
Financial assets at fair value					
Commodity swaps	**266**	**266**	**-**	**266**	**-**
Currency forwards	**321**	**321**	**-**	**321**	**-**
Equity options	**2,897**	**2,897**	**-**	**58**	**2,839**
Total derivative financial assets (notional amount of AED 8,179 million)	**4,380**	**4,380**	**-**	**1,537**	**2,843**
Financial liabilities measured at fair value					
Derivative financial liabilities					
Fair value hedge					
Commodity forwards	**3**	**3**	**-**	**3**	**-**
Cash flow hedge					
Currency forwards	**95**	**95**	**-**	**95**	**-**
Commodity forwards	**33**	**33**	**-**	**33**	**-**
Financial liabilities at fair value					
Commodity swaps	**185**	**185**	**-**	**185**	**-**
Total derivative financial liabilities (notional amount of AED 8,179 million)	**316**	**316**	**-**	**316**	**-**

As at 31 December 2023

All amounts in AED millions	*Carrying amount*	*Fair value*	*Level 1*	*Level 2*	*Level 3*
Financial assets measured at fair value					
Derivative financial assets					
Cash flow hedge					
Currency forwards	459	459	-	455	4
Interest rate swaps	794	794	-	794	-
Commodity forwards	6	6	-	6	-
Financial assets at fair value					
Commodity swaps	105	105	-	7	98
Currency forwards	107	107	-	107	-
Equity options	1,278	1,278	-	55	1,223
Total derivative financial assets (notional amount of AED 24,651 million)	2,749	2,749	-	1,424	1,325
Financial liabilities measured at fair value					
Derivative financial liabilities					
Fair value hedge					
Currency forwards	44	44	-	44	-
Cash flow hedge					
Currency forwards	55	55	-	55	-
Commodity forwards	153	153	-	153	-
Financial liabilities at fair value					
Interest rate swaps	406	406	-	406	-
Currency forwards	221	221	-	221	-
Commodity swaps	362	362	-	362	-
Total derivative financial liabilities (notional amount of AED 25,120 million)	1,241	1,241	-	1,241	-

The fair value of the financial instruments measured at amortised cost approximates its carrying amount.

33 FINANCIAL RISK MANAGEMENT continued

(d) Fair value continued

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

			Sensitivity analysis for change on level 3 investments fair value *(All amounts in AED millions)*		
Type of financial asset / liability	***Valuation techniques and key inputs***	***Significant unobservable inputs***	***Change***	***Effect of + change***	***Effect of - change***
<u>Financial assets at FVTPL – Quoted</u>					
Quoted equity securities – Level 1	Quoted bid prices in an active market	-	-	-	-
Quoted debt securities – Level 1	Quoted bid prices in an active market	-	-	-	-
Quoted debt securities – Level 2	Quoted bid prices in an inactive market	-	-	-	-
Quoted debt securities – Level 3	Income approach	• Discount rate of 16%	**+/-5%**	**(153)**	**171**
Quoted exchange traded funds– Level 1	Quoted bid prices in an active market	-	-	-	-
<u>Financial assets at FVTPL – Unquoted</u>					
Unquoted Convertible bonds and preference shares – Level 3	Net asset value provided by the fund manager and average of discounted cash flow and market and calibration approaches	• 10% implied equity value • Revenue multiple 0.91x • PIK of 6%	**+/-5%**	**200**	**482**
Unquoted equity securities – Level 3	Combination of market, income approach and transaction price	• Enterprise value (“EV”)/EBITDA multiple of 5.2x –51.3x • 9.5%-12.5% Weighted average cost of capital	**+/-5%**	**367**	**(6)**

33 FINANCIAL RISK MANAGEMENT continued

(d) *Fair value* continued

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

			Sensitivity analysis for change on level 3 investments fair value *(All amounts in AED millions)*		
Type of financial asset / liability	***Valuation techniques and key inputs***	***Significant unobservable inputs***	***Change***	***Effect of + change***	***Effect of - change***
Financial assets at FVTPL – Unquoted					
Unquoted funds – Level 2	Net asset value provided by the fund manager (underlying investments are quoted)	-	-	-	-
Unquoted funds – Level 3	Net asset value provided by the fund manager	-	-	-	-
Loans receivable – Level 3	Discounted cash flows, combination of market and income approach	• Discount rate of 5.79% - 23.26% • Market yield of 7.04% - 21.02% • 5.71x on EBITDA	**+/-5%**	**(877)**	**740**
Derivative assets / liabilities – Level 2	Market approach. Value is based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates	-	-	-	-
Warrants – Level 3	Black Scholes Option Pricing exchange rates	• Volatility 33.6% • Yield of 1.85%	**+/-5%**	**66**	**(61)**
Interest rate swaps and foreign exchange forward contracts at FVTPL – Level 2	Net present value of estimated cash flows based on forward interest rates (from observable yield curves at the end of the reporting period)	-	-	-	-

33 FINANCIAL RISK MANAGEMENT continued

(d) Fair value continued

The following table demonstrates the movement in the level 3 of fair value hierarchy:

	2024 AED millions	*2023 AED millions*
At 1 January	**198,811**	148,066
Additions and other movements	**70,421**	42,174
Change in fair value recognised in profit or loss or other comprehensive income *(net)*	**22,099**	18,465
Disposals, capital distributions and other movements	**(24,621)**	(10,082)
Transfers (out of) / to level 3	**(57)**	188
At the end of the year	**266,653**	198,811

(e) Capital management

The policy of the Board of Directors of the Parent 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 Company monitors return on capital. The Company 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 the maintenance of specific debt to equity ratios.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company's policy is to keep the gearing ratio within a range to meet the business needs of the Group. Net debt is calculated as borrowings and lease liabilities less cash and long term deposits.

	2024 AED millions	*2023 AED millions*
Borrowings *(see note 26(a))*	**140,741**	145,691
Lease liabilities *(see note 26)*	**2,820**	3,197
Less: cash and long-term deposits *(see notes (i), 14 and 16)*	**(42,821)**	(49,441)
Net debt *(see notes (i) and (ii))*	**100,740**	99,447
Total equity	**384,426**	342,141
Total equity and net debt	**485,166**	441,588
Gearing ratio	**21%**	23%

(i) Cash and cash equivalents, for the purpose of gearing ratio calculation, includes long-term deposits, but excludes restricted cash.

(ii) Net debt as at 31 December 2024 excludes balances relating to NOVA, which has been classified as held for sale and disclosed as discontinued operations in these consolidated financial statements *(see note 4(b)(i))*.

34 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyse according to when they are expected to be recovered or settled.

	Within 12 months AED million	*After 12 months AED million*	*Total AED million*
31 December 2024			
Assets			
Cash and cash equivalents	**29,649**	**-**	**29,649**
Trade receivables	**5,961**	**-**	**5,961**
Inventories	**8,440**	**-**	**8,440**
Other receivables and prepayments	**29,407**	**7,691**	**37,098**
Other financial assets	**15,310**	**303,516**	**318,826**
Investment in equity accounted investees	**-**	**94,714**	**94,714**
Investment properties	**-**	**7,750**	**7,750**
Property, plant and equipment	**-**	**40,532**	**40,532**
Intangible assets	**-**	**8,049**	**8,049**
Deferred tax assets	**-**	**760**	**760**
Assets classified as held for sale	**44,389**	**-**	**44,389**
Total assets	**133,156**	**463,012**	**596,168**
Liabilities			
Trade and other payables	**3,355**	**-**	**3,355**
Other liabilities	**23,513**	**11,649**	**35,162**
Borrowings and lease liabilities	**21,160**	**122,401**	**143,561**
Provisions	**1,582**	**-**	**1,582**
Deferred tax liabilities	**-**	**1,051**	**1,051**
Liabilities directly associated with assets classified as held for sale	**27,031**	**-**	**27,031**
Total liabilities	**76,641**	**135,101**	**211,742**
Net	**56,515**	**327,911**	**384,426**

34 MATURITY ANALYSIS OF ASSETS AND LIABILITIES continued

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Within 12 months AED million	*After 12 months AED million*	*Total AED million*
31 December 2023			
Assets			
Cash and cash equivalents	23,543	-	23,543
Trade receivables	7,275	-	7,275
Inventories	9,272	-	9,272
Other receivables and prepayments	44,649	8,023	52,672
Other financial assets	7,346	231,740	239,086
Investment in equity accounted investees	-	82,995	82,995
Investment properties	-	12,162	12,162
Property, plant and equipment	-	80,455	80,455
Intangible assets	-	6,622	6,622
Deferred tax assets	-	1,235	1,235
Assets classified as held for sale	24,105	-	24,105
Total assets	116,190	423,232	539,422
Liabilities			
Trade and other payables	4,260	-	4,260
Other liabilities	23,943	7,198	31,141
Borrowings and lease liabilities	18,969	129,919	148,888
Provisions	1,530	2,143	3,673
Deferred tax liabilities	-	5,215	5,215
Liabilities directly associated with assets classified as held for sale	4,104	-	4,104
Total liabilities	52,806	144,475	197,281
Net	63,384	278,757	342,141

