Mubadala Development Company PJSC

Consolidated financial statements

31 December 2013

Principal business address
PO Box 45005
Abu Dhabi
United Arab Emirates

Mubadala Development Company PJSC

Consolidated financial statements

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Board of Directors' Report

The Board of Directors is pleased to present the consolidated financial statements for the year ended 31 December 2013, covering the overall performance of the Group in all business sectors and areas of activity.

In 2013, Mubadala delivered against its key financial plans, and achieved a number of significant operational and socio-economic milestones.

Financial Highlights

Revenues increased to AED 31.1 billion in 2013 from AED 30.8 billion in 2012, primarily due to higher semiconductor and aerospace related sales. The renewable energy business recorded a significant increase in revenues compared to 2012. During the year, the largest revenue contributor at approximately 49% of Group revenue was our semiconductor business, followed by aerospace at 25% with oil and gas accounting for 17%.

Mubadala reported gross profits of AED 5.8 billion in 2013 compared with AED 9.1 billion in 2012.

Profit before fair value changes on financial investments and investment properties, impairments, net finance expense and taxes was AED 2 billion in 2013 compared to AED 3.7 billion in 2012 as improved income from investment in equity accounted investees was offset by the higher cost of sales of goods and services.

Profit for the year attributable to the owner of the Group increased to AED 1.5 billion compared to AED 470 million in 2012 primarily driven by the strong improvement in income from financial investments.

Total comprehensive income attributable to the owner of the Group increased to AED 5.3 billion compared to AED 1.6 billion in 2012, primarily due to strong performance of the financial investments portfolio.

Total assets increased to AED 223.8 billion in 2013 from AED 202 billion in 2012 driven by the addition of Emirates Global Aluminium and additional investment in GlobalFoundries.

Total liabilities decreased to AED 66.3 billion from AED 66.5 billion in 2012.

Total equity increased to AED 157.5 billion in 2013 from AED 135.5 billion in 2012. The increase in equity reflects the continuing support offered by our Shareholder, the Government of Abu Dhabi.

Mubadala will continue to deliver on its mandate by creating sustainable financial returns, socio-economic benefits and operational assets.

For and on behalf of the Board of Directors,

Director	Group *Chief Executive Officer*	*Group Chief Financial Officer*
Hamad Al Hurr Al Suwaidi	*& Managing Director*	*Carlos Obeid*
	Khaldoon Khalifa Al Mubarak	

Date: 17 March 2014

INDEPENDENT AUDITOR'S REPORT

The Shareholder
Mubadala Development Company PJSC
Abu Dhabi
United Arab Emirates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mubadala Development Company ("Mubadala" or the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

As required by UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all the information and explanations necessary for our audit, that proper financial records have been kept by the Group, that physical counts of inventories were carried out by management in accordance with established principles, and that the contents of the Director's report which relate to these consolidated financial statements are in agreement with the Groups' financial records. We are not aware of any violation of the above mentioned Law or the Company's Articles of Association, having occurred during the year ended 31 December 2013, which may have had a material effect on the business of the Group or on its financial position.

Deloitte & Touche (M.E.)

Mutasem M. Dajani
Registration No. 726
Abu Dhabi
17 March 2014

Mubadala Development Company PJSC

Consolidated statement of comprehensive income
for the year ended 31 December

	Note	2013 AED '000	2012 AED '000 (Restated)
Revenue from sale of goods and services	6	**31,109,856**	30,845,291
Cost of sales of goods and services	7	**(25,280,237)**	(21,778,328)
Gross profit		**5,829,619**	9,066,963
Income from investment in equity accounted investees *(net)*	17	**3,776,122**	1,753,047
Government grant income		**741,392**	724,441
Dividend income	11	**596,419**	478,125
Finance income from loans		**785,405**	1,488,159
Other income *(net)*	8	**1,114,729**	1,158,253
Research and development expenses	9	**(4,280,730)**	(4,146,259)
Exploration costs		**(764,104)**	(819,178)
Project expenses		**(451,142)**	(606,505)
Other general and administrative expenses	10	**(5,383,404)**	(5,406,520)
Profit before fair value changes on financial investments and investment properties, impairments, net finance expense and taxes		**1,964,306**	3,690,526
Income / (loss) from financial investments *(net)*	11	**3,357,580**	(1,388,793)
Increase / (decrease) in fair value of investment properties *(net)*	15	**17,261**	(105,141)
Impairment on property, plant and equipment	13	**(904,447)**	(585,361)
Impairment on loans and receivables		**(1,233,519)**	-
Impairment on intangible assets	14	**(475,655)**	(194,209)
Impairment on equity accounted investees		**(307,926)**	-
Profit before net finance expense and taxes		**2,417,600**	1,417,022
Finance income and net foreign exchange gain	12	**847,376**	1,015,879
Finance expense	12	**(2,247,438)**	(2,550,283)
Net finance expense	12	**(1,400,062)**	(1,534,404)
Income / (loss) before income tax		**1,017,538**	(117,382)
Income tax credit	35	**676,168**	264,851
Profit for the year		**1,693,706**	147,469
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Increase in fair value of available for sale financial assets *(net)*		**3,208,988**	676,868
Effective portion of changes in fair values of cash flow hedges and other reserves net of taxes		**267,721**	141,873
Net change in translation reserve		**86,363**	140,696
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	17(a,b)	**248,413**	(48,117)
Share of movements in translation reserve of equity accounted investees	17(a,b)	**50,752**	74,736
		3,862,237	986,056
Items that will not be reclassified to profit or loss in subsequent periods			
Net movement in defined benefits plan		**22,158**	225,939
Other comprehensive income for the year net of income tax		**3,884,395**	1,211,995
Total comprehensive income for the year		**5,578,101**	1,359,464
Profit for the year		**1,693,706**	147,469
Add: (Profit) / loss attributable to non-controlling interests		**(241,132)**	322,623
Profit for the year attributable to the owner of the Group		**1,452,574**	470,092
Total comprehensive income for the year		**5,578,101**	1,359,464
Add: Total comprehensive (income) / loss attributable to non-controlling interests		**(300,147)**	241,531
Total comprehensive income for the year attributable to the owner of the Group		**5,277,954**	1,600,995

The notes set out on pages 12 to 114 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 3 and 4.

Mubadala Development Company PJSC

Consolidated statement of financial position
as at 31 December

	Note	2013 AED '000	2012 AED '000 (Restated)
Non-current assets			
Property, plant and equipment	*13*	**75,135,219**	76,507,029
Intangible assets	*14*	**6,366,852**	6,855,385
Investment properties	*15*	**6,007,684**	6,278,495
Investment in equity accounted investees			
- associates	*17*	**9,858,127**	8,819,654
- jointly controlled entities	*17*	**17,763,970**	8,967,492
Financial investments	*18*	**23,714,045**	15,955,917
Loans receivable	*19*	**20,086,845**	25,315,490
Other assets		**203,496**	240,172
Receivables and prepayments	*21*	**8,179,769**	8,183,915
Finance lease receivables	*23*	**2,165,458**	1,433,024
Deferred tax assets	*35*	**2,194,411**	1,476,904
Total non-current assets		**171,675,876**	160,033,477
Current assets			
Inventories	*20*	**7,529,213**	7,909,223
Financial investments	*18*	**3,962,703**	2,742,805
Loans receivable	*19*	**2,977,013**	3,264,458
Receivables and prepayments	*21*	**13,543,341**	15,294,686
Finance lease receivables	*23*	**116,309**	120,220
Cash and cash equivalents	*24*	**21,688,577**	11,724,680
		49,817,156	41,056,072
Assets classified as held for sale	*22*	**2,322,324**	957,900
Total current assets		**52,139,480**	42,013,972
Total assets		**223,815,356**	202,047,449

Mubadala Development Company PJSC

Consolidated statement of financial position *(continued)*
as at 31 December

	Note	**2013 AED '000**	2012 AED '000 (Restated)
Equity			
Share capital	*31*	**15,000,000**	15,000,000
Application for share capital	*33(f)*	**13,600,000**	-
Additional shareholder contributions	*33(e)*	**123,155,278**	120,315,476
Reserves and surplus / (deficit)	*32*	**3,155,142**	(2,124,489)
Government grants	*36(b)(i)*	**367,350**	367,350
Total equity attributable to the owner of the Group		**155,277,770**	133,558,337
Non-controlling interests		**2,267,207**	1,968,314
Total equity		**157,544,977**	135,526,651
Non-current liabilities			
Interest bearing borrowings	*28*	**33,274,849**	35,512,880
Government grants	*36(b)(ii)*	**1,568,673**	1,875,187
Obligation under finance lease	*30*	**1,139,065**	1,353,871
Deferred tax liabilities	*35*	**1,041,187**	1,240,780
Financial liabilities at fair value	*27*	**987,671**	1,613,458
Other liabilities	*29*	**2,366,522**	2,390,360
Total non-current liabilities		**40,377,967**	43,986,536
Current liabilities			
Interest bearing borrowings	*28*	**8,643,533**	5,613,780
Government grants	*36(b)(ii)*	**316,892**	307,529
Obligation under finance lease	*30*	**209,887**	255,739
Payables and accruals	*26*	**14,069,431**	14,235,252
Amounts due to equity accounted investees	*17*	**1,302,780**	1,266,873
Income tax payable	*35*	**245,942**	463,654
Financial liabilities at fair value	*27*	**295,942**	391,435
		25,084,407	22,534,262
Liabilities classified as held for sale	*22*	**808,005**	-
Total current liabilities		**25,892,412**	22,534,262
Total liabilities		**66,270,379**	66,520,798
Total equity and liabilities		**223,815,356**	202,047,449

These consolidated financial statements were authorised for issue by the Board of Directors on 17 March 2014 and were signed on their behalf by:

Director
Hamad Al Hurr Al Suwaidi

Group Chief Executive Officer &
Managing Director
Khaldoon Khalifa Al Mubarak

Group Chief Financial Officer
Carlos Obeid

The notes set out on pages 12 to 114 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 3 and 4.

Mubadala Development Company PJSC

Consolidated statement of changes in equity
for the year ended 31 December

	Share capital AED '000	Application for share capital AED '000	Statutory reserve[1] AED '000 *(note 32)*	Fair value reserve[1] AED '000 *(note 32)*	Foreign currency translation reserve[1] AED '000 *(note 32)*	Pension reserve AED '000 *(notes 32 & 42)*	Hedging and other reserves[1] AED '000 *(note 32)*	Accumulated losses AED '000	Reserves and deficit AED '000	Additional shareholder contributions AED '000 *(note 33(e))*	Government grants AED '000 *(note 36(b)(i))*	Total attributable to the equity holder AED '000	Non-controlling interest AED '000	Total AED '000
At 1 January 2012 *(as originally stated)*	**15,000,000**	-	802,307	2,365,332	572,756	-	(1,078,599)	(6,957,351)	**(4,295,555)**	92,068,476	367,350	**103,140,271**	3,234,605	**106,374,876**
Effect of change in accounting policy for employee benefits (see *notes 2(e)(i) & 42(a))*	-	-	-	-	-	(689,801)	-	-	**(689,801)**	-	-	**(689,801)**	-	**(689,801)**
At 1 January 2012 (as restated)	**15,000,000**	-	802,307	2,365,332	572,756	(689,801)	(1,078,599)	(6,957,351)	**(4,985,356)**	92,068,476	367,350	**102,450,470**	3,234,605	**105,685,075**
Profit / (loss) for the year	-	-	-	-	-	-	-	470,092	**470,092**	-	-	**470,092**	(322,623)	**147,469**
Increase in fair value of available for sale financial assets (net)	-	-	-	676,868	-	-	-	-	**676,868**	-	-	**676,868**	-	**676,868**
Net change in translation reserve	-	-	-	-	65,215	-	-	-	**65,215**	-	-	**65,215**	75,481	**140,696**
Share of movements in translation reserve of equity accounted investees	-	-	-	-	74,736	-	-	-	**74,736**	-	-	**74,736**	-	**74,736**
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	-	-	-	-	-	-	(48,117)	-	**(48,117)**	-	-	**(48,117)**	-	**(48,117)**
Effective portion of changes in fair values of cash flow hedges and other reserves net of taxes	-	-	-	-	-	-	136,262	-	**136,262**	-	-	**136,262**	5,611	**141,873**
Net movement in defined benefits plan	-	-	-	-	-	225,939	-	-	**225,939**	-	-	**225,939**	-	**225,939**
Total other comprehensive income	**-**	**-**	**-**	**676,868**	**139,951**	**225,939**	**88,145**	**-**	**1,130,903**	**-**	**-**	**1,130,903**	**81,092**	**1,211,995**
Total comprehensive income	**-**	**-**	**-**	**676,868**	**139,951**	**225,939**	**88,145**	**470,092**	**1,600,995**	**-**	**-**	**1,600,995**	**(241,531)**	**1,359,464**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(11,959)	**(11,959)**
Additional shareholder contributions	-	-	-	-	-	-	-	-	-	28,247,000	-	**28,247,000**	-	**28,247,000**
Transfer to statutory reserve	-	-	14,747	-	-	-	-	(14,747)	-	-	-	-	-	-
Non-controlling interest movement upon acquisition of stake in subsidiaries	-	-	-	-	-	-	-	1,280,840	**1,280,840**	-	-	**1,280,840**	(1,123,757)	**157,083**
Non-controlling interest upon disposal of stake in a subsidiary *(see note 5(b)(i))*	-	-	-	-	-	-	-	(20,968)	**(20,968)**	-	-	**(20,968)**	99,514	**78,546**
Other movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	11,442	**11,442**
At 31 December 2012 *(as restated)*	**15,000,000**	**-**	**817,054**	**3,042,200**	**712,707**	**(463,862)**	**(990,454)**	**(5,242,134)**	**(2,124,489)**	**120,315,476**	**367,350**	**133,558,337**	**1,968,314**	**135,526,651**

[1] Non distributable reserves

Mubadala Development Company PJSC

Consolidated statement of changes in equity *(continued)*
for the year ended 31 December

	Share capital AED '000	Application for share capital AED '000 *(note 33(f))*	Statutory reserve[1] AED '000 *(note 32)*	Fair value reserve[1] AED '000 *(note 32)*	Foreign currency translation reserve[1] AED '000 *(note 32)*	Pension reserve AED '000 *(note 32)*	Hedging and other reserves[1] AED '000 *(note 32)*	Accumulated losses AED '000	Reserves and (deficit) / surplus AED '000	Additional shareholder contributions AED '000 *(note 33(e))*	Government grants AED '000 *(note 36(b)(i))*	Total attributable to the equity holder AED '000	Non-controlling interest AED '000	Total AED '000
At 1 January 2013	**15,000,000**	**-**	817,054	3,042,200	712,707	(463,862)	(990,454)	(5,242,134)	**(2,124,489)**	120,315,476	367,350	**133,558,337**	1,968,314	**135,526,651**
Profit for the year	-	-	-	-	-	-	-	1,452,574	**1,452,574**	-	-	**1,452,574**	241,132	**1,693,706**
Increase in fair value of available for sale financial assets (net)	-	-	-	3,208,988	-	-	-	-	**3,208,988**	-	-	**3,208,988**	-	**3,208,988**
Net change in translation reserve	-	-	-	-	26,323	-	-	-	**26,323**	-	-	**26,323**	60,040	**86,363**
Share of movements in translation reserve of equity accounted investees	-	-	-	-	50,752	-	-	-	**50,752**	-	-	**50,752**	-	**50,752**
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	-	-	-	-	-	-	248,413	-	**248,413**	-	-	**248,413**	-	**248,413**
Effective portion of changes in fair values of cash flow hedges and other reserves net of taxes	-	-	-	-	-	-	268,746	-	**268,746**	-	-	**268,746**	(1,025)	**267,721**
Net movement in defined benefits plan	-	-	-	-	-	22,158	-	-	**22,158**	-	-	**22,158**	-	**22,158**
Total other comprehensive income	**-**	**-**	**-**	**3,208,988**	**77,075**	**22,158**	**517,159**	**-**	**3,825,380**	**-**	**-**	**3,825,380**	**59,015**	**3,884,395**
Total comprehensive income	**-**	**-**	**-**	**3,208,988**	**77,075**	**22,158**	**517,159**	**1,452,574**	**5,277,954**	**-**	**-**	**5,277,954**	**300,147**	**5,578,101**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(4,374)	**(4,374)**
Movements in additional shareholder contributions	-	-	-	-	-	-	-	-	-	2,839,802	-	**2,839,802**	-	**2,839,802**
Application for share capital	-	**13,600,000**	-	-	-	-	-	-	-	-		**13,600,000**	-	**13,600,000**
Transfer to statutory reserve	-	-	169,371	-	-	-	-	(169,371)	-	-	-	-	-	-
Non-controlling interest movement upon acquisition of stake in subsidiaries	-	-	-	-	-	-	-	(908)	**(908)**	-	-	**(908)**	(35,302)	**(36,210)**
Non-controlling interest upon disposal of stake in subsidiaries *(see note 5(b)(i))*	-	-	-	-	-	-	-	1,020	**1,020**	-	-	**1,020**	35,608	**36,628**
Other movement in non-controlling interest	-	-	-	-	-	-	-	1,565	**1,565**	-	-	**1,565**	2,814	**4,379**
At 31 December 2013	**15,000,000**	**13,600,000**	**986,425**	**6,251,188**	**789,782**	**(441,704)**	**(473,295)**	**(3,957,254)**	**3,155,142**	**123,155,278**	**367,350**	**155,277,770**	**2,267,207**	**157,544,977**

[1] Non distributable reserves

The notes set out on pages 12 to 114 form an integral part of these consolidated financial statements.

Mubadala Development Company PJSC

Consolidated statement of cash flows
for the year ended 31 December

	Note	2013 AED '000	2012 AED '000
Cash flows from operating activities			
Profit for the year		**1,693,706**	147,469
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**8,377,933**	7,514,371
Amortisation of intangible assets	*14*	**725,208**	702,983
Amortisation of government grants		**(741,392)**	(724,441)
Change in fair value of investment properties	*15*	**(17,261)**	105,141
Impairment on property, plant and equipment and intangible assets	*13,14*	**1,380,102**	779,570
Gain on disposal of property, plant and equipment	*8*	**(174,874)**	(86,906)
Intangible assets written off	*14*	**171,187**	302,849
Net change in fair value of financial assets / liabilities at fair value through profit or loss	*11*	**(3,447,271)**	(488,366)
Revenue recognised for non-monetary consideration	*5(a)(ii)*	**-**	(1,019,782)
Finance income relating to finance lease receivables	*23*	**(142,094)**	(126,555)
Impairment on equity accounted investees		**307,926**	-
Impairment on loans and receivables		**1,233,519**	-
Impairment on available for sale financial assets	*11*	**89,691**	1,877,159
Gain on disposal of investment in equity accounted investees	*17*	**(200,962)**	(48,380)
Gain on disposal of investment in subsidiaries and working interests	*5(b)(ii)*	**(25,659)**	(14,062)
Gain on disposal of assets classified as held for sale		**(91,247)**	-
Gain on acquisition of stake in subsidiaries		**(117,508)**	-
Gain on disposal of financial investments	*8*	**(244,414)**	(93,146)
Share of results of equity accounted investees			
- associates	*17(a)*	**(843,824)**	(832,899)
- jointly controlled entities	*17(b)*	**(2,731,336)**	(871,768)
Finance income	*12*	**(847,376)**	(1,015,879)
Provision / (reversal of provision) for inventory obsolescence		**95,895**	(297,261)
Provision for trade and other receivables		**114,640**	26,985
Finance expense	*12*	**2,247,438**	2,550,283
Income tax credit	*35*	**(676,168)**	(264,851)
Dividend income	*11*	**(596,419)**	(478,125)
		5,539,440	7,644,389
Change in inventories		**290,630**	(1,168,111)
Change in receivables and prepayments		**2,381,803**	654,953
Change in payables and accruals		**(408,750)**	(2,139,251)
Change in other liabilities		**(184,816)**	344,038
Change in other assets		**11,831**	(135,525)
Dividends received from financial investments		**578,196**	471,772
Dividends received from equity accounted investees		**2,032,868**	2,815,976
Finance lease rentals paid		**(234,654)**	(176,731)
Lease rentals received	*23*	**125,396**	110,676
Income taxes paid		**(467,961)**	(514,796)
Net cash generated by operating activities		**9,663,983**	7,907,390

Mubadala Development Company PJSC

Consolidated statement of cash flows *(continued)*
for the year ended 31 December

	Note	2013 AED '000	2012 AED '000
Cash flows from investing activities			
Proceeds from disposal of equity accounted investees		**128,573**	224,511
Proceeds from disposal of assets held for sale		**553,658**	-
Proceeds from disposal of subsidiaries and working interest (net of cash disposed)	*5(b)(ii)*	**25,061**	13,324
Investment in equity accounted investees		**(8,248,926)**	(4,488,872)
Acquisitions of financial investments *(net)*		**(2,165,606)**	(841,680)
Acquisition of property, plant and equipment		**(12,348,413)**	(16,769,819)
Acquisition of investment properties	*15*	**(326,508)**	(520,198)
Acquisition of intangible assets		**(933,994)**	(970,902)
Proceeds from disposal of property, plant and equipment		**406,882**	388,625
Loans recovered / (disbursed) *(net)*		**3,032,550**	(14,014,154)
Interest received		**113,178**	102,945
Net cash used in investing activities		**(19,763,545)**	(36,876,220)
Cash flows from financing activities			
Proceeds from interest bearing borrowings	*28*	**13,622,489**	8,887,837
Repayment of interest bearing borrowings	*28*	**(13,151,644)**	(10,547,576)
Application for share capital	*33(f)*	**13,600,000**	-
Proceeds from government grants		**878,561**	607,658
Proceeds from disposal of stake in a subsidiary with no loss of control	*5(b)(i)*	**36,628**	78,546
Additional shareholder contributions	*33(e)*	**7,038,426**	28,247,000
Interest paid		**(2,020,678)**	(2,029,216)
Acquisition of non-controlling interest		**(36,223)**	-
Cash contributed by non-controlling interest	*17(b)*	**-**	967,355
Dividends paid to non-controlling interest		**(4,374)**	(11,959)
Change in non-controlling interest		**-**	1,907
Net cash generated by financing activities		**19,963,185**	26,201,552
Net increase / (decrease) in cash and cash equivalents		**9,863,623**	(2,767,278)
Cash and cash equivalents at 1 January		**11,724,680**	14,524,088
Exchange fluctuation on consolidation of foreign entities		**100,274**	(32,130)
Cash and cash equivalents at 31 December *(see note 24)*		**21,688,577**	**11,724,680**

The notes set out on pages 12 to 114 form an integral part of these consolidated financial statements.

The significant non-cash transactions are disclosed under note 41.

The independent auditors' report is set out on pages 3 and 4.

1 Legal status and principal activities

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

These consolidated financial statements include the financial performance and position of the Company, its subsidiaries and its joint operations, (collectively referred to as "the Group"), and the Group's interests in its equity accounted investees (*see notes 5, 16 and 17*).

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 oil and gas and energy, semiconductor technology, renewable energy, industry, real estate and infrastructure, aerospace, communications technology and defense services, financial investments, commercial finance, and healthcare.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

- initial recognition of land and buildings and equipment received as government grants, which are stated at nominal value; and
- derivative financial instruments, available for sale financial assets, financial instruments at fair value through profit or loss and investment properties, which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Functional and presentation currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of these consolidated financial statements, the results and financial position of the Group are presented in United Arab Emirates Dirhams ("AED"), which is the Group's presentation currency. All financial information presented in AED has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs 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.

2 Basis of preparation *(continued)*

(d) Use of estimates and judgements (continued)

Judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates with a significant risk of material adjustment in the subsequent years are discussed in note 39.

(e) New and revised IFRS

i) New and revised IFRSs adopted in the consolidated financial statements

The following new and revised IFRSs have been adopted in these consolidated financial statements. The impact of application (if any) of these new and revised IFRSs is disclosed below.

New and revised IFRSs which have no impact / no material impact on Group's consolidated financial statements

New and revised IFRSs	***Summary of requirements***
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The amendment had no impact on the Group's financial position or performance.
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in relation to accounting for government loans. The amendment had no impact on the Group's financial position or performance.
Amendment to IFRS 7 Financial Instruments: Disclosures	The amendment requires information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendment had no impact on the Group's financial position or performance.
IFRS 10 Consolidated Financial Statements	The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in "special purpose entities"). The standard had no impact on the Group's financial position or performance.

2 Basis of preparation *(continued)*

(e) New and revised IFRS *(continued)*

i) **New and revised IFRSs adopted in the consolidated financial statements** *(continued)*

New and revised IFRSs which have no impact / no material impact on Group's consolidated financial statements *(continued)*

IFRS 11 Joint Arrangements	The standard replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. The standard had no material impact on the Group's financial position or performance.
IAS 27 Separate Financial Statements (as revised in 2011)	The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. The standard had no material impact on the Group's financial position or performance.
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)	This standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The standard had no material impact on the Group's financial position or performance.

New and revised IFRSs which have an impact on Group's consolidated financial statements

Amendments to IAS 1 Presentation of financial statements	This amendment relates to grouping items in other comprehensive income. As a result, the Group has modified the presentation of items of OCI in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss from those that would never be reclassified.
IFRS 12 Disclosure of interests in other entities	The application of IFRS 12 affected disclosures only and resulted in more extensive disclosures in the consolidated financial statements.

2 Basis of preparation *(continued)*

(e) New and revised IFRS *(continued)*

i) **New and revised IFRSs adopted in the consolidated financial statements** *(continued)*

New and revised IFRSs which have an impact on Group's consolidated financial statements *(continued)*

IAS 19 Employee Benefits (as revised in 2011)	IAS 19 includes a number of amendments which require retrospective application relating to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require that all remeasurements need to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, it introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. Refer to note 37. The impact of the changes on the prior year is disclosed in note 42(a).
IFRS 13 Fair value measurement	IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Other than the additional disclosures, the application of IFRS 13 did not have any impact on the amounts recognised in the consolidated financial statements.

2 Basis of preparation *(continued)*

(e) New and revised IFRS *(continued)*

ii) New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not yet adopted the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 32 Financial Instruments: Presentation relating to offsetting financial assets and financial liabilities	1 January 2014
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements relating to investment entities and exemption of consolidation of particular subsidiaries	1 January 2014
Amendments to IAS 39 Financial instruments – Recognition and Measurement relating to novations of derivatives and continuation of hedge accounting	1 January 2014
Amendment to IAS 36 Impairment of Assets relating to recoverable amount disclosures for non-financial assets	1 January 2014
IFRIC 21 Levies	1 January 2014
Annual improvements 2010-2012 covering amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	1 July 2014
Annual improvements 2011-2013 covering amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	1 July 2014
Amendment to IAS 19 Employee Benefits relating to defined benefit plans and employee contributions	1 July 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016

For the above mentioned new standards or revisions, management believes that based on its initial assessment, these will not have a significant impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments (as revised in 2010)	No earlier than annual periods beginning on or after 1 January 2018
Amendment to IFRS 7 Financial Instruments: Disclosures relating to transition to IFRS 9 (or otherwise when IFRS 9 is first applied)	No earlier than annual periods beginning on or after 1 January 2018

IFRS 9 replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories - those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change as applicable to the Group is that, based on the business model applicable to each financial instrument and available elections, the adoption could result in an impact on opening retained earnings, fair value reserves, and the appropriate classification of the financial instruments, the magnitude of which depends on the elections made for classification.

3 Significant accounting policies

The significant accounting policies set out below have been applied consistently by the Group and all its entities 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:

- 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
- 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 align them with the policies adopted by the Group.

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

(ii) Transfer of entities under common control

Transfers giving rise to transfer of interests in entities, that are under the common control of the shareholder, are accounted for at the date that the transfer occurred without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for the acquisition is recognised directly in equity.

(iii) 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 Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss 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 or 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 fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iv) 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 profit or loss 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) and the resulting gain or loss, if any, is recognised in profit or loss. 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the 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.

(v) Investment in associates and joint arrangements

Associates are those entities in 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 between 20 and 50 percent of the voting power of another entity.

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.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(v) Investment in associates and joint arrangements (continued)

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. 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.

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 IAS 39), 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. When the original investment has been classified previously as an available-for-sale financial asset under IAS 39, the revaluation gain or loss recognised in other comprehensive income is not reclassified from equity to profit or loss until such time as there is a realisation event. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an 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 recognised 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 profit or loss representing gain on acquisition.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an 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. *(see note 3(t)).*

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 IAS 39. 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 or 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
- its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees 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.

(b) Revenue from sale of goods and services

The significant operating activities of the Group include:

- sale of goods and services;
- investments in securities and financial investments;
- development and sale of properties; and
- provision of commercial finance.

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

Revenue from sale of goods and services includes income from sale of semi-conductor wafers, sale of hydrocarbons, aircraft maintenance and repairs, satellite capacity service revenue, supply of chilled water, service concessions, sale of land, medical services and flight training services. Revenue from such sales is recognised as follows:

(i) Sale of goods and services rendered

Revenue from the sale of goods, other than hydrocarbons, is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services rendered are recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion of the service rendered. 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.

(ii) Sale of semiconductor wafers

Revenue from semiconductor wafers is derived primarily from fabricating semiconductor wafers and, to a lesser extent, from providing associated subcontracted assembly and test services as well as pre-fabricating services such as masks generation and engineering services. Revenue is recognised when the contractual obligations have been performed and significant risks and rewards of ownership of the products have been transferred to the customer, the Group has no continuing management involvement over the goods sold, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the revenue will flow to the Group. Revenue is measured at the fair value of the consideration received, excluding sales taxes, royalties, and other similar levies as applicable.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore excluded from revenues in the consolidated statement of comprehensive income.

(iii) Sale of hydrocarbons

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

3 Significant accounting policies *(continued)*

(b) Revenue from sale of goods and services *(continued)*

(iv) Aircraft maintenance and repairs

For maintenance, repair and overhaul services of aircraft, the Group enters into three different types of contracts: time and material contracts, fixed price contracts and flat-rate contracts. For time and material contracts, the customer pays costs incurred plus a margin. For fixed price contracts, the customer pays an agreed fixed price. A mix of both types is a contract with a not-to-exceed-price, by which the customer pays cost plus margin up to a defined threshold. For flat-rate contracts, the customer pays a fixed rate per flight hour. Fixed price and flat-rate agreements have most often a man hour rate agreed for any over-and-above work required and to be agreed with the customer, which is outside the original contract scope.

For time and material contracts, maintenance, repair and overhaul work is recognised as revenue when the products are delivered and services are rendered to customers. Prepayments by the customers are deferred until then. Related costs are expensed as occurred at the same time. Revenue is recognised at cost (work in progress). Margin release is done based on the final invoice to the customer. The Group's business exhibits a large number of individual work events under time and material contracts. These events are evenly distributed throughout the year, with the average duration of individual work events being relatively short (from a few hours up to a few days).

For the new business VIP, customer pays in advance according to a defined payment plan based on a fixed price arrangement. These prepayments are deferred until revenue recognition through the percentage of completion method (POC): revenue is recognised based on the cost occurred so far, which to the extent they reflect the actual percentage of completion, plus the estimated contribution margin in % for the total contract. As compared to other services, the number of individual transactions accounted for through POC is much smaller and the events are unevenly distributed throughout the year; furthermore, the average duration of individual work events is longer (several months).

For flat-rate contracts revenue and costs are recognised as incurred. Any expected additional costs (e.g. based on contractually defined reconciliation of cost and revenue at contract end) are provided for additionally.

Cost of materials and services include corresponding direct labour and material costs and related overheads for services rendered and goods sold.

(v) Satellite capacity service revenue

Satellite capacity service revenue primarily represents the revenue generated from leasing out of the satellite capacity. Satellite capacity lease payments are recorded on a straight line basis over the term of the contract concerned. Deferred revenue represents the unearned balances remaining from amounts received from customers.

(vi) Supply of chilled water

Revenue from supply of chilled water is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer and the amount of revenue can be measured reliably. For supply of chilled water, revenue comprises of available capacity and variable output provided to customers and is recognised when services are provided.

Revenue from supervision contracts services is recognised as supervision services are rendered. Revenue in respect of study and design contracts services is recognised by reference to the stage of completion of the contract, when i) it is probable that the economic benefits associated with the contract will flow to the Group, ii) the contract costs attributable to the contract can be reliably estimated; and iii) the Group is reasonably confident about the collection of amount recognised.

Connection fees are recognised on a straight line basis over the term of the respective customer contracts unless it represents a separately identifiable service and satisfies other criteria for upfront recognition to the consolidated statement of comprehensive income.

3 Significant accounting policies *(continued)*

(b) Revenue from sale of goods and services *(continued)*

(vii) Medical services

Revenue from medical services primarily represents the aggregate invoiced amount for the services provided to the patients (insured and non-insured) during the year and is stated net of any discounts allowed. Revenue is recognised in the accounting period in which services are provided.

(viii) Sale of land

Revenue from sale of land is recognised when the equitable interest in a property vests in a buyer and all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the land;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ix) Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Where services are rendered by the performance of an indeterminate number of acts over the period of a contract, revenue is recognised on a straight line basis over the period of the contract. In such cases, if any significant and specifically identifiable act that was planned to be performed, is deferred, revenue (and costs) attributable to that act, is also deferred.

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

(x) Service concession arrangements

Revenue relating to construction or upgrade services under service concession arrangements is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on contract revenue *(see (ix) above)*. The concessionaire is responsible and rewarded for the operations through the concession period, after construction completion the revenue would primarily be related to the direct operating services rendered on the project like operation and maintenance services and life cycling services. Operation or service revenue is recognised in the period in which the services are provided by the Group.

Furthermore, as per the terms of the arrangement, in addition to a fixed availability charge for construction and rendering of facility management services, the Group will also receive rental income from the letting out of commercial spaces in such arrangements. Therefore the Group's consideration is divided into two components - financial assets component based on the guaranteed amount and intangible assets for the remainder. The latter is treated as an intangible asset as the right to charge users of the commercial space is contingent on the extent that the space is utilised. The Group separately accounts for each component (fixed asset and intangible asset) of the operators consideration.

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

Mubadala follows the successful efforts method of accounting to account 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.

3 Significant accounting policies *(continued)*

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

(i) Licence and property acquisition costs

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

(ii) Exploration & 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. 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 judgement, 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.

(iii) Development expenditures

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service 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 *(see note 3(l)(iii)).*

(iv) Depreciation, depletion & 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.

For amortisation of licence and acquisition costs, (*see note 3(c)(i))* .

3 Significant accounting policies *(continued)*

(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. 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 it is tested for impairment annually. No development costs have been recognised as intangible assets to date, as in management's opinion it cannot be demonstrated with sufficient probability how intangible assets created as a result of the Group's development activities will generate probable future economic benefits.

Development costs which do not meet the above criteria are expensed as incurred.

(e) Project expenses

Project expenses comprise expenses incurred on screening, feasibility studies and pre-development phases of various business development / investment projects undertaken by the Group. Such expenditure is recognised in profit or loss as incurred, other than expenditure on projects related to property, plant and equipment, which are carried as an asset in the consolidated statement of financial position when there is reasonable certainty that the project will be developed and future economic benefits will flow to the Group. In the absence of such certainty, these expenses are charged to profit or loss.

(f) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the 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 available for sale financial assets 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.

3 Significant accounting policies *(continued)*

(f) Foreign currency *(continued)*

(ii) Foreign operations

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

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. Such differences have been recognised in foreign currency translation reserve. 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 arising are recognised in other comprehensive income.

(g) Financial instruments

Financial assets and liabilities are recognised when a group entity 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 profit or loss.

(i) Non-derivative financial assets

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group classifies non-derivative financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held to maturity financial assets;
- loans and receivables; and
- available for sale financial assets

Non-derivative financial assets comprise fair value through profit or loss investments, available for sale investments, trade and other receivables, cash and cash equivalents, loans and receivables and amounts due from related parties.

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 bid 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 a widely recognised valuation technique. Valuation techniques include using recent arm’s length transactions 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. 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.

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if the Group has acquired it principally for the purpose of selling it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or it is a derivative that is not designated and effective as a hedging instrument. Financial assets are designated at fair value through profit or loss if the Group manages such investments and their performance is evaluated on a fair valuation basis, or if the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise, in accordance with the Group’s documented risk management or investment strategy.

Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, including any interest or dividend income, are recognised in profit or loss.

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

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

Financial assets at fair value through profit or loss (continued)

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instrument for non-optional derivatives and option pricing models or quotes from counterparties for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract derived from readily available market data. Interest rate swaps are measured at the present value of future cash flow estimated and discounted based on the applicable yield curves derived from quoted interest rates. Swaps which are not traded through clearing firm or an exchange are valued on the basis of the latest available counterparty valuation.

The fair value of bonds and convertible bonds are determined with reference to quoted market prices. Where such prices are not available valuation is performed by an independent valuation expert based on discounted cash flows analysis using applicable yield curves for the duration of the investment.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses *(see note 3(t))* and foreign currency differences on available-for-sale debt instruments *(see note 3(f)(i))*, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. If a quoted market price is not available, the fair value is based on an appropriate valuation technique.

A significant or prolonged decline in the fair value of investments in equity instruments below their cost is considered as impairment in the carrying amount of the instrument, and is accordingly charged to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, including service concession receivables, amounts due from related parties, receivable against sale of land, other receivables, loans to related parties and third parties *(see notes 19 and 21)*.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable *(see note 3(m))*.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, call deposits and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents have a original maturity of three months or less. The carrying amount of these assets is approximately equal to fair value.

(ii) Non-derivative financial liabilities

Classification of 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.

Financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. For offsetting with financial assets *(see note 3(g)(i))*. The Group derecognises a financial liability when its contractual obligations are discharged, or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings, payables and accruals and amounts due to related parties.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Derivative financial instruments, including hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contract, interest rate swaps and cross currency swaps. Further details of derivatives financial instruments are disclosed in note 27. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Any directly attributable transaction costs are recognised in profit or loss as they are incurred. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instrument for non-optional derivatives and option pricing models or quotes from counterparties for optional derivatives.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract derived from readily available market data. Interest rate and currency swaps are measured at the present value of future cash flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(iii) Derivative financial instruments, including hedge accounting (continued)

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.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

Hedge accounting

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment and documents, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80 - 125 percent.

Cash flow hedges

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income. When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the consolidated statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of the changes in the fair value of the hedging instrument is recognised in other comprehensive income in the translation reserve. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the consolidated statement of comprehensive income. The amount recognised under other comprehensive income is reclassified to profit or loss on disposal of the foreign operation.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset or non-financial liability, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(iii) Derivative financial instruments, including hedge accounting (continued)

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

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.

(h) Government grants

Considering the Government of Abu Dhabi is the sole 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 a shareholder in their capacity as a shareholder and therefore treated as equity contribution, or if not, then as a government grant.

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 subsequent to 2007, 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 agreements specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the loans, 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.

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,
- would similar support or assistance be given by the government to an entity not owned by the government.

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

(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.

3 Significant accounting policies *(continued)*

(h) Government grants *(continued)*

(i) Land (continued)

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 *(see note 36).*

The determination of whether future economic benefits will flow to the Group is made by management using guidelines approved by the Board of Directors; each such determination is also approved by the Board of Directors. Once the determination is made, land is 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 are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Monetary government grants

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 government grants compensate for the cost of assets, such assets are carried at cost, less the value of the grants received. Asset values so derived are depreciated over the useful life of the relevant asset.

Monetary grants for investments in other business enterprises are credited directly to the consolidated statement of changes in equity.

(i) 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 profit or loss as they accrue using the effective interest 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 profit or loss. Interest income and expenses are recognised in profit or loss 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.

(j) Income tax

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

3 Significant accounting policies *(continued)*

(j) Income tax *(continued)*

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.

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 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. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be 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.

(k) 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(i))* .

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.

(l) Property, plant and equipment

(i) Recognition and measurement

Owned assets

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

The cost of self-constructed assets includes the cost of materials and direct 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.

3 Significant accounting policies *(continued)*

(l) Property, plant and equipment *(continued)*

(i) Recognition and measurement (continued)

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.

Gains and losses if any on disposal or retirement of an item of property, plant and equipment are determined by comparing the fair value of proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income (net)” in profit or loss.

Leased assets

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

(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. 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)(iv)* 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:

Particulars	***Years***
Buildings	3 - 50 years and above
Plant and office equipment	3 - 40
Aircraft	10 - 30
Aircraft materials	1 - 30
Distribution network	50 years and above
Computers	3 - 7
Others	3 - 10

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate *(see note 39(a))*.

3 Significant accounting policies *(continued)*

(l) Property, plant and equipment *(continued)*

(iv) 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.

(m) Intangible assets

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, which 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.

Trademarks

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

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.

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

Other intangible assets

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

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 profit or loss as incurred.

3 Significant accounting policies *(continued)*

(m) Intangible assets *(continued)*

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.

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 profit or loss when the asset is derecognised.

Amortisation

Licence fees relating to mineral exploration and production rights and oil reserves are amortised using the unit of production method *(see note 3(c)(i)).* 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 till 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 profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Years
Trademarks	Indefinite
Technology, licence and software	2 - 10
Capitalised development costs	25
Customer contracts	5 - 15
Others	3 - 24 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.

(n) 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 profit or loss 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. 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 profit or loss in the period in which the property is derecognised.

3 Significant accounting policies *(continued)*

(n) Investment properties *(continued)*

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. 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.

(o) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

At the inception or on re-assessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Group as lessee

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Minimum lease payments are apportioned between the finance charges and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of comprehensive income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised as an integral part of the total lease exposure, over the term of the lease.

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 balance sheet 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 so as 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 recognise on a straight-line basis over the lease term.

3 Significant accounting policies *(continued)*

(p) Inventories

Inventories are primarily comprised of land and building held for sale, work in progress, consumables, maintenance spares, drilling materials, raw materials and medical supplies. Inventories are measured at the lower of cost and net realisable value. For inventories other than 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.

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 estimated costs of completion and estimated selling expenses.

(q) Contract work in progress

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

Contract work in progress is presented as part of receivables and prepayments in the consolidated statement of financial position. If payments received from customers exceed costs incurred plus recognised profits, then the difference is presented as deferred income in payables and accruals or other liabilities in the consolidated statement of financial position.

(r) Provisions

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.

Product warranties

The group warrants that products will meet the stated functionality as agreed to in each sales arrangements. 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 are estimable.

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. 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.

3 Significant accounting policies *(continued)*

(s) Staff terminal benefits and pensions

Entities domiciled in 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 Company 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 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.

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.

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.

Remeasurements 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 profit or loss.

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 profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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.

3 Significant accounting policies *(continued)*

(t) Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults, the disappearance of an active market for a security and observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by transferring to profit or loss the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

In respect of available-for-sale financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

3 Significant accounting policies *(continued)*

(t) Impairment *(continued)*

Non-financial assets (continued)

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. 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").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Goodwill that forms part of the carrying amount of an equity accounted investee is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of such investment is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

(u) Dividend income

Dividend income from investments is recognised when the shareholder'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.

(v) Investment in gold bullion

Investments in gold bullion are measured at fair value determined by reference to published price quotations, with unrealised and realised gains and losses recorded in profit or loss.

(w) 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.

3 Significant accounting policies *(continued)*

(w) Assets and liabilities classified as held for sale *(continued)*

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property 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 remeasurement are recognised in profit or loss. 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.

(x) Operating segments

The accounting policies of the reportable segments are the same as the Group's accounting policies described above. 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 CEO 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 4)* .

4 Operating segments

Information about reportable segments

The Group has nine reportable segments, as described below, which are the Group's strategic business units. The strategic business units are responsible for the screening, due diligence, development and implementation of all business ideas, investment opportunities and acquisitions. The following summary describes the operations in each of the Group's reportable segments:

- Oil & Gas & Energy - Is focused on diversification in the oil and gas sector; in particular hydrocarbon exploration and production, and creation of a globally competitive oil and gas exploration and production business.

- Renewable Energy - Is focused on achieving the Government of Abu Dhabi's vision of transforming Abu Dhabi into a global leader in sustainable new energy technologies.

- Industry - Is focused on economic development through the development of sustainable industry, in particular metals and utilities.

- Real Estate & Infrastructure - Is focused on residential, commercial and retail real estate developments and investments and luxury hotels and resorts both in Abu Dhabi and internationally. Also engaged in developing, owning and operating concession based infrastructure, educational and other facilities.

- Aerospace, Communications Technology, and Defense services - Is focused on developing the Aeronautics, Communications Technology and Defense Services industries in Abu Dhabi. The operating assets incorporate international industry leaders and emerging domestic players, while maximizing the potential from shared partnerships and relationships in these industries.

- Mubadala Capital - Serves as the primary vehicle for the Group's financial investing activities and its objective is to build a research-driven global alternative asset and investment management platform.

- Healthcare - Is focused on creating a world class, competitive vertically integrated network of healthcare infrastructure.

- Semiconductor Technology - Is focused on advanced technological sector through fabricating semiconductor wafers and pre-fabricating services such as masks generation and engineering services.

- Corporate - Develops and drives the strategy for the Group as a whole as well as focusing on the economic development by establishing business in service-based sectors, such as leasing and financing.

All items accounted on IFRS basis are attributed to specific projects mapped to a segment.

4 Operating segments *(continued)*

During the year, in order to maximize portfolio synergies and asset management, Mubadala reorganised some of its internal business units and asset reporting lines which has resulted in changes to the composition of certain reportable segments. Aerospace, Information and Communications Technology and Services Ventures business units and their respective assets were merged into one new business unit, called Aerospace, Communications Technology and Defense Services, with the non-defense service related assets moved to Mubadala Capital. Additionally, certain assets which were previously held under Mubadala corporate unit are now held under Mubadala Capital or Mubadala Real estate and Infrastructure business units.

	Oil & Gas & Energy 31-Dec-13 AED '000	Renewable Energy 31-Dec-13 AED '000	Industry 31-Dec-13 AED '000	Real Estate & Infrastructure 31-Dec-13 AED '000	Aerospace, Communications Technology & Defense Services 31-Dec-13 AED '000	Mubadala Capital 31-Dec-13 AED '000	Healthcare 31-Dec-13 AED '000	Semiconductor Technology 31-Dec-13 AED '000	Corporate 31-Dec-13 AED '000	Consolidated 31-Dec-13 AED '000
Revenues from external customers	**5,252,961**	**377,811**	**1,105,526**	**502,075**	**7,895,991**	**-**	**815,549**	**15,135,231**	**24,712**	**31,109,856**
Finance (expense) / income *(net)*	**(233,181)**	**2,062**	**(119,607)**	**219,345**	**(331,827)**	**965**	**54**	**(268,173)**	**(669,700)**	**(1,400,062)**
Total assets	**15,405,462**	**6,242,064**	**22,056,116**	**27,612,473**	**28,818,621**	**39,731,666**	**2,226,642**	**58,444,049**	**23,278,263**	**223,815,356**
Total liabilities	**5,597,296**	**2,442,360**	**3,383,069**	**6,811,160**	**13,255,511**	**3,051,671**	**251,285**	**13,721,588**	**17,756,439**	**66,270,379**
Equity accounted investees	**1,330,423**	**386,409**	**9,958,552**	**5,966,259**	**5,306,490**	**2,878,373**	**-**	**255,291**	**1,540,300**	**27,622,097**
Depreciation and amortisation	**2,131,207**	**127,528**	**128,689**	**69,246**	**874,292**	**2,446**	**43,534**	**5,624,531**	**101,668**	**9,103,141**
Additions to non-current assets [1]	**2,756,009**	**688,661**	**57,770**	**453,607**	**1,761,818**	**655**	**15,764**	**8,302,252**	**41,985**	**14,078,521**
Share of results of equity accounted investees	**1,332,849**	**(84,197)**	**1,129,643**	**804,148**	**526,547**	**(278,457)**	**-**	**16,118**	**128,509**	**3,575,160**
Profit / (loss) for the year attributable to the owner of the Group	**925,489**	**(1,115,034)**	**1,379,159**	**1,457,245**	**3,613**	**3,421,577**	**(26,785)**	**(3,217,323)**	**(1,375,367)**	**1,452,574**
Total comprehensive income / (loss) attributable to the owner of the Group [2]	**925,863**	**(826,815)**	**1,420,529**	**1,462,112**	**335,774**	**6,676,345**	**(26,785)**	**(3,304,668)**	**(1,384,401)**	**5,277,954**
Total comprehensive income / (loss) attributable to the owner of the Group excluding impairments and fair value movements on investment properties and financial investments[2]	**1,447,575**	**(189,789)**	**1,379,043**	**1,403,578**	**641,163**	**613,687**	**(26,777)**	**(3,283,772)**	**(1,372,233)**	**612,475**

[1] Non-current assets consist of property, plant and equipment, intangible assets and investment properties.

[2] For reconciliation between 'Total comprehensive income / (loss) attributable to the owner of the Group' and 'Total comprehensive income / (loss) attributable to the owner of the Group excluding impairments and fair value movements on investment properties and financial investments', refer to page 44.

Mubadala Development Company PJSC

Notes to the consolidated financial statements

4 Operating segments *(continued)*

	Oil & Gas & Energy 31-Dec-12 AED '000	Renewable Energy 31-Dec-12 AED '000	Industry 31-Dec-12 AED '000	Real Estate & Infrastructure 31-Dec-12 AED '000	Aerospace, Communications Technology & Defense Services 31-Dec-12 AED '000	Mubadala Capital 31-Dec-12 AED '000	Healthcare 31-Dec-12 AED '000	Semiconductor Technology 31-Dec-12 AED '000	Corporate 31-Dec-12 AED '000	Consolidated 31-Dec-12 AED '000
Revenues from external customers	6,391,390	101,294	1,136,910	876,776	6,967,932	-	611,917	14,736,422	22,650	30,845,291
Finance (expense) / income *(net)*	(131,012)	1,800	(126,314)	142,716	(419,202)	(25,256)	840	(284,462)	(693,514)	(1,534,404)
Total assets	14,429,302	11,261,098	16,695,904	28,090,704	27,873,480	31,261,300	2,831,705	54,030,253	15,573,703	202,047,449
Total liabilities	5,206,982	1,071,813	3,537,736	7,966,050	12,814,952	2,136,770	258,632	15,326,618	18,201,245	66,520,798
Equity accounted investees	965,055	359,660	1,991,176	4,528,287	5,076,117	3,397,770	-	260,554	1,208,527	17,787,146
Depreciation and amortisation	1,528,769	219,815	130,986	21,784	822,530	5,019	18,892	5,370,026	99,533	8,217,354
Additions to non-current assets [1]	2,909,796	2,219,763	77,676	708,787	1,380,872	516	204,910	10,721,149	44,047	18,267,516
Share of results of equity accounted investees	1,206,164	(45,871)	204,383	643,758	63,751	(331,813)	-	(42,424)	6,719	1,704,667
Profit / (loss) for the year attributable to the owner of the Group	2,926,725	(251,490)	444,836	1,085,937	664,621	(757,594)	55,285	(2,217,358)	(1,480,870)	470,092
Total comprehensive income / (loss) attributable to the owner of the Group [2]	2,928,442	(236,011)	426,834	1,081,789	1,113,272	(44,958)	55,285	(2,086,603)	(1,637,055)	1,600,995
Total comprehensive income / (loss) attributable to the owner of the Group excluding impairments and fair value movements on investment properties and financial investments[2]	2,841,307	23,956	542,399	1,126,025	779,022	535,682	55,285	(1,983,441)	(1,487,691)	2,432,544

[1] Non-current assets consist of property, plant and equipment, intangible assets and investment properties.

[2] For reconciliation between 'Total comprehensive income / (loss) attributable to the owner of the Group' and 'Total comprehensive income / (loss) attributable to the owner of the Group excluding impairments and fair value movements on investment properties and financial investments', refer to page 44.

4 Operating segments *(continued)*

Reconciliation between 'total comprehensive income attributable to the owner of the Group' and 'total comprehensive income excluding impairments and fair value movements on investment properties and financial investments available to the owner of the Group' is as follows:

	2013 AED '000	2012 AED '000
Total comprehensive income attributable to the owner of the Group	**5,277,954**	1,600,995
Impairment losses on available-for-sale financial assets *(see note 11)*	**89,691**	1,877,159
Impairment losses on property, plant and equipment *(net)(see note 13)*	**904,447**	585,361
Impairment losses on intangible assets *(see note 14)*	**475,655**	194,209
Net change in the fair value of derivatives used as economic hedges *(see note 11)*	**(316,516)**	135,298
(Increase) / decrease in fair value of investment properties *(net) (see note 15)*	**(17,261)**	105,141
Impairment losses on equity accounted investees	**307,926**	96,000
Impairment losses on loans and receivables	**1,233,519**	-
Gain on sale of financial investments	**(244,414)**	(93,146)
Exchange gain	**(46,855)**	(109,927)
Foreign exchange impact on deferred tax (*see note 35)*	**(194,823)**	(175,197)
Non-controlling interest on derivatives used as economic hedges	**99,287**	(28,782)
Net change in financial investments at fair value through profit or loss *(see note 11)*	**(3,130,755)**	(623,664)
Movements in other comprehensive income - attributable to owner	**(3,825,380)**	(1,130,903)
Total comprehensive income attributable to the owner of the Group excluding impairments and fair value movements on investment properties and financial investments	**612,475**	2,432,544

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 Dec 2013 Revenue AED '000	**As of 31 Dec 2013 Non-current assets[1] AED '000**	For the year ended 31 Dec 2012 Revenue AED '000	As of 31 Dec 2012 Non-current assets[1] AED '000
United Arab Emirates *(country of domicile)*	**5,381,538**	**22,809,592**	5,212,756	27,549,907
United States of America	**6,586,395**	**21,508,141**	9,206,390	18,334,681
Singapore	**6,726,045**	**8,687,007**	4,549,523	8,668,936
State of Qatar	**1,996,527**	**4,116,240**	2,743,854	4,447,378
Thailand	**1,812,435**	**1,585,422**	1,741,435	1,293,953
Germany	**1,169,253**	**15,770,330**	1,079,411	17,012,501
Switzerland	**1,104,343**	**4,592,416**	684,332	4,145,221
United Kingdom	**946,242**	**2,318,059**	836,672	2,134,874
Bahrain	**469,274**	**1,425,496**	550,454	1,788,219
Oman	**29,827**	**1,866,296**	12,591	1,994,018
Finland	**378,219**	**158,807**	136,570	111,860
Indonesia	**183,564**	**1,417,922**	88,836	967,276
Taiwan	**1,099,822**	-	494,532	-
India	**349,888**	-	383,948	-
France	**276,829**	**1,950**	249,041	-
Others	**2,599,655**	**1,252,077**	2,874,946	1,192,085
	31,109,856	**87,509,755**	30,845,291	89,640,909

[1]Segment non-current assets are based on the geographical location of the assets and consist of property, plant and equipment, intangible assets and investment properties.

4 Operating segments *(continued)*

Geographical information *(continued)*

Major customers

Revenue from sale of goods and services with customers individually exceeding 10 percent of the Group's revenues in certain segments, is set out below:

	2013 AED '000	2012 AED '000
Semiconductor	**9,766,136**	7,001,169

5 Subsidiaries

These consolidated financial statements include the financial performance and position of the following significant subsidiaries:

Subsidiaries	Domicile	Ownership interest 2013	2012	Principal business activities
GlobalFoundries Inc.[1]	Cayman Islands	**100%**	100%	Focus on semiconductor wafer fabrication services and technologies, and manufacturing a broad range of semiconductor devices
Dolphin Investment Company LLC	UAE	**100%**	100%	Involved in managing investments, which are engaged in development, production, procurement and sale of hydrocarbons and related products
Liwa Energy Limited LLC	UAE	**100%**	100%	Involved in managing investments, which are engaged in exploration, development and production of hydrocarbons
Abu Dhabi Future Energy Company PJSC	UAE	**100%**	100%	Focus on achieving the Government of Abu Dhabi's vision of transforming Abu Dhabi into a global leader in sustainable new energy technologies
Al Yah Satellite Communications Company PJSC	UAE	**100%**	100%	Leasing of satellite communication capacity to the UAE Armed Forces and other customers
Mubadala Petroleum (SE Asia) Limited [2]	Singapore	**100%**	100%	Involved in exploration, development and production of hydrocarbons
Take off Top Luxco SA[3]	Luxembourg	**100%**	100%	Rendering maintenance, repair and overhaul (MRO) services for commercial aircraft
Abu Dhabi Finance PJSC	UAE	**52%**	52%	Operate as a finance company and is primarily engaged in mortgage lending
Abu Dhabi Aircraft Technologies LLC	UAE	**100%**	100%	Maintenance and repair of aircraft, manufacturing of aircraft turbines and related spare parts
Al Hikma Development Company PJSC	UAE	**51%**	100%	Engaged in the execution, management and supervision of construction, projects and the provision of facilities management services
Manhal Development Company PJSC	UAE	**51%**	51%	Engaged in the execution, management and supervision of construction, projects and the provision of facilities management services
Al Maqsed Development Company PJSC	UAE	**75%**	75%	Engaged in the execution, management and supervision of construction, projects and the provision of facilities management services
Fifteenth Investment LLC	UAE	**100%**	100%	Investment in commercial, industrial, real estate, infrastructure and energy project
Treasury Holding Company LLC	UAE	**100%**	100%	Placement of deposits, hedge execution to manage foreign exchange and other market risk exposures and debt raising
National Central Cooling Company PJSC ("Tabreed") [4]	UAE	**27%**	27%	Supply of chilled water
Nile Acquisition Holding Company Limited [5]	Cayman Islands	**45.5%**	45.5%	Engaged in the business of acquiring, holding, administering and exploiting music copyrights and related publishing rights in musical compositions throughout the world.
Alsowah Square Properties LLC	UAE	**100%**	100%	Involved in land and real estate business, which includes real estate enterprises investment, development, construction, acquisition, selling and management.

5 Subsidiaries *(continued)*

[1] Subsidiary of Advanced Technology Investment Company LLC *(see also note 5(a)(ii))* .

[2] Subsidiary of Beta Investment Company LLC.

[3] Holding Company of SR Technics Group *(see also note 5(a)(iii))* .

[4] On 1 April 2011, the Group converted an existing loan of AED 1.7 billion given to Tabreed into mandatory convertible bonds maturing in 2019, with an early conversion call option at the discretion of the Group, which, when considered on a fully diluted basis, increases the Group's effective equity ownership of the investee by an additional 50.7 percent. Considering the features of the new mandatory convertible bonds, they were assessed to provide the Group at present with rights incidental to ownership interest in the equity of the investee. Accordingly, on the basis of effective controlling equity interest, Tabreed was consolidated to the extent of 86 percent (2012: 85.6 percent) with the remaining 14 percent *(2012: 14.4 percent)* attributed to the non-controlling interest holders.

[5] Holding company of equity accounted investee, DH Publishing Limited *(see note 17(b)).*

(a) Acquisition of subsidiaries

i) Acquisition of controlling stake in an existing jointly controlled entity

On 24 December 2013 the Group increased its ownership in one of its jointly controlled entities from 50 percent to 100 percent with a view to subsequent disposal, for a consideration of AED 183,675 thousand thereby recognising a gain of AED 117,508 thousand reflected under 'other income' in the consolidated statement of comprehensive income. *(see notes 8 & 17(b))* .

If the acquisition of this subsidiary had occurred on 1 January 2013, management estimates that the Group's consolidated revenue from sale of goods and services would have been AED 31,835,213 thousand and the Group's consolidated profit for the year would have been AED 1,703,301 thousand for the year ended 31 December 2013.

The Group has received a non-binding offer to sell the investment, as such, the Group has disclosed the assets and liabilities of this entity as held for sale *(see note 22).*

ii) Acquisition of non-controlling stake in GlobalFoundries Inc.

During the prior year, the Group had increased its stake in its subsidiary GlobalFoundries Inc. ("GF").

The Group's interest in GF was held through a number of debt and equity instruments until March 2012. During the prior year, the Group had increased its contractual ownership in GF from 88.48 percent as at 31 December 2011 to 89.06 percent as at 3 March 2012.

On 4 March 2012, the Group's ownership stake in GF increased to 100 percent as a result of amendment to the Wafer Supply Agreement ("WSA"), the details of which are outlined below.

Amendments to the WSA and acquisition of non-controlling interest

The Group had a WSA with a non-controlling shareholder in GF, Advanced Micro Devices, Inc. ("AMD"), which is also one of GF's key customers. On 4 March 2012, the Group and AMD entered into an amendment to the WSA which established a wafer price mechanism with negotiated price based on a take-or-pay arrangement in 2012, a framework for wafer pricing in 2013 and a limited waiver of an exclusivity arrangement with AMD which permitted AMD to manufacture certain 28nm APU products at a competitor for an aggregate consideration of AED 2,581 million. In partial consideration of the limited waiver, AMD agreed to pay AED 1,561 million over installments in 2012. As part of the amendment, for the balance consideration, AMD also agreed to surrender all of its shares in GF. As a result, since 4 March 2012, AMD is no longer a non-controlling shareholder in GF. The Group has recognised the aggregate consideration of AED 2,581 million of the limited waiver as revenue ratably over the 2012 wafer supply period.

iii) Acquisition of non-controlling stake in Take Off Top Luxco SA

On 24 September 2012, Mubadala had increased its shareholding in Take Off Top Luxco SA from 70 percent to 100 percent. Considering that the transaction did not change the Group's control over the subsidiary, the increase in ownership interest had been accounted for as an equity transaction with non-controlling interest.

5 Subsidiaries *(continued)*

(b) Disposals

(i) Disposal of stake in subsidiaries without loss of control

During the year, the Group disposed of 49% and 10% stake in two of its subsidiaries. Following the disposal, the Group still controls both subsidiaries and retains 51% and 90% of the ownership interest respectively.

During the prior year, the Group had disposed of 25% stake in one of its subsidiaries. Following the disposal, the Group still controls the subsidiary and retains 75% of the ownership interest.

These transactions have been accounted for as equity transactions with non-controlling interests.

	2013	2012
	AED '000	AED '000
Net proceeds from disposal of stake in subsidiaries	**36,628**	78,546
Net assets attributable to non-controlling interest	**(35,608)**	(99,514)
Increase / (decrease) in equity attributable to the owner of the Group	**1,020**	(20,968)
Represented by:		
Decrease / (increase) in accumulated losses	**1,020**	(20,968)

(ii) Disposal of subsidiaries

During the year, the Group disposed of 30 percent working interest in one of its concession blocks in Indonesia, 100 percent, 7.5 percent, 30 percent, 50 percent, and 50 percent working interest in certain of its concession blocks in Thailand.

During the prior year, the Group has disposed of its wholly owned subsidiary, PearlOil (East Muriah) Limited which holds 50 percent working interest in East Muriah PSC. Furthermore, there was a disposal of 50 percent working interest in one of concession block in Thailand.

The total value of assets and liabilities of the subsidiaries disposed of and recorded in the consolidated financial statements on the date of disposal, and the cash flow effects of the disposal were:

	2013	2012
	AED '000	AED '000
Carrying value of the net assets	**68,281**	809
Gain on disposal of subsidiaries and working interest recognised in profit or loss	**25,659**	14,062
Purchase consideration - net of professional fees	**93,940**	14,871
Cash balances of subsidiaries / blocks disposed	**(22,684)**	(1,547)
Net proceeds arising from the disposal - cash	**25,061**	13,324
Net proceeds arising from the disposal - non-cash	**46,195**	-
Net proceeds arising from the disposal	**71,256**	13,324

5 Subsidiaries *(continued)*

(c) Non-wholly owned subsidiaries

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Subsidiaries	Principal place of business	Ownership interest held by non-controlling interests		Profit / (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013**	2012	**2013**	2012
				AED '000	AED '000	**AED '000**	AED '000
Nile Acquisition Holding Company Limited ("NAHCL")	Cayman Islands	**54.5%**	54.5%	**30,211**	(113,762)	**1,012,635**	922,157
National Central Cooling Company PJSC ("Tabreed")	UAE	**14%**	14.4%	**37,993**	63,285	**701,758**	685,850

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	NAHCL		Tabreed	
	2013	2012	**2013**	2012
	AED '000	AED '000	**AED '000**	AED '000
Current assets	**-**	-	**1,346,503**	1,325,056
Non-current assets	**2,151,168**	2,059,978	**6,416,620**	6,479,627
Current liabilities	**-**	-	**(800,380)**	(1,023,189)
Non-current liabilities	**(1,175,520)**	(1,175,520)	**(2,406,343)**	(2,501,354)
Revenue	**-**	-	**1,105,526**	1,136,910
Profit or loss	**20,328**	(94,976)	**277,814**	237,399
Total comprehensive income / (loss)	**20,328**	(94,976)	**268,715**	229,935
Cash flow from operating activities	**-**	-	**598,404**	396,249
Cash flow used in investing activities	**-**	(1,775,525)	**(67,452)**	(114,773)
Cash flow from / (used in) financing activities	**-**	1,775,525	**(420,987)**	(233,056)
Net cash flow	**-**	-	**109,965**	48,420

6 Revenue from sale of goods and services

	2013	2012
	AED '000	AED '000
Sale of semi conductor wafers	**15,135,231**	14,708,237
Aircraft maintenance and repairs, components leasing and sales	**6,174,961**	5,767,508
Sale of hydrocarbons	**5,252,961**	6,391,390
Satellite capacity service revenue	**1,069,402**	855,488
Medical services	**813,633**	610,236
Revenue from supply of chilled water	**691,167**	690,727
Revenue from renewable energy	**377,811**	101,294
Contract revenue	**280,400**	261,516
Service concession revenue *(refer note 40)*	**161,102**	173,321
Sale of land	**-**	513,861
Others	**1,153,188**	771,713
	31,109,856	30,845,291

7 Cost of sales of goods and services

	2013 AED '000	2012 AED '000
Depreciation of property, plant and equipment	**7,548,453**	6,762,095
Raw material	**5,979,622**	5,452,484
Staff costs	**4,579,712**	4,440,026
Maintenance	**1,663,174**	1,448,305
Amortisation of intangible assets	**233,336**	214,551
Service concession cost	**134,471**	143,443
Others	**5,141,469**	3,317,424
	25,280,237	21,778,328

8 Other income *(net)*

	2013 AED '000	2012 AED '000
Gain on disposal of financial assets at fair value through profit or loss	**222,896**	82,192
Management fee	**215,794**	43,425
Gain on disposal of property, plant and equipment	**174,874**	86,906
Gain on acquisition of stake in subsidiaries *(see note 5(a)(i))*	**117,508**	-
Rental income	**45,410**	40,253
Gain on disposal of available for sale financial assets	**21,518**	10,954
Others [1]	**316,729**	894,523
	1,114,729	1,158,253

[1] 2012 primarily includes amount relating to fees for construction and delivery of Masdar Institute of Science & Technology campus MIST 1A and 1B.

9 Research and development expenses

	2013 AED '000	2012 AED '000
Staff costs	**1,446,972**	1,394,769
Materials costs	**646,025**	652,726
Maintenance costs	**402,362**	191,661
Depreciation of property, plant and equipment	**352,978**	324,399
Amortisation of intangible assets	**219,840**	157,459
Joint development agreement fees	**205,220**	484,902
Other research and development expenses	**1,007,333**	940,343
	4,280,730	4,146,259

10 Other general and administrative expenses

	2013	2012
	AED '000	AED '000
Staff costs	**2,831,819**	2,795,639
Office expenses	**702,099**	630,749
Depreciation of property, plant and equipment	**476,502**	427,877
Maintenance and repair expenses	**356,570**	325,690
Public relations	**223,739**	246,314
Amortisation of intangible assets	**198,904**	258,313
Other expenses and losses	**593,771**	721,938
	5,383,404	5,406,520

11 Income/ (loss) from financial investments *(net)*

	2013	2012
	AED '000	AED '000
Financial assets / liabilities at fair value through profit or loss		
Net change in fair value of investments	**3,130,755**	623,664
Net change in the fair value of derivatives used as economic hedges - not designated for hedge accounting	**316,516**	(135,298)
	3,447,271	488,366
Available for sale financial assets		
Impairment losses	**(89,691)**	(1,877,159)
	3,357,580	(1,388,793)

Dividend income from financial assets at fair value through profit or loss was AED 280,775 thousand *(2012: AED 257,438 thousand)* and dividend income from available for sale financial assets was AED 315,644 thousand *(2012: AED 220,687 thousand).*

12 Finance income and expense

	2013	2012
	AED '000	AED '000
		(Restated)
Finance income		
Interest income	**800,521**	905,952
Net foreign exchange gain	**46,855**	109,927
	847,376	1,015,879
Finance expense		
Borrowing costs[1]	**(2,247,438)**	(2,550,283)
Net finance expense	**(1,400,062)**	(1,534,404)

[1] The Group incurred transaction costs in relation to securing various long term financing facilities *(see note 28)*. These costs, which include legal consultancy charges, facility arrangement and structuring fees, are deducted from the carrying values of the respective borrowings, and are being amortised using the effective interest method. The amortisation expense is included within the related borrowing costs. The balance of these deferred unamortised costs at 31 December 2013 is AED 441,513 thousand *(2012: AED 397,930 thousand)*.

13 Property, plant and equipment

	Land & Buildings[2, 3] AED '000	Oil and gas assets AED '000	Plant, & office equipment AED '000	Aircraft & aircraft materials[1] AED '000	Computers AED '000	Distribution network AED '000	Capital work in progress AED '000	Others AED '000	Total AED '000
Cost									
At 1 January 2012 *(restated)*	11,307,032	12,119,842	27,345,359	3,584,410	1,211,283	1,780,405	23,373,429	136,752	80,858,512
Additions	46,327	1,434,675	87,866	898,347	130,902	-	14,177,300	1,204	16,776,621
Disposals	(23,676)	-	(172,201)	(277,523)	(27,697)	-	(10,543)	(451)	(512,091)
Transfer to investment properties *(see note 15)*	-	-	-	-	-	-	(225,855)	-	(225,855)
Transfer to inventories	-	-	-	-	-	-	(60,367)	-	(60,367)
Transfer to assets classified as held for sale	(38,442)	-	-	-	-	-	(479,136)	-	(517,578)
Other transfers	5,762,678	139,694	8,415,239	(22,527)	72,787	54,194	(14,672,171)	5,330	(244,776)
Effect of movement in foreign exchange rates	8,005	-	29,781	71,854	905	-	85,922	336	196,803
At 31 December 2012 *(restated)*	17,061,924	13,694,211	35,706,044	4,254,561	1,388,180	1,834,599	22,188,579	143,171	96,271,269
At 1 January 2013	**17,061,924**	**13,694,211**	**35,706,044**	**4,254,561**	**1,388,180**	**1,834,599**	**22,188,579**	**143,171**	**96,271,269**
Additions	**(57,984)** [4]	**1,616,716**	**145,409** [4]	**951,300**	**101,166**	**-**	**9,911,505**	**31,906**	**12,700,018**
Disposals	**(52,940)**	**-**	**(697,031)**	**(87,942)**	**(53,819)**	**-**	**(44,461)**	**(545)**	**(936,738)**
Transfers from / (to) intangible assets [7]	**-**	**441,922**	**12**	**-**	**(9,359)**	**-**	**(76,829)**	**-**	**355,746**
Transfer to investment properties *(see note 15)*	**-**	**-**	**-**	**-**	**-**	**-**	**(131,545)**	**-**	**(131,545)**
Transfer to inventories	**(6,515)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,515)**
Transfer to assets classified as held for sale	**(40,135)**	**-**	**(4,186)**	**-**	**-**	**-**	**(504,727)**	**-**	**(549,048)**
Other transfers [5]	**147,861**	**1,165,011**	**5,314,075**	**(12,751)**	**72,219**	**(26,333)**	**(11,046,197)**	**(72,146)**	**(4,458,261)**
Effect of movement in foreign exchange rates	**10,880**	**-**	**153,610**	**81,613**	**989**	**-**	**(20,643)**	**542**	**226,991**
At 31 December 2013	**17,063,091**	**16,917,860**	**40,617,933**	**5,186,781**	**1,499,376**	**1,808,266**	**20,275,682**	**102,928**	**103,471,917**

13 Property, plant and equipment *(continued)*

	Land & Buildings[2, 3] AED '000	Oil and gas assets AED '000	Plant, & office equipment AED '000	Aircraft & aircraft materials[1] AED '000	Computers AED '000	Distribution network AED '000	Capital work in progress AED '000	Others AED '000	Total AED '000
Accumulated depreciation and impairment losses									
At 1 January 2012 *(restated)*	(959,259)	(4,805,162)	(3,663,597)	(529,642)	(848,820)	(22,421)	(911,471)	(27,291)	(11,767,663)
Charge for the year *(see notes 7,9 and 10)*	(1,075,890)	(1,289,544)	(4,647,123)	(311,037)	(139,871)	(36,596)	-	(14,310)	(7,514,371)
Disposals	21,348	-	137,086	25,270	26,313	-	-	355	210,372
Impairment [6]	(173,024)	39,233	(388,936)	-	-	-	(62,634)	-	(585,361)
Transfer to assets classified as held for sale	7,213	-	-	-	-	-	-	-	7,213
Other transfers	2,474	(2,389)	(37,259)	-	(33,697)	-	-	-	(70,871)
Effect of movement in foreign exchange rates	4,687	-	(13,873)	(33,399)	(832)	-	-	(142)	(43,559)
At 31 December 2012 *(restated)*	(2,172,451)	(6,057,862)	(8,613,702)	(848,808)	(996,907)	(59,017)	(974,105)	(41,388)	(19,764,240)
At 1 January 2013	**(2,172,451)**	**(6,057,862)**	**(8,613,702)**	**(848,808)**	**(996,907)**	**(59,017)**	**(974,105)**	**(41,388)**	**(19,764,240)**
Charge for the year *(see notes 7,9 and 10)*	**(1,023,107)**	**(1,949,106)**	**(4,924,797)**	**(286,668)**	**(153,207)**	**(31,473)**	**-**	**(9,575)**	**(8,377,933)**
Disposals	**30,883**	**-**	**565,479**	**17,810**	**52,380**	**-**	**37,633**	**545**	**704,730**
Impairment [6]	**(345,314)**	**-**	**(112,633)**	**-**	**(4)**	**-**	**(446,496)**	**-**	**(904,447)**
Transfers from / (to) intangible assets [7]	**-**	**(136,606)**	**-**	**-**	**904**	**-**	**-**	**-**	**(135,702)**
Transfer to assets classified as held for sale	**-**	**-**	**1,671**	**-**	**-**	**-**	**-**	**-**	**1,671**
Other transfers	**190,058**	**(4,161)**	**(4,018)**	**-**	**(2,241)**	**-**	**-**	**33,578**	**213,216**
Effect of movement in foreign exchange rates	**(1,542)**	**-**	**(29,472)**	**(41,854)**	**(885)**	**-**	**-**	**(240)**	**(73,993)**
At 31 December 2013	**(3,321,473)**	**(8,147,735)**	**(13,117,472)**	**(1,159,520)**	**(1,099,960)**	**(90,490)**	**(1,382,968)**	**(17,080)**	**(28,336,698)**
Carrying amounts									
At 1 January 2012	10,347,773	7,314,680	23,681,762	3,054,768	362,463	1,757,984	22,461,958	109,461	69,090,849
At 31 December 2012	14,889,473	7,636,349	27,092,342	3,405,753	391,273	1,775,582	21,214,474	101,783	76,507,029
At 31 December 2013	**13,741,618**	**8,770,125**	**27,500,461**	**4,027,261**	**399,416**	**1,717,776**	**18,892,714**	**85,848**	**75,135,219**

13 Property, plant and equipment *(continued)*

[1] Includes certain helicopters and helicopter spare parts that were received by a subsidiary in prior years, as a government grant, are recorded above at nominal value *(see note 36(a)(ii)).*

[2] The UAE Armed Forces, General Head Quarters, and the Urban Planning Council have granted certain subsidiaries the right to use plots of land free of charge *(see note 36(a)(iii))* .

[3] Includes plots of land recorded at nominal value, carrying amounts of which are insignificant.

[4] During 2013, the Group became eligible to receive certain tax credits. In this regard, the Group recorded a receivable of AED 341,966 thousand in receivables and prepayments as at 31 December 2013. This included AED 261,436 thousand for investment tax credits, which was adjusted against additions related to 'land & buildings' and 'plant & office equipment'.

[5] Includes transfer of Masdar Institute of Science and Technology campus 'MIST 1A and 1B' to Abu Dhabi Education Council, and transfer of Masdar City infrastructure assets *(see note 41).*

[6] Impairment in the current year primarily includes a provision for impairment in one of Group's investment in a photovoltaic solar panel manufacturing facility due to a reduction in the likelihood of economic benefits flowing to the Group in the future. With regard to the sensitivity of value in use of this CGU, a reasonable change to the key assumptions, including average selling price, efficiency and discount rates, is not expected to have a significant impact on the excess of recoverable amount over the carrying amount. Impairment in the prior year primarily relates to, one of the subsidiaries in the Group deciding to change the future intended use of certain manufacturing facilities. Accordingly, the subsidiary evaluated the ongoing value of the related long-lived asset groups and recorded an impairment loss at the relevant CGU level. Further based on the ageing analysis performed for some of the assets under construction during the prior year, the subsidiary determined that some of the assets are obsolete and classified them as held for sale with a fair value of AED nil resulting in impairment.

During the current period, based on identification of certain impairment indicators, management conducted a detailed impairment assessment for some of its CGUs. The key assumptions forming part of the impairment assessment included gross margins, sales prices, market share assumptions, discount rate and terminal growth rate. A reasonable change to any of these key assumptions does not result in a material decrease of the excess of recoverable amount over the carrying amount.

[7] Primarily represents signature bonus relating to certain oil and gas assets reported earlier as intangible assets *(see note 14)* .

Property, plant and equipment having carrying value of AED 3,262,838 thousand has been pledged as security *(2012: AED 2,392,852 thousand)* .

Property, plant and equipment having carrying value of AED 1,016,808 thousand *(2012: AED 1,137,654 thousand)* are held under finance lease.

The amount of borrowing costs capitalised during the year were AED 1,433 thousand *(2012: AED 50,232 thousand)* and the average capitalisation rate used was within the range of 3 to 4 percent *(2012: 4 to 6 percent)* .

14 Intangible assets

	Exploration licenses AED '000	Trademarks AED '000	Proved and probable oil and gas reserves AED '000	Possible and contingent oil and gas reserves AED '000	Goodwill AED '000	Technology, licence & software AED '000	Customer contracts AED '000	Exploration & evaluation assets AED '000	Others AED '000	Total AED '000
Cost										
At 1 January 2012 *(restated)*	705,809	2,528,122	2,313,993	1,104,686	934,284	1,913,446	591,062	1,203,897	602,724	11,898,023
Additions	-	-	-	-	-	345,791	-	441,276	183,630	970,697
Write off	(15,568)	-	-	-	-	(71,846)	-	(93,780)	(192,863)	(374,057)
Other transfers	109,060	-	-	-	-	(76,304)	-	82,894	75,554	191,204
Effect of movement in foreign exchange rates	-	88,089	-	-	-	3,372	24,520	(447)	5,915	121,449
At 31 December 2012 *(restated)*	799,301	2,616,211	2,313,993	1,104,686	934,284	2,114,459	615,582	1,633,840	674,960	12,807,316
At 1 January 2013	**799,301**	**2,616,211**	**2,313,993**	**1,104,686**	**934,284**	**2,114,459**	**615,582**	**1,633,840**	**674,960**	**12,807,316**
Additions	**-**	**-**	**-**	**-**	**-**	**316,545**	**-**	**435,638**	**299,812**	**1,051,995**
Disposals	**-**	**-**	**-**	**-**	**-**	**(136,412)**	**-**	**(6,932)**	**(28,370)**	**(171,714)**
Write off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(171,187)**	**-**	**(171,187)**
Transfers (to) / from property, plant and equipment [3]	**(441,922)**	**-**	**-**	**-**	**-**	**39,867**	**-**	**-**	**46,309**	**(355,746)**
Other transfers	**-**	**-**	**-**	**-**	**-**	**22,529**	**-**	**-**	**(27,412)**	**(4,883)**
Effect of movement in foreign exchange rates	**604**	**62,868**	**-**	**-**	**6**	**(1,133)**	**22,572**	**-**	**16,720**	**101,637**
At 31 December 2013	**357,983**	**2,679,079**	**2,313,993**	**1,104,686**	**934,290**	**2,355,855**	**638,154**	**1,891,359**	**982,019**	**13,257,418**

14 Intangible assets *(continued)*

Accumulated amortisation and impairment losses	Exploration licenses AED '000	Trademarks AED '000	Proved and probable oil and gas reserves AED '000	Possible and contingent oil and gas reserves AED '000	Goodwill AED '000	Technology, licence & software AED '000	Customer contracts AED '000	Exploration & evaluation assets AED '000	Others AED '000	Total AED '000
At 1 January 2012 *(restated)*	(162,957)	(296,373)	(2,003,518)	(941,933)	(548,012)	(457,059)	(98,295)	(553,585)	(68,862)	(5,130,594)
Charge for the year [1]	(117,094)	-	(56,249)	(21,534)	-	(384,353)	(61,522)	(2,262)	(59,969)	(702,983)
Impairment	-	(156,811)	-	-	(29,838)	(7,560)	-	-	-	(194,209)
Write off	15,568	-	-	-	-	55,827	-	-	(187)	71,208
Other transfers	(55,920)	-	-	-	-	49,763	-	54,850	3,066	51,759
Effect of movement in foreign exchange rates	-	(21,034)	-	-	-	(2,083)	(16,074)	459	(8,380)	(47,112)
At 31 December 2012 *(restated)*	(320,403)	(474,218)	(2,059,767)	(963,467)	(577,850)	(745,465)	(175,891)	(500,538)	(134,332)	(5,951,931)
At 1 January 2013	**(320,403)**	**(474,218)**	**(2,059,767)**	**(963,467)**	**(577,850)**	**(745,465)**	**(175,891)**	**(500,538)**	**(134,332)**	**(5,951,931)**
Charge for the year [1]	**(83,781)**	**-**	**(32,382)**	**(16,912)**	**-**	**(454,624)**	**(61,871)**	**-**	**(75,638)**	**(725,208)**
Disposals	**-**	**-**	**-**	**-**	**-**	**115,516**	**-**	**-**	**28,370**	**143,886**
Impairment [2]	**(53,572)**	**-**	**-**	**-**	**-**	**-**	**-**	**(396,250)**	**(25,833)**	**(475,655)**
Transfers to / (from) property, plant and equipment [3]	**136,606**	**-**	**-**	**-**	**-**	**(528)**	**-**	**-**	**(376)**	**135,702**
Other transfers	**-**	**-**	**-**	**-**	**-**	**(18,726)**	**-**	**-**	**18,726**	**-**
Effect of movement in foreign exchange rates	**(604)**	**(4,233)**	**-**	**-**	**-**	**2,660**	**(15,153)**	**-**	**(30)**	**(17,360)**
At 31 December 2013	**(321,754)**	**(478,451)**	**(2,092,149)**	**(980,379)**	**(577,850)**	**(1,101,167)**	**(252,915)**	**(896,788)**	**(189,113)**	**(6,890,566)**
Carrying amounts										
At 1 January 2012	542,852	2,231,749	310,475	162,753	386,272	1,456,387	492,767	650,312	533,862	6,767,429
At 31 December 2012	478,898	2,141,993	254,226	141,219	356,434	1,368,994	439,691	1,133,302	540,628	6,855,385
At 31 December 2013	**36,229**	**2,200,628**	**221,844**	**124,307**	**356,440**	**1,254,688**	**385,239**	**994,571**	**792,906**	**6,366,852**

[1] Charge for the year was allocated to cost of sales of goods and services at AED 233,336 thousand (2012: AED 214,551 thousand), other general and administrative expenses at AED 198,904 thousand (2012: AED 258,313 thousand), research and development expenses at AED 219,840 thousand (2012: AED 157,459 thousand), and exploration costs at AED 73,128 thousand (2012: AED 72,660 thousand).

14 Intangible assets *(continued)*

Exploration licenses, exploration and evaluation assets

[2] During the year, provision for impairment primarily includes impairment charge recognised for certain joint venture blocks in Kazakhstan and Oman as the carrying amounts were lower than the recoverable amounts *(2012: AED nil)* .

The recoverable amounts of the cash-generating units (the producing fields that produce hydrocarbons) ("CGUs") were estimated based on their value in use, which was determined with the assistance of independent valuers, as well as by internal estimates. The fair values less cost to sell is not likely to be significantly different from the value in use. The recoverable amounts for non-producing fields were determined based on the expected value of the block, taking into account the results of drilling and related operations, as well as future expenditures estimated for the fields to produce hydrocarbons. For impairment testing, goodwill is allocated to the producing fields which represent the lowest level cash generating unit within the Group at which the goodwill is monitored for internal management purposes.

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

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

- Oil prices are based on average Brent spot prices *(2012: average Brent spot prices)* for the year and are adjusted for quality, transportation fees and regional price differences.

- A post-tax discount rate of 11.9 - 15.5 percent *(2012: 11.4 - 13.5 percent)* was applied in determining the recoverable amount of the respective units.

Trademarks

The carrying value of AED 2,200,628 thousand *(2012: AED 2,141,993 thousand)* represents trademarks identified during one of the Group's acquisition through business combination. The life of the trademark is assessed as indefinite and is tested for impairment according to the requirements of IFRSs. For this purpose, it is allocated to the identified CGU. The basis of impairment test is value in use calculation. Based on this calculation, impairment of AED nil *(2012: AED 156,811 thousand)* was recognised during the year. The underlying assumptions, which were determined based on external sources, are a royalty rate of 2.4 percent *(2012: 2.4 percent)* of the operating businesses' revenue, a residual life of more than 30 years, a growth rate of 4 percent for the first five years after the business plan period and a perpetual growth rate of 3 percent for the years thereafter and a discount rate of 7.2 percent *(2012: a residual life of more than 30 years, a growth rate of 4.1 percent for the first five years after the business plan period and a perpetual growth rate of 3 percent for the years thereafter and discount rate of 9 percent was used).*

Based on the business plan, a reduction of the operating businesses' revenue of 14% or a reduction of the royalty rate to 2.0% or an increase of the discount rate to 8.5% would eliminate the excess of the recoverable amount over carrying amount.

Goodwill

Intangible assets include goodwill amounting to AED 317,842 thousand (2012: AED 317,842 thousand), primarily arising out of acquisition within one of Group's subsidiary. During the year ended 31 December 2013, the management of the subsidiary performed goodwill impairment review for goodwill allocated to certain CGUs based on a forecast of cash flows. The recoverable amounts of these CGUs were estimated on the basis of their value in use, which is determined by discounting the future cash flows from the continuing use of wafer fabrication plants. The pre-tax discount rate applied to discount the cash flows was 11.6 percent (2012: 11 percent) and a 4 percent (2012: nil percent) growth rate was used to extrapolate the cash flows beyond the five year (2012: ten year) period. Based on the results of the goodwill impairment assessment, the management concluded that the recoverable amount of these CGUs is higher than their carrying values and no impairment of goodwill is recorded. However, during the year ended 31 December 2012, for other CGUs, as part of impairment review performed, management had decided to write off the full amount of goodwill, amounting to AED 29,838 thousand, allocated to this specific CGU primarily due to negative performance indicators.

14 Intangible assets *(continued)*

Goodwill (continued)

The key assumptions used in the value in use calculations are sales prices, discount rates and market share assumptions.

With regard to the assessment of value in use of the businesses, management believes that a reasonable change in any of the above key assumptions would not cause the carrying values of the units to materially exceed their recoverable amounts.

[2] Primarily represents signature bonus relating to certain oil and gas assets reported now as property, plant and equipment *(see note 13).*

15 Investment properties

	2013	2012
	AED '000	AED '000
Investment properties	**6,007,684**	5,284,370
Investment properties under development	**-**	994,125
	6,007,684	6,278,495

Movement in investment properties is as follows:	**2013**	2012
	AED '000	AED '000
At 1 January	**5,284,370**	1,427,800
Additions	**139,374**	-
Disposals	**(34,300)**	-
Transfers from investment properties under development	**531,335**	3,863,795
Transfers from property, plant and equipment *(see note 13)*	**69,644**	-
Increase / (decrease) in fair value *(net)*	**17,261**	(7,225)
	6,007,684	5,284,370

Movement in investment properties under development is as follows:

	2013	2012
	AED '000	AED '000
At 1 January	**994,125**	4,209,783
Additions	**187,134**	520,198
Transfers to finance lease receivables *(see note 23)*	**(711,825)**	-
Transfers to investment properties	**(531,335)**	(3,863,795)
Transfers from property, plant and equipment *(see note 13)*	**61,901**	225,855
Decrease in fair value *(net)*	**-**	(97,916)
	-	994,125

15 Investment properties *(continued)*

As of current year end, investment properties comprise the New Fish Market land, Sowwah Square property, Rosewood Hotel leased apartments, Rihan Heights and Masdar City. As of year end, all the properties are carried at fair value which represents the highest and best use of the properties.

All properties are categorised as level 3 as per IFRS 13 fair value hierarchy. Included within the consolidated statement of comprehensive income is AED 17,261 thousand of valuation gains (net) (2012: AED 105,141 thousand of valuation losses (net)) which represent unrealised movements on investment properties.

The investment properties portfolio is valued through a mix of internal valuations and / or independent external valuations. Where external independent valuation is used, the management engages external independent valuation companies, having appropriate recognised professional accreditations 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 the property in an orderly transaction between market participants at the measurement date.

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.

The New Fish Market land is in the city of Abu Dhabi and was granted by the Government of Abu Dhabi. The fair value of this plot of land, amounts to AED 17,342 thousand *(31 December 2012: AED 19,097 thousand).*

In relation to the Sowwah Square development, the fair value of the investment property at 31 December 2013 was AED 3,998,267 thousand *(2012: AED 3,858,454 thousand)*. The investment property under development of AED 711,825 thousand *(2012: AED 578,298 thousand)* represented one of the components of Sowwah Square which has been derecognised during the year through a finance lease.

Having regard to the nature of the property and the lack of comparable market data, the Group has valued the Sowwah Square property in the current and prior year using income approach through a discounted cash flow technique. Cash flow projections 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. Operational expenses primarily include servicing and normal repair and maintenance costs for the development. The valuation of the property is primarily based on the management’s estimate of expected net effective rentals achievable for this property considering rent abatement periods.

Investment properties of Rihan Heights represents certain purchased units, which based on the intended commercial use, have been classified as investment property. At 31 December 2013, the Group valued the Rihan Heights units using the income approach through a discounted cash flow technique. Cash flow projections were based on management’s estimated future cash inflows, supported by existing leases, current market rents for similar properties and estimated future cash outflows primarily in relation to servicing and repair and maintenance of these units. Based on this valuation the fair value of this investment property as at 31 December 2013 and 31 December 2012 amounts to AED 1,372,519 thousand.

15 Investment properties *(continued)*

During the year, the Group has disposed of Musaffah land amounting to AED 34,300 thousand. No gain or loss was recognised on the disposal of the property.

Within the Rosewood development, the leased apartments have been classified as investment properties due to the intended commercial use. The Group has valued the Rosewood leased apartments using residual valuation methodology through a discounted cashflow technique. Cashflow projections are based on estimated future cash inflows from anticipated lease rentals and future cash outflows for construction cost and operational expenses. Anticipated lease rentals are based on current market rents for similar properties. Construction cost is based on construction contracts already awarded.

Investment properties of Masdar comprise Masdar City land and the cost of development of few commercial buildings, which includes direct project costs and an appropriate share of the overall city infrastructure works as well as any value enhancing developments. This investment property has been valued by qualified, independent external valuation experts in accordance with International Valuation Standards. using residual valuation methodology through a discounted cash flow technique. Valuation 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 fair value of the investment properties amounts to AED 474,213 thousand *(2012: investment properties under development of AED 311,152 thousand).*

The cash flows from the assets are discounted using discount rates ranging from 7 - 10 percent *(2012: 7.4 - 10.5 percent)* that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Sensitivity analysis was conducted for two of the largest assets in the investment property portfolio with an aggregate value of AED 5,370,787 thousand. The valuation technique used for these assets is the income approach. The sensitivity is conducted on the discount / capitalisation rates and rental values.

Sensitivity to significant changes in unobservable inputs:

- A decrease in the capitalisation / discount rate by 10% would result in a AED 431,836 thousand or 8.0% increase in the valuation, whilst an increase in the capitalisation / discount rate by 10% would result in a AED 823,322 thousand or 15.3% decrease in the valuation.
- An increase in the rental rates by 10% would result in a AED 476,399 thousand or 8.9% increase in the valuation, whilst a decrease in the rental rates by 10% would result in a AED 476,399 thousand or 8.9% decrease in the valuation.

There are reasonable interrelationships between the above unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input would be to magnify the impact on the valuation. However, the impact on the valuation is expected to be mitigated by the interrelationship of these two unobservable inputs moving in opposite directions, for example an increase in rent may be offset by a increase in the discount / capitalisation rate.

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

16 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. The Group's share of the assets, liabilities, income and expenses in such joint operation is recognised with the Group's assets, liabilities, income and expenses. Details of significant joint operations and wholly controlled concession assets are set out below:

Contract area	Held by	Description	Group's working interest	
			2013	2012
			%	%
Concession blocks in Oman				
Block 53	Liwa Energy Limited	Production stage	**15**	15
Block 62	Sixteenth Investment Company LLC	Exploration & appraisal stage	**32**	32
Concession block in Qatar				
Qatar - North Field	Dolphin Investment Company LLC	Production stage	**51**	51
Concession block in Kazakhstan				
Block N – Caspian sea	MDC (Oil & Gas N Block Kazakhstan) GMBH	Exploration stage	**24.5**	24.5
Concession block in Bahrain				
Bahrain Field	MDC Oil & Gas (Bahrain Field) LLC	Development and production stage	**32**	32
Concession block in Tanzania				
Block 7	MDC Oil & Gas (TZ Block 7) Limited	Exploration stage	**20**	20
Concession blocks in Indonesia				
Sebuku PSC	Pearl Oil (Sebuku) Ltd.	Production stage	**70**	70
Kerapu PSC	Pearl Oil (Tachylyte) Limited	Exploration stage	**70**	100[1]
West Sebuku PSC	MP Indonesia (West Sebuku) Limited	Exploration stage	**75.5**	-
Concession blocks in Thailand				
B5/27	MP B5 (Thailand) Limited	Production stage	**100[1]**	100[1]
G1/48	MP G1 (Thailand) Limited [2]	Development stage	**60**	40
	Pearl Oil (G1) Limited	Development stage	**-**	20
G6/48	MP G6 (Thailand) Limited [2]	Exploration Stage	**30**	40
	Pearl Oil (G3 - G6) Limited	Exploration Stage	**-**	20
G10/48	MP G10 (Thailand) Limited [2]	Exploration Stage	**75**	50
	Pearl Oil (G2-G10) Limited	Exploration stage	**-**	25
G2/48	MP G2 (Thailand) Limited	Exploration stage	**50**	50
G11/48	MP G11 (Thailand) Limited [2]	Exploration stage	**67.5**	50
	Pearl Oil (G11) Limited	Exploration stage	**-**	25

16 Interest in joint operations *(continued)*

Contract area	Held by	Description	Group's working interest	
			2013	2012
			%	%
Concession blocks in Thailand *(continued)*				
G3/48	MP G3 (Thailand) Limited [2]	Exploration stage	**60**	40
	Pearl Oil (G3-G6) Limited	Exploration stage	**-**	20
G2/50	MP G11 (Thailand) Limited	Exploration stage	**-**	100[1]
L21/50	MP L21 (Thailand) Limited	Exploration stage	**100[1]**	100[1]
Concession blocks in Vietnam				
07/03 PSC	Pearl Oil (Ophiolite) Limited	Exploration stage	**25**	25
04/02 PSC	Pearl Oil (Tephrite) Limited	Exploration stage	**90**	90
135/136 PSC	Pearl Oil (Vung May) Limited	Exploration stage	**20**	20
133/134 PSC	Pearl Oil (133 / 134) Limited	Exploration stage	**15**	15
Concession blocks in Malaysia				
SK320	MDC Oil & Gas (SK 320) Limited	Exploration stage	**55**	75
PM324	MDC Oil & Gas (PM 324) Limited	Exploration stage	**20**	20
Block 2B	MP Malaysia (2B) Limited	Exploration stage	**20**	-

[1] Contract areas wherein the Group's effective working interest is at 100 percent are included in the details of joint operations for presentation purposes only in order to disclose a list of significant contract areas being held by the Group as at the end of the reporting period. They are not to be construed as joint operations since there are no joint operating contracts with other partners at the end of the reporting period.

[2] As at December 31, 2012, interests in these joint operations were held by other Thailand subsidiaries within the group. The interests were transferred internally in 2013 as part of a group restructuring exercise.

17 Investments in equity accounted investees

Income from investments in equity accounted investees *(net)*

	2013 AED '000	2012 AED '000
Share of results of jointly controlled entities	**2,731,336**	871,768
Share of results of associates	**843,824**	832,899
Gain on disposal of investment in equity accounted investees	**200,962**	48,380
	3,776,122	1,753,047

(a) Investments in associates

The Group has the following material investments in associates, which are accounted for using the equity method:

	Economic ownership interest % [1] 2013	2012	Principal business activity
Aldar Properties PJSC ("Aldar") [2]	**30.5**	49	Development, sales, investment, construction and associated services for real estate
Emirates Integrated Telecommunications Company PJSC ("Du")	**20.1**	20.1	Provision of telecommunication services

[1] Economic ownership in certain cases may differ from legal ownership.

[2] During the year, the Group has converted its remaining portion of Aldar mandatory convertible bonds in the notional amount of AED 693,876 thousand, thereby increasing its legal ownership in Aldar to 41 percent. Furthermore, during the year following the merger between Aldar Properties PJSC (Aldar) and Sorouh Real Estate PJSC (Sorouh) becoming effective, the shareholding percentage of the Group in Aldar is now approximately 30.5 percent.

During the prior year, following the acquisition of significant influence in Advanced Micro Devices, Inc. ("AMD"), the Group changed its classification of its investment in shares of AMD from available for sale and fair value through profit or loss to investment in an associate. The results of operations of AMD have been accounted for under the equity method of accounting since 1st October 2012 considering ordinary shareholding only, which as at 1 October 2012 was at 15 percent. Warrants, which constitute approximately 5 percent of AMD, whilst considered for significant influence assessment, continue to be accounted at fair value through profit and loss. The fair value of AMD as of acquisition date of AED 1,320,697 thousand, was deemed the carrying amount of investment in associate at the date of reclassification.

The Group's share of values of purchase price allocation were as follows:

	AED '000
Total assets	**3,107,781**
Total liabilities	**(1,998,384)**
Net assets value	**1,109,397**
Goodwill	**211,300**
Carrying value at the time of acquisition	**1,320,697**

	2013 AED'000	2012 AED'000
Fair values of investments in listed associates		
Aldar	**6,614,293**	2,452,176
Du	**6,108,772**	3,200,513
AMD	**1,517,229**	943,355
SMN Power Holding Company S.A.O.G.	**320,425**	264,620
Abu Dhabi Ship Building PJSC ("ADSB")	**231,255**	78,779

Fair values of listed associates are determined based on quoted market prices and accordingly fall under fair value level 1 hierarchy classification as per IFRS 13.

17 Investments in equity accounted investees *(continued)*

(a) Investments in associates *(continued)*

The movements in investment in associates are set out below:

	2013 AED'000	2012 AED'000
At 1 January	**9,645,442**	7,857,724
Share of results for the year	**843,824**	832,899
Additions during the year	**58,983**	88,412
Share of movements in hedging and other reserves	**45,813**	3,455
Share of movements in translation reserves	**(510)**	1,141
Transferred from / (to) jointly controlled