

Mubadala Development Company PJSC

Condensed consolidated unaudited interim financial information

30 June 2010

Principal business address

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Abu Dhabi

United Arab Emirates

Mubadala Development Company PJSC

Condensed consolidated unaudited interim financial information

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Independent auditors' report on the review of condensed consolidated unaudited interim financial information

The Shareholder
Mubadala Development Company PJSC
Abu Dhabi
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated unaudited interim statement of financial position of Mubadala Development Company PJSC ("Mubadala" or "the Company"), its subsidiaries and its jointly controlled assets (collectively referred to as "the Group") as at 30 June 2010, and the related condensed consolidated unaudited statements of comprehensive income, changes in equity and cash flows for the six month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of condensed consolidated interim financial information in accordance with IAS 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the six month period ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".

Emphasis of matter – significant uncertainties

Without qualifying our conclusion, we draw attention to note 15(a)(i) to the condensed consolidated interim financial information, which states the existence of significant uncertainties with respect to the recognition and valuation of land received as government grants, the resolution of which is dependent upon future events.

23 August 2010

Mubadala Development Company PJSC

Condensed consolidated interim statement of comprehensive income

		Six month period ended 30 Jun 2010 AED '000 (unaudited)	Six month period ended 30 Jun 2009 AED '000 (unaudited)	Three month period ended 30 Jun 2010 AED '000 (unaudited)	Three month period ended 30 Jun 2009 AED '000 (unaudited)
	Note				
Revenue from sale of goods and services	5	8,015,549	5,947,703	4,042,322	3,979,257
(Loss) / income from other investments (<i>net</i>)		(1,976,888)	649,371	(2,737,636)	1,631,306
Change in fair value of investment properties		(222,167)	-	(222,167)	-
Share of results of equity accounted investees					
- associates	10(a)	46,605	14,979	33,037	10,570
- jointly controlled entities	10(b)	257,998	71,613	123,324	136,829
Impairment losses on available-for-sale financial assets		(32,195)	(639,578)	(32,195)	-
Other impairment losses		-	(117,142)	-	-
Reversal of impairment loss on an equity accounted investee		-	148,067	-	-
Gain on acquisition of stake in a subsidiary		-	167,941	-	-
Gain on divestment of investment in an equity accounted investee		75,646	-	-	-
Other operating income		295,698	207,049	216,115	87,769
Operating income	7	6,460,246	6,450,003	1,422,800	5,845,731
Cost of sales of goods and services		(5,677,466)	(4,284,453)	(2,708,621)	(2,753,257)
Reversal of impairment loss on intangible assets		-	142,524	-	142,524
General and administrative expenses		(1,515,516)	(931,769)	(733,308)	(481,864)
Project expenses		(182,510)	(291,367)	(113,091)	(164,521)
Exploration costs		(347,468)	(190,887)	(245,224)	(108,653)
Results from operating activities		(1,262,714)	894,051	(2,377,444)	2,479,960
Finance income		652,771	373,251	385,456	245,623
Finance expenses		(826,269)	(399,376)	(448,971)	(279,786)
Net finance expense		(173,498)	(26,125)	(63,515)	(34,163)
(Loss) / profit before income tax		(1,436,212)	867,926	(2,440,959)	2,445,797
Income tax expense		(71,532)	(130,158)	(38,477)	(120,630)
(Loss) / profit for the period	7	(1,507,744)	737,768	(2,479,436)	2,325,167

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Mubadala Development Company PJSC

Condensed consolidated interim statement of comprehensive income (continued)

	Six month period ended 30 Jun 2010 AED '000 (unaudited)	Six month period ended 30 Jun 2009 AED '000 (unaudited)	Three month period ended 30 Jun 2010 AED '000 (unaudited)	Three month period ended 30 Jun 2009 AED '000 (unaudited)
Other comprehensive (loss) / income				
Net change in fair value of available-for-sale financial assets	(2,448,953)	1,366,152	(2,096,217)	1,078,846
Effective portion of changes in fair value of cash flow hedges	(286,013)	302,477	(170,031)	310,340
Net change in exchange fluctuation reserve	(200,298)	176,999	(88,692)	303,998
Share of effective portion of changes in fair value of hedging instruments of equity accounted investees	(81,920)	99,897	(48,797)	109,752
Share of movement in exchange fluctuation reserve of equity accounted investees	(23,752)	12,216	25,677	24,370
Other comprehensive (loss) / income for the period net of income tax	(3,040,936)	1,957,741	(2,378,060)	1,827,306
Total comprehensive (loss) / income for the period	(4,548,680)	2,695,509	(4,857,496)	4,152,473
(Loss) / profit attributable to:				
Equity holder of the Company	(1,447,982)	749,000	(2,442,422)	2,335,176
Non-controlling interests	(59,762)	(11,232)	(37,014)	(10,009)
(Loss) / profit for the period	(1,507,744)	737,768	(2,479,436)	2,325,167
Total comprehensive (loss) / income attributable to:				
Equity holder of the Company	(4,530,113)	2,675,620	(4,888,727)	4,122,371
Non-controlling interests	(18,567)	19,889	31,231	30,102
Total comprehensive (loss) / income for the period	(4,548,680)	2,695,509	(4,857,496)	4,152,473

The notes set out on pages 10 to 25 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on the review of condensed consolidated interim financial information is set out on page 1.

Mubadala Development Company PJSC

Condensed consolidated interim statement of financial position as at

	Note	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Non-current assets			
Property, plant and equipment	8	24,568,024	21,741,200
Intangible assets	9	4,218,251	4,254,660
Investment properties		907,019	1,129,186
Investment in equity accounted investees			
- associates	10(a)	393,662	305,922
- jointly controlled entities	10(b)	7,191,593	4,619,276
Other investments (<i>non-current portion</i>)	11	18,731,678	22,472,784
Loans (<i>non-current portion</i>)	16(c,d)	4,365,295	1,090,783
Other assets		906,197	952,141
Receivables and prepayments (<i>non-current portion</i>)		6,259,696	4,302,102
Total non-current assets		67,541,415	60,868,054
Current assets			
Inventories		3,534,098	3,267,902
Receivables and prepayments (<i>current portion</i>)		8,503,619	8,676,033
Loans (<i>current portion</i>)	16(c,d)	525,026	191,045
Other investments (<i>current portion</i>)	11	137,524	82,651
Assets classified as held for sale	12	265,018	3,603,449
Cash and cash equivalents		5,627,263	11,776,577
Total current assets		18,592,548	27,597,657
Total assets		86,133,963	88,465,711


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Mubadala Development Company PJSC


Condensed consolidated interim statement of financial position (*continued*)
as at

		30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Equity			
Share capital		5,514,579	5,514,579
Reserves and surplus		(3,910,635)	619,478
Additional shareholder contributions	16(e)	44,377,064	42,211,064
Government grants	15(b)	367,350	367,350
Total equity attributable to the equity holder of the Company		46,348,358	48,712,471
Non controlling interests		244,238	262,805
Total equity		46,592,596	48,975,276
Non-current liabilities			
Interest bearing loans (<i>non-current portion</i>)	13	24,528,558	24,185,960
Deferred tax liabilities		1,048,638	1,207,935
Derivatives (<i>non-current portion</i>)		904,703	373,282
Other liabilities		2,115,163	2,126,748
Total non-current liabilities		28,597,062	27,893,925
Current liabilities			
Payables and accruals		7,130,031	7,969,522
Derivatives (<i>current portion</i>)		158,077	100,247
Interest bearing loans (<i>current portion</i>)	13	2,659,593	2,918,463
Amounts due to jointly controlled entities	10(b)	831,289	608,278
Liabilities classified as held for sale	12	165,315	-
Total current liabilities		10,944,305	11,596,510
Total liabilities		39,541,367	39,490,435
Total equity and liabilities		86,133,963	88,465,711

The condensed consolidated interim financial information was authorised for issue by the Board of Directors on 23 August 2010 and was signed on their behalf by:


Director


Chief Executive Officer &
Managing Director


Chief Financial Officer

The notes set out on pages 10 to 25 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on the review of condensed consolidated interim financial information is set out on page 1.

Mubadala Development Company PJSC
Condensed consolidated interim statement of changes in equity
for the six month period ended 30 June 2009

The condensed consolidated financial information is unaudited

	Share capital AED'000	Statutory reserve ¹ AED'000 (note 17)	Fair value reserve ¹ AED'000	Foreign currency translation reserve ¹ AED'000	Hedging and other reserves ¹ AED'000	Accumulated losses AED'000	Reserves and surplus AED'000	Additional shareholder contributions AED'000 (note 16(e))	Government grants AED'000 (note 15(b))	Total attributable to the equity holder AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 1 January 2009	5,514,579	191,537	1,004,262	296,761	(854,108)	(8,737,192)	(8,098,740)	33,353,568	367,350	31,136,757	188,535	31,325,292
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	749,000	749,000	-	-	749,000	(11,232)	737,768
Other comprehensive income												
Increase in fair value of available for sale investments (net)	-	-	1,366,152	-	-	-	1,366,152	-	-	1,366,152	-	1,366,152
Net change in exchange fluctuation reserve	-	-	-	163,611	-	-	163,611	-	-	163,611	13,388	176,999
Share of movement in exchange fluctuation reserve of equity accounted investees	-	-	-	12,216	-	-	12,216	-	-	12,216	-	12,216
Share of effective portion of changes in fair value of hedging instruments of equity accounted investees	-	-	-	-	99,897	-	99,897	-	-	99,897	-	99,897
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	284,744	-	284,744	-	-	284,744	17,753	302,477
Total other comprehensive income	-	-	1,366,152	175,827	384,641	-	1,926,620	-	-	1,926,620	31,121	1,957,741
Total comprehensive income	-	-	1,366,152	175,827	384,641	749,000	2,675,620	-	-	2,675,620	19,889	2,695,509
Transactions with the shareholder recorded directly in equity												
Contributions by and distribution to the shareholder												
Additional shareholder contributions	-	-	-	-	-	-	-	8,751,192	-	8,751,192	-	8,751,192
Changes in ownership interest in subsidiaries												
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	-	(207,418)	(207,418)
Fair value of non-controlling interest upon acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	173,391	173,391
Total transactions with the shareholder	-	-	-	-	-	-	-	8,751,192	-	8,751,192	(34,027)	8,717,165
At 30 June 2009	5,514,579	191,537	2,370,414	472,588	(469,467)	(7,988,192)	(5,423,120)	42,104,760	367,350	42,563,569	174,397	42,737,966

¹ Non distributable reserves

Continued ...

Mubadala Development Company PJSC

Condensed consolidated interim statement of changes in equity (continued)
for the six month period ended 30 June 2010

The condensed consolidated financial information is unaudited

	Share capital AED'000	Statutory reserve ¹ AED'000 (note 17)	Fair value reserve ¹ AED'000	Foreign currency translation reserve ¹ AED'000	Hedging and other reserves ¹ AED'000	Accumulated losses AED'000	Reserves and surplus AED'000	Additional shareholder contributions AED'000 (note 16(e))	Government grants AED'000 (note 15(b))	Total attributable to the equity holder AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 1 January 2010	5,514,579	671,005	4,314,769	541,167	(485,479)	(4,421,984)	619,478	42,211,064	367,350	48,712,471	262,805	48,975,276
Total comprehensive loss for the period												
Loss for the period	-	-	-	-	-	(1,447,982)	(1,447,982)	-	-	(1,447,982)	(59,762)	(1,507,744)
Other comprehensive loss												
Decrease in fair value of available for sale investments (net)	-	-	(2,448,953)	-	-	-	(2,448,953)	-	-	(2,448,953)	-	(2,448,953)
Net change in exchange fluctuation reserve	-	-	-	(247,052)	-	-	(247,052)	-	-	(247,052)	46,754	(200,298)
Share of movement in exchange fluctuation reserve of equity accounted investees	-	-	-	(23,752)	-	-	(23,752)	-	-	(23,752)	-	(23,752)
Share of effective portion of changes in fair value of hedging instruments of equity accounted investees	-	-	-	-	(81,920)	-	(81,920)	-	-	(81,920)	-	(81,920)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(280,454)	-	(280,454)	-	-	(280,454)	(5,559)	(286,013)
Total other comprehensive loss	-	-	(2,448,953)	(270,804)	(362,374)	-	(3,082,131)	-	-	(3,082,131)	41,195	(3,040,936)
Total comprehensive loss	-	-	(2,448,953)	(270,804)	(362,374)	(1,447,982)	(4,530,113)	-	-	(4,530,113)	(18,567)	(4,548,680)
Transactions with the shareholder recorded directly in equity												
Contributions by and distribution to the shareholder	-	-	-	-	-	-	-	2,166,000	-	2,166,000	-	2,166,000
Additional shareholder contributions	-	-	-	-	-	-	-	2,166,000	-	2,166,000	-	2,166,000
Total transactions with the shareholder	-	-	-	-	-	-	-	44,377,064	367,350	46,348,358	244,238	46,592,596
At 30 June 2010	5,514,579	671,005	1,865,816	270,363	(847,853)	(5,869,966)	(3,910,635)	44,377,064	367,350	46,348,358	244,238	46,592,596

¹ Non distributable reserves

The notes set out on pages 10 to 25 form an integral part of condensed consolidated interim financial information.

Mubadala Development Company PJSC

Condensed consolidated interim statement of cash flows
for the six month period ended 30 June

		2010	2009
		AED '000	AED '000
	Note	(unaudited)	(unaudited)
Cash flows from operating activities			
(Loss) / Profit for the period		(1,507,744)	737,768
<i>Adjustments for:</i>			
Depreciation		770,478	629,943
Amortisation and write off of intangible assets		193,886	49,158
Change in fair value of investment properties		222,167	-
Reversal of impairment loss on intangible assets		-	(142,524)
Loss / (gain) on disposal of property, plant and equipment		41,216	(18,123)
Gain on acquisition of stake in a subsidiary		-	(167,941)
Net change in fair value of financial instruments at fair value through profit or loss (<i>net</i>)		2,051,183	(340,727)
Other Impairment losses		-	117,142
Impairment losses on available for sale financial assets		32,195	639,578
Reversal of impairment losses on an equity accounted investee		-	(148,067)
Gain on disposal of investment in an equity accounted investee		(75,646)	-
Share of results of equity accounted investees			
- associates	10(a)	(46,605)	(14,979)
- jointly controlled entities	10(b)	(257,998)	(71,613)
Finance income		(652,771)	(373,251)
Finance expense		826,269	399,376
Income tax expense		71,532	130,158
Dividend income		(74,295)	(308,644)
		1,593,867	1,117,254
Change in inventories		(266,196)	31,073
Change in receivables and prepayments		(1,782,076)	(1,729,163)
Change in payables and accruals		(845,595)	(718,794)
Change in other liabilities		(11,585)	1,436,581
Change in other assets		43,003	(7,687)
Income taxes paid		(265,119)	(392,502)
		(1,533,701)	(263,238)
Net cash used in operating activities			

Continued

Mubadala Development Company PJSC

Condensed consolidated interim statement of cash flows *(continued)*
for the six month period ended 30 June

		2010 AED '000 (unaudited)	2009 AED '000 (unaudited)
	Note		
Cash flows from investing activities			
Proceeds from disposal of equity accounted investees		81,919	85,814
Proceeds from disposal of assets held for sale		3,593,818	(71,957)
Acquisition of subsidiaries net of cash		(126,846)	125,325
Investment in equity accounted investees	10	(2,516,623)	(465,877)
Acquisition of other investments	11	(551,932)	(1,217,174)
Acquisition of property, plant and equipment	8	(3,958,400)	(3,945,218)
Acquisition of intangible assets	9	(12,729)	(74,150)
Proceeds from disposal of property, plant and equipment		19,679	-
Loans given		(3,608,493)	(138,048)
Interest received		531,122	210,464
Dividend received from equity accounted investees		191,206	7,701
Dividend received from other investments		74,295	227,195
Net cash used in investing activities		(6,282,984)	(5,255,925)
Cash flows from financing activities			
Proceeds from interest bearing loans	13	2,033,260	8,293,410
Repayment of borrowings	13	(970,049)	(309,339)
Additional shareholder contributions	16	2,166,000	8,751,192
Interest paid		(826,269)	(368,234)
Net cash from financing activities		2,402,942	16,367,029
Net (decrease) / increase in cash and cash equivalents		(5,413,743)	10,847,866
Cash and cash equivalents at 1 January		11,776,577	3,019,344
Exchange fluctuation on consolidation of foreign entities		(735,571)	119,515
Cash and cash equivalents at 30 June		5,627,263	13,986,725

The notes set out on pages 10 to 25 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on the review of condensed consolidated interim financial information is set out on page 1.

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information

The condensed consolidated interim financial information is unaudited

1 Legal status and principal activities

Mubadala Development Company PJSC ("Mubadala" or "the Company") is registered as a Public Joint Stock Company in the Emirate of Abu Dhabi. The Company was established by the Emiri Decree No. 12, dated 6 October 2002, and is wholly owned by the Government of Abu Dhabi ("the Shareholder"). The Company was incorporated on 27 October 2002.

The condensed consolidated interim financial information includes the financial performance and position of the Company, its subsidiaries and its jointly controlled assets (collectively referred to as "the Group"), and the Group's interests in its equity accounted investees.

The Company is engaged in investing in, and management of, investments, primarily in sectors or entities that contribute to the Emirate of Abu Dhabi's strategy to diversify its economy. Consequently, the Group holds interests in a wide range of sectors, including energy, utilities, real estate, basic industries and services, renewable energy, information technology, infrastructure, sea port operations, medical services and flight training services.

2 Statement of compliance

The condensed consolidated interim financial information have been prepared in accordance with IAS 34, "*Interim Financial Reporting*". It does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

4 Estimates

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

Except as described below, in preparing these condensed consolidated interim financial information the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

4 Estimates (continued)

During the six month period ended 30 June 2010 management reassessed its estimates in respect of the fair values of its investment properties. In line with the general decline in market rentals in the Emirate of Abu Dhabi, the fair values of such investment properties have been written down by AED 222,167 thousand (2009: AED Nil).

5 Revenue from sale of goods and services

	Six month period ended 30 Jun 2010 AED '000 (unaudited)	Six month period ended 30 Jun 2009 AED '000 (unaudited)	Three month period ended 30 Jun 2010 AED '000 (unaudited)	Three month period ended 30 Jun 2009 AED '000 (unaudited)
Sale of hydrocarbons	2,927,139	2,046,214	1,403,115	1,234,162
Sale of land	-	496,606	-	496,606
Aircraft maintenance and repairs	2,462,959	1,929,377	1,138,629	1,470,722
Service concession revenue	2,062,938	1,225,168	1,107,016	641,820
Medical services	158,251	97,346	83,097	51,957
Contract revenue	118,301	103,615	57,854	49,079
Flight training services	26,861	30,578	11,181	18,752
Others	259,100	18,799	241,430	16,159
	8,015,549	5,947,703	4,042,322	3,979,257

6 Acquisition of subsidiaries

As part of the Group's normal business activity of investing in, and management of investments, the Group made the following acquisitions in 2010:

a) Acquisition of stake in Emerging Markets Telecommunication Services Limited ("EMTS")

During the period the Group has acquired a 15% stake in EMTS, for an amount of AED 759,680 thousand, thus increasing the Group's total shareholding to 30%.

b) Acquisition of UBG Petroleum (Thailand) Limited ("UBG")

During the period the Group acquired 100% voting shares of UBG, now named Pearl Energy (Thailand) Limited ("PETL") for an amount of AED 186,525 thousand. PETL is the holding company of four wholly owned subsidiaries that own working interests in certain concession blocks in Thailand, of which the Group is also an existing joint venturer.

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

7 Segment reporting (continued)

Segment reporting based on current organisation structure

	Oil & Gas & Energy		Renewable Energy		Industry		Real Estate & Hospitality		Infrastructure		Services Ventures		Aerospace		Information & Communication Technology		Healthcare		Corporate / Acquisitions		Consolidated	
	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000	30-Jun-10	AED '000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment operating income / (loss)	3,588,354		131,308		(117,749)		(223,385)		1,720,818		254,130		2,551,506		(65,103)		159,623		(1,539,256)		6,460,246	
Segment profit / (loss)	1,444,730		(312,182)		(119,085)		(262,353)		(81,786)		90,648		(227,933)		(127,104)		8,476		(1,921,155)		(1,507,744)	
Segment total assets	12,487,416		7,374,429		2,991,392		11,771,573		7,531,153		1,666,911		9,697,327		8,502,320		1,322,871		22,798,671		86,133,963	

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

8 Property, plant and equipment

Acquisitions and disposals

During the six month period ended 30 June 2010 the Group acquired / constructed property, plant and equipment with a cost of AED 3,958,400 thousand (*six month period ended 30 June 2009: AED 5,564,571 thousand*) including property, plant and equipment acquired through business combinations of AED Nil (*six month period ended 30 June 2009: AED 1,619,353 thousand*).

9 Intangible assets

Acquisitions and disposals

During the six month period ended 30 June 2010 the Group acquired intangible assets with a cost of AED 308,471 thousand (*six month period ended 30 June 2009: AED 2,338,960 thousand*) including intangible assets acquired through business combinations of AED Nil (*six month period ended 30 June 2009: AED 2,264,810 thousand*).

10 Investment in equity accounted investees

(a) The movements in investment in associates are set out below:

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
At the beginning of the period / year	305,922	430,654
Share of results for the period / year (<i>net</i>)	46,605	14,928
Additions during the period / year	5,132	59,720
Share of movement in hedging and other reserves recorded during the period / year	45,174	(12,839)
Transferred to investment in jointly controlled entities	-	(178,840)
Dividends received during the period / year	(9,171)	(7,701)
At the end of the period / year	393,662	305,922

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

10 Investment in equity accounted investees (continued)

(b) The movements in investment in jointly controlled entities are set out below:

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
At the beginning of the period / year	4,502,764	3,706,683
Exchange fluctuation in opening balance	(19,898)	6,071
Acquisitions / additional investments during the period / year	2,511,491	1,240,726
Disposal during the period / year	(6,273)	-
Share of results for the period / year (net)	257,998	536,773
Reversal of impairment losses	-	148,067
Dividends received during the period / year	(182,035)	(704,538)
Share of movement in exchange fluctuation reserve	(23,752)	(5,128)
Share of movement in hedging reserve	(127,094)	104,750
Reclassified from associates	-	178,840
Transferred upon acquisition of controlling stake	-	(609,892)
Intercompany income eliminated	(61,131)	(99,588)
	6,852,070	4,502,764
Provision for impairment	(491,766)	(491,766)
	6,360,304	4,010,998
Disclosed as:		
Investment in jointly controlled entities	7,191,593	4,619,276
Amounts due to jointly controlled entities ¹	(831,289)	(608,278)
	6,360,304	4,010,998
At the end of the period / year	6,360,304	4,010,998

¹ The Group's share of losses in certain jointly controlled entities has exceeded its interest in those entities. The share of losses exceeding the Group's interests in such entities has been disclosed separately within current liabilities.

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

11 Other investments

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Financial assets at fair value through profit or loss		
- funds, derivatives and quoted securities	7,926,282	8,603,533
- convertible bonds / loans issued by related parties	2,621,590	3,345,416
	<u>10,547,872</u>	<u>11,948,949</u>
Investments available for sale		
- quoted shares	4,847,757	7,049,291
- unquoted shares	3,473,573	3,557,195
	<u>8,321,330</u>	<u>10,606,486</u>
At the end of the period / year	18,869,202	22,555,435
Less: current portion	(137,524)	(82,651)
Non-current portion	<u>18,731,678</u>	<u>22,472,784</u>

12 Assets and liabilities classified as held for sale

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
<i>Assets classified as held for sale</i>		
Investment in GMH ¹	-	3,593,818
Others ²	265,018	9,631
	<u>265,018</u>	<u>3,603,449</u>
<i>Liabilities classified as held for sale</i>		
Others ²	<u>165,315</u>	<u>-</u>

¹ During 2008, the Group exercised the put option on its investment in Global Mobility Holding B.V. (GMH) and accordingly the Group's interest in GMH was classified as an asset held for sale. During the period, the Group received the entire consideration for the sale of its interest in GMH.

² During the period, the Company's Board of Directors decided to dispose off its interests in Pearl Oil (Basin) Limited ("Basin") and Pearl Oil (Island) Limited ("Island"). As at 30 June 2010, the assets and liabilities of these companies have been classified as Assets / Liabilities held for sale. The disposal of Basin and Island is expected to be completed in October 2010.

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)
The condensed consolidated interim financial information is unaudited

13 Interest bearing loans

Terms and debt repayment schedule

Particulars	Entity name / Project name	Currency	Nominal interest rate	Year of maturity	30 Jun 2010 Carrying amount AED '000 (unaudited)	31 Dec 2009 Carrying amount AED '000 (audited)
Current						
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin	2011	92,185	100,101
Secured bank loan	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2011	88,434	86,219
Secured bank loan	SR Technics Group	CHF/EUR/USD	LIBOR + margin	2011	-	1,051
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2011	12,519	-
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2011	4,173	-
Unsecured bank loan	Bera Investment Company LLC (Pearl)	USD	LIBOR + margin	2011	1,787,969	1,784,216
Unsecured bank loan	The Specialist Diabetes Treatment and Research Centre LLC	AED	EIBOR + margin	2011	9,188	10,498
Unsecured bank loan	Dolphin Investment Company LLC	USD	LIBOR + margin	2011	599,746	557,983
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2010	USD	Fixed coupon	2010	-	378,395
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2011	SGD	Fixed coupon	2011	65,379	-
Current total					2,659,593	2,918,463
Non-Current						
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR - margin	2014	119,111	111,688
Secured bank loan	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2022	1,369,357	1,174,613
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2029	781,959	681,185
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2029	260,653	227,062
Secured bank loan	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2019	709,033	440,547
Secured bank loan	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2019	1,297,854	806,642
Secured bank loan	Sigma Investment Company (BYT) (PTC) Limited (GE margin loan)	USD	LIBOR + margin	2012	1,300,211	1,296,348
Secured bank loan	SR Technics Group	CHF/EUR/USD	LIBOR + margin	2015	1,589,689	1,606,592
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2022	2,194,518	1,602,267
Unsecured bank loan	Beta Investment Company LLC (Pearl)	USD	LIBOR + margin	2012	508,996	761,826
Unsecured bank loan	Corporate EUR 1bn Term Loan	EUR	EURIBOR + margin	2012	4,429,937	5,199,190
Unsecured bank loan	The Specialist Diabetes Treatment and Research Centre LLC	AED	EIBOR + margin	2020	55,716	57,229
Unsecured bank loan	Dolphin Investment Company LLC	USD	LIBOR + margin	2019	3,526,791	3,835,851
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2014	USD	Fixed coupon	2014	4,560,523	4,555,623
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2019	USD	Fixed coupon	2019	1,824,210	1,829,297
Non-Current total					24,528,558	24,185,960
Total					27,188,151	27,104,423

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

13 Interest bearing loans (continued)

Movements in interest bearing loans during the reporting period were as follows:

	30 Jun 2010 AED '000 (unaudited)
Balance at 1 January 2010	27,104,423
New borrowings during the period	2,033,260
Repayments during the period	(970,049)
Foreign exchange fluctuations and other movements	(979,483)
Balance at 30 June 2010	<u>27,188,151</u>

14 Capital commitments and contingent liabilities

Commitments and contingent liabilities

Commitments and contingencies at the reporting date were as follows:

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Commitments and contingencies	<u>51,783,144</u>	<u>46,709,387</u>

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

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Commitments and contingencies	<u>9,757,958</u>	<u>4,599,481</u>

Exploration commitments

The obligations of the Group to perform exploration activities are:

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Due in less than one year	204,599	185,229
Later than one year but not later than five years	772,887	588,616
Later than five years	186,614	-
	<u>1,164,100</u>	<u>773,845</u>

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

15 Government grants

(a) Non-monetary government grants

(i) Land

The Group has received the following parcels of land by way of government grants.

Land identification	Granted in year	Approximate area in square feet ⁸	Carrying amount as at 30 Jun 2010 AED '000 (unaudited)	Carrying amount as at 31 Dec 2009 AED '000 (audited)	Currently classified as ⁷
Future economic benefits certain					
Madinat Zayed ¹	2008	143,111,825	-	-	PPE
Zayed Sports City	2006	13,341,299	1,946,050	1,946,050	Inventory
Zayed Sports City - Arzanah Medical Complex	2006	179,486	-	-	PPE
Military City	2009	12,242,393	-	-	PPE
Jabel Al Dhannah ⁶	2009	10,956,700	-	-	PPE
Sowwah Island - Abu Dhabi Financial centre ²	2006	851,004	843,666	1,063,663	IP
Sowwah Island - Plots for sale ²	2006	3,917,112	747,841	573,876	Inventory
Sowwah Island ²	2006	697,864	67,831	53,411	PPE
New Fish Market	2006	484,448	23,003	25,173	IP
New Headquarter	2004	102,675	-	-	PPE
Parking lot - New Headquarter	2009	70,000	-	-	PPE
Mussafah	2007	4,041,526	40,350	40,350	IP
Hai Al Dawoody	2009	1,076	-	-	PPE
Hamran	2009	1,076	-	-	PPE
Masdar Institute of Science and Technology ⁵	2008	1,582,103	-	-	PPE
Future economic benefits uncertain / no future economic benefits³					
Masdar City Land ⁵	2008	58,274,683	-	-	N/A
Al Reem Island - Sorbonne University ⁴	2006	1,001,934	-	-	N/A
Sowwah Island - Cleveland Clinic ²	2006	1,007,158	-	-	N/A
Sowwah Island (remaining portion) ²	2006	5,876,701	-	-	N/A
Khalifa City - Zayed University ⁴	2006	8,207,745	-	-	N/A
East Al Reem Island	2006	3,272,229	-	-	N/A
Old Fish Market - New York Institute of Technology ⁴	2006	163,877	-	-	N/A
Others	2004-09	86,684,575	-	-	N/A

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

15 Government grants (continued)

(a) Non-monetary government grants (continued)

(i) Land (continued)

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

²On the Sowwah Island out of the total unsold land area of 12,349,839 square feet, an area of 1,007,158 square feet has been allocated for the Cleveland Clinic Project, which is a Government of Abu Dhabi project. No future economic benefit from this project is likely to flow to the Group. Furthermore, approximately 851,004 square feet of land has been allocated for construction of the Abu Dhabi Financial Centre which has been recognised as investment property. The Group identified and earmarked certain plots of land for sale at Sowwah Island. Accordingly, these plots of land with a land area of 3,917,112 square feet have been classified as inventory.

The Group has identified and earmarked plots of approximately 697,864 square feet for production or supply of goods and services which has been classified as property, plant and equipment. Sowwah Island includes approximately six million square feet of land earmarked for roads and waterfront for common public use.

³Management is of the view that the determination of a value for these parcels of land is not possible since reliable estimates of fair value are not available, the future use of these sites is unknown and there is a possibility that they will not be used for commercial purposes and may, possibly, revert to the Government. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of these parcels of land, and therefore, such properties have not been recognised in the books of the Group. Included in this category are plots of land where it is established that, based on their current or intended use, no future economic benefits will flow to the Group.

⁴These 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 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.

Mubadala Development Company PJSC

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

The condensed consolidated interim financial information is unaudited

15 Government grants *(continued)*

(a) Non-monetary government grants (continued)

(i) Land (continued)

⁵The cost of construction of the Masdar City ("the Project") is likely to be significant and is unknown at this point in time. As the Project is in its early stage, there is neither a lease rental program nor any firm commitment from any tenant, except for the two buildings under construction, which are likely to be rented to Masdar Institute of Science and Technology ("MIST"). As the Project is being developed to be a carbon neutral, zero waste city, the cost of such construction is likely to be much higher than that of other developments in the region and the rental income difficult to reliably estimate.

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

Therefore, based on management's best estimates, the possibility that future economic benefits from the development will flow to the Group is uncertain and therefore the land has not been recognised as an asset in the condensed consolidated interim financial information, except for the portion of land relating to the MIST buildings, which has been recognised as property, plant and equipment at nominal value, based on the expectation that the buildings will be used by MIST, a subsidiary, to carry out its operations.

⁶The Jabel Al Dhannah land has been identified for the purpose of construction of a hydrogen power plant and, accordingly, has been recorded as property, plant and equipment, at nominal value.

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

⁸Land areas reported above are as per registration documents received from Municipality of Abu Dhabi.

(ii) Helicopter and helicopter spare parts

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

(iii) Use of land for construction of buildings

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

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

15 Government grants (continued)

(b) Monetary government grants

During 2006, the Group received an amount of USD 100,000 thousand equivalent to AED 367,350 thousand, from the Government of Abu Dhabi for investment in Masdar Clean Tech Fund L.P. ("the Fund") registered in Cayman Islands. As at 30 June 2010 the Group had an outstanding commitment to invest an additional AED 79,974 thousand (31 December 2009: AED 106,500 thousand) in the Fund.

During the period, the Group incurred AED 87,432 thousand, (30 June 2009: AED 52,868 thousand) for Masdar Institute of Science and Technology, Zayed Future Energy Prize project ("ZFEP") and International Renewable Energy Agency ("IRENA") out of the grants received in the previous year. The deferred government grant balance at the reporting date is AED 45,541 thousand (31 December 2009: AED 120,559 thousand).

16 Transactions with related parties

(a) Identity of related parties

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

(b) Transactions with key management personnel

Key management personnel compensation for the six month period ended 30 June is as follows:

	30 Jun 2010 AED '000 (unaudited)	30 Jun 2009 AED '000 (unaudited)
Directors' remuneration	<u>1,704</u>	<u>1,704</u>
Other key management personnel		
Short term benefits	33,917	18,866
Post employment benefits	4,546	2,218
	<u>38,463</u>	<u>21,084</u>

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

16 Transactions with related parties (continued)

(c) Other related party transactions

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

Significant transactions with related parties were as follows:

	30 Jun 2010 AED '000 (unaudited)	30 Jun 2009 AED '000 (unaudited)
Revenue	3,062,165	2,244,880
Interest income	151,177	115,718
Income from provision of manpower, project management and consultancy services	126,541	42,656
Purchase of goods and services	449,288	169,985
Loans to jointly controlled entities	2,009,543	201,150
Consideration for sale of interest in a jointly controlled entity	81,919	-
Loan from a related party	752,350	-
Loan to a related party ¹	743,434	-

(d) Related party balances

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
Amounts due to related parties	922,621	307,647
Amounts due from related parties ²	9,793,223	7,983,776
Loan and deposits from the Shareholder ³	742,197	739,541
Loans to related parties	3,397,164	750,907

Mubadala Development Company PJSC

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

The condensed consolidated interim financial information is unaudited

16 Transactions with related parties *(continued)*

¹A related party has been provided a loan facility amounting to AED 1,300,000 thousand, out of which drawn down amount is AED 743,434 thousand (including interest) as at 30 June 2010, which carries interest at EIBOR plus margin.

²Amounts due from related parties primarily comprise amounts receivable from the Government of Abu Dhabi for expenses incurred on its behalf and service concession receivables.

³ Loan and deposits from the Shareholder are included under payables and accruals and under other liabilities amounting to AED 600,017 thousand and AED 142,180 thousand respectively.

Included above in loan and deposits, is a loan amounting to AED 489,541 thousand, given to Abu Dhabi Aircraft Technologies LLC by the Shareholder. The fair value of the loan is not equivalent to its carrying value due to the fact that it is non-interest bearing. However as the repayment date cannot be estimated, a fair value cannot be reasonably determined.

(e) Additional shareholder contributions

	30 Jun 2010 AED '000 (unaudited)	31 Dec 2009 AED '000 (audited)
At 1 January	42,211,064	33,353,568
Cash contribution during the period / year ¹	2,166,000	8,751,192
Application for share capital ²	-	106,304
At the end of the period / year	<u>44,377,064</u>	<u>42,211,064</u>

¹ Cash contributions represent interest free loans from the Shareholder. As per the terms of the agreement for the amounts received in 2007, there are no contractual obligations to repay the loans. As per the terms of the agreements for the amounts received in the year 2008 and 2009, any repayments are at the discretion of the Board of Directors of the Company, who do not intend to repay any such amounts in the foreseeable future. In addition, the terms of the agreement specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the loan, shall rank pari passu with those attached to the share capital of the Company. Therefore, these loans are more akin to equity instruments rather than liabilities, and accordingly have been presented within equity. The agreement for the amounts received in 2010 is in the process of being finalised on the same terms as that for 2008 and 2009.

Mubadala Development Company PJSC

Notes to the condensed consolidated interim financial information (continued)

The condensed consolidated interim financial information is unaudited

16 Transactions with related parties (continued)

(e) Additional shareholders' contribution (continued)

² Application for share capital represents the value of net assets of Gulf Aircraft Maintenance Company PJSC transferred by the Shareholder to the Group during 2009, against which shares will be issued by the Company.

17 Statutory reserve

In accordance with the Articles of Association of the Company, 10% of the profit for each year is transferred to a statutory reserve until this reserve equals 50% of the paid up share capital. The statutory reserve is not available for distribution. Such transfers are made annually and therefore, no such transfers were made during the current period.

18 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2009.

19 Comparatives

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

20 Subsequent events

As set out in note 11, the Group holds investments in quoted securities listed in various stock exchanges. Subsequent to the period end, there has been significant volatility in the market values of these securities. Therefore the fair values of such securities at the reporting date may be different from their fair values at subsequent dates.