35 OTHER RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has a risk management policy that establishes and guides effective and efficient risk management. It aims to create and safeguard values and build operational resilience. The policy covers all risks that could impact the fulfillment of the Group's mandate and objectives, including notably the following ones listed below.

Macroeconomics and geopolitics risks
The operations of the Group are exposed to macro-economic risks across geographies, including inflation, currency, interest rates, monetary policies, or commodity prices.

The Group is also affected by global political dynamics, geopolitical fragmentation, and international events. The conflicts in Russia, Ukraine and the Middle East, coupled with heightened trade tensions and changes in industrial and security policy of the United States with North America, Europe, and China, have resulted in increased global economic uncertainty which may influence market sentiment and performance.

Market risk
The Group is exposed to public market volatility, either directly (listed equity) or indirectly (sensitivity to public markets). Weaker than expected earnings growth or deterioration of macro fundamentals could impact valuations, particularly for growth assets. Value creation may be challenged by declining margins, due to persistent inflation, supply chain issues and tight labor markets.

Risks related to specific operations
The Group has exposure to risks relating to specific operations such as the energy and semiconductor sectors. These concentrations expose the group to idiosyncratic risks.

The worldwide semiconductor foundry industry is highly competitive and has been cyclical and subject to downturns in the past, because of global economic conditions as well as industry-specific factors and that may have an adverse impact on the semiconductor operations of the Group. Furthermore, semiconductor manufacturing processes are highly complex, costly, and potentially vulnerable to impurities and other disruptions that can significantly increase the cost related to the semiconductor operations of the Group.

The Group's energy businesses are exposed to a variety of risks including, but not limited to, cyclicality in supply and demand, price fluctuations and disruptions in feedstock availability and project execution risk, which could materially and adversely affect the Group's results of operations. The Group's operations in oil and gas could also face significant liabilities for damages, clean-up costs or penalties under environmental and safety laws and changes in such laws could materially increase the Group's operating costs.

Talent and business conduct
The performance and standards of operations may be affected by difficulties in attracting, retaining or developing talent to support business needs and evolution.

The Group faces business conduct risk due to its interactions with employees, contractors, or third parties who may intentionally or negligently circumvent established controls to engage in fraudulent activities, bribery, or other misconduct. Additionally, the current economic climate, increasing regulatory requirements, and the Group's exposure to regions with potentially less stringent governance increases the exposure to business conduct risk.

Legal, regulatory and tax changes, and protectionism
The Group operates in numerous jurisdictions and developing markets. Therefore, changes in laws, regulations and taxes in these jurisdictions may adversely affect its financial results or compliance costs.

Protectionism poses the risk of increased costs and reduced market access for parts of the Group that operate in global markets. This can lead to lower profitability, hindered growth opportunities, and heightened regulatory complexity, ultimately impacting competitiveness.

Technology, data and cybersecurity risks
The emergence of disruptive technologies, such as Artificial Intelligence, may impact some of the operations or create new business opportunities, particularly those that support digital and energy transitions.

35 OTHER RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Technology, data and cybersecurity risks continued
Data security, the rise in cyber-attacks, coupled with the changing landscape of cyber threats and reliance on third-party vendors, heightens the likelihood of data loss, damage, or misuse, as well as disruptions to business operations, potentially resulting in reputational harm.

Sustainability
Sustainability risk involves potential environmental impact from the Group's activities, including emissions and waste handling, despite efforts to minimize it through rigorous control measures and compliance with environmental permits. Additionally, the Group's performance may be influenced by stakeholder expectations regarding social, environmental, climate and governance matters.

Service providers and business partners risks
The Group relies on third-party providers, including contractors and business partners. Failures by these providers or by the Group to maintain these relationships could harm the operational effectiveness and reputation of the Group.

36 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Relevant significant accounting estimates and judgements have been disclosed throughout the consolidated financial statements and below.

(a) Significant accounting judgements

In the process of applying the Group’s accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of investments
The Group’s principal activity is in investing and managing investments through different holdings in investees. The Group applies significant judgement with respect to the classification of investments with respect to control (including de-facto control), joint control and significant influence exercised on those investments or an investment is simply a financial investment.

For assessing control, the Group has considered power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group has considered all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management’s assessment considered the Group’s ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group has considered potential voting rights.

36 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(a) Significant accounting judgements continued

Classification of investments continued
For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group has considered whether it has joint control on rights to the net assets of the arrangements, in which case these are treated as joint ventures or rights to the assets, and obligations for the liabilities, relating to the arrangement, in which case these are treated as joint operations.

For assessing significant influence, the Group has considered the ability to participate in the financial and operating policy decisions of the investee. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of investee. The Group has further considered the extent of representation on the board of directors, including the ability of other vote holder to operate the investee without regard to the views of the Group, or equivalent governing body of the investee, participation in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the Group and its investee, interchange of managerial personnel and provision of essential technical information.

(b) Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Quantities of proven oil and gas reserves
Depreciation on certain property, plant and equipment is estimated based on oil and gas reserves. The level of estimated commercial reserves is a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired. There are numerous uncertainties inherent in estimating quantities of proven and probable oil reserves. Oil reserve engineering is a subjective process of estimating underground volumes of oil that cannot be precisely measured and estimates of other engineers might differ materially from the estimates utilised 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 judgements. 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 oil and gas that are ultimately recovered. The Group's share of the oil and gas reserves that may be ultimately recovered from the joint ventures is subject to the production sharing agreements.

Impairment losses and determination of fair values

Financial assets

The Group reviews its investments in equity accounted investees, financial investments and receivables to assess impairment losses at each reporting date *(see note 3(t))*. The Group's credit risk is primarily attributable to its unquoted financial assets at fair value through profit or loss, trade and other receivables and other items disclosed in notes 19, 17 and 16. In determining whether impairment losses should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data including revised business plans of investee companies, 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.

For financial instruments not traded on an active market, fair value is determined on widely recognised valuation techniques *(see note 3 (f))*. The judgements taken in estimating the fair value include considerations of liquidity and model inputs such as volatility, growth rates, and discount rates among others.

36 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(b) Significant estimates and assumptions continued

Impairment losses and determination of fair values continued

Non-financial assets

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Uncertain tax positions
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. As at 31 December 2024, the Group has recognised a balance of AED 767 million *(31 December 2023: AED 1,235 million)* as deferred tax asset. The uncertain tax positions, for example tax disputes, are accounted for by applying the most likely amount. The most likely amount is the single most likely amount in a range of realistically possible options. The Group evaluates the unit of account related to the uncertain tax positions on a case-by-case basis.

Provision for decommissioning liabilities
The Group recognised a provision for decommissioning obligations associated with its manufacturing facilities. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the facility, restore the site, and the expected timing of those obligations.

Legal claims and contingencies
When assessing the possible outcomes of legal claims and contingencies, the Group rely on the opinions of the legal counsels. The opinions of the Group's legal counsel are based on the best of their professional judgement and take into consideration the current stage of the proceedings and legal experience accumulated with respect to the various matters. As the results of the claims may ultimately be determined by courts, or otherwise settled, they may be different from such estimates. Further details on legal claims and contingencies are disclosed in notes 30 and 31.

Estimated useful lives of property, plant and equipment
The management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and has determined that no adjustment is necessary. Refer to *note 3(n(iii))* for details of the estimated useful lives of property, plant and equipment.

36 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(b) Significant estimates and assumptions continued

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various identifiable assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgement by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of licenses and other assets and market multiples. The Group's management uses all available information to make these fair value determinations.

37 SIGNIFICANT NON-CASH TRANSACTIONS

The Group had entered into significant non-cash transactions as disclosed in notes 4(b)(ii), 4(b)(iv) and notes (ii) and (iii) to the Consolidated Statement of Changes in Equity, which are not reflected in the consolidated statement of cash flows.

38 OFF BALANCE SHEET ITEMS

As at 31 December 2024, the Group, through its wholly owned subsidiary, Mubadala Capital, managed third party capital of AED 31,445 million (*31 December 2023: AED 40,399 million*). These third-party assets under management are not part of these consolidated financial statements as they are not assets of the Group, but only being managed by the Group.

39 STRUCTURED ENTITIES

The table below describes the types of Structured Entities that the Group does not consolidate but in which it holds an interest:

Type of Structured Entity	*Nature and purpose*	*Interest held by the Group*
Various investment funds	To manage assets on behalf of investors, including third party investors and generate income for the GPs and/or the investment manager and the investors.	Investment in units issued by the funds.

The exposure to investments in these Structured Entities at fair value, by strategy, is disclosed in the following table.

	31 December 2024				*31 December 2023*			
	Number of Structured Entities	***Net assets value of the Structured Entities AED millions***	***Group's share of the Structured Entities fair value AED millions***	***Net Assets attributable to the Group %***	*Number of Structured Entities*	*Net assets value of the Structured Entities AED millions*	*Group's share of the Structured Entities' fair value AED millions*	*Net Assets attributable to the Group %*
Private Equity	-	-	-	-	9	17,654	4,370	61%
Ventures	**1**	**889**	**608**	**68.4%**	5	4,420	1,668	32%
Multi Strategy	-	-	-	-	1	11,792	10,900	92%

39 STRUCTURED ENTITIES continued

During the year, the governance rights over various Structured Entities managed by Mubadala Capital were amended which resulted in the Group reassessing that it has control over those Structured Entities. The effect of consolidating those Structured Entities, was a net increase in total assets of AED 4,223 million, an increase in total liabilities of AED 3,492 million as at 31 December 2024 and there was no impact on total comprehensive income for the year ended 31 December 2024.

The Group's maximum exposure of loss from its interest in Structured Entities is equal to the total fair value of its investments. Once the Group has disposed of its interest in a structured entity, the Group ceases to be exposed to any risk from that Structured Entity.

During the year ended 31 December 2024 and year ended 31 December 2023, the Group did not provide any financial support to unconsolidated Structured Entities.

40 COMPARATIVE FIGURES

Certain comparative figures have been reclassified, in addition to the impact of discontinued operations *(see note 4)*, as set out below. These reclassifications have no impact on the total assets, total liabilities, total equity and profit of the Group.

Interest income from investment in non-derivative financial instruments amounting to AED 4,377 million for the comparative year ended 31 December 2023 has been reclassified from finance income to investment income in the consolidated statement of comprehensive income for the year ended 31 December 2024 to reflect the nature of the investment. Accordingly, there is no impact on the previously reported total profit before income tax from continuing operations activities for the year then ended.

Impairment of investments in equity accounted investees amounting to AED 519 million for the comparative year ended 31 December 2023 has been reclassified from income from equity accounted investees to impairment of investments in equity accounted investees in the consolidated statement of comprehensive income for the year ended 31 December 2024 to reflect the nature of the amount. Accordingly, there is no impact on the previously reported total profit before income tax from continuing operations activities for the year then ended.

41 MATERIAL SUBSEQUENT EVENTS

(i) In January 2025, the Group completed the transfer of its various real estate assets and related liabilities of Masdar City to an entity jointly owned by the Group and Aldar. The Group has lost control over these transferred assets and liabilities *(see note 4(a)(i))*.

(ii) Subsequent the year ended 31 December 2024, the Group and ADNOC entered into a share purchase agreement for the sale of the Group's entire interest in NOVA *(see 4(b)(i))*.

(iii) In February 2025, the shareholders of CI Financial Corp. ("CI Financial") approved an agreement with Accelerate Holdings Corp. ("Accelerate"), an affiliate of Mubadala Capital and its controlled entities. Pursuant to the agreement, Accelerate will acquire all outstanding shares of CI Financial in a transaction to take CI Financial private.

41 MATERIAL SUBSEQUENT EVENTS continued

(iv) In February 2025, Mubadala Capital entered into an agreement with an external investor for the issuance of a 5% equity interest in Mubadala Capital LP ("MC LP"), a newly formed indirectly wholly owned entity of Mubadala Capital, to the external investor, and also obtained an approval from the Board of Directors of the Parent for the sale of a 15% interest in MC LP to members of the management teams of the Company and Mubadala Capital, with an additional 10% equity participation option in future.

Additionally, in March 2025, Mubadala Capital entered into a strategic partnership with a credit asset manager with an expected closing in 2025. As part of this partnership, Mubadala Capital, through MC LP, has agreed to acquire 42% equity interest in the credit asset manager, with options to increase its ownership to 50% over time. The acquisition will be funded through a combination of cash and a 10% equity interest in MC LP.

These transactions are subject to the finalization of definitive agreements and customary closing conditions, where applicable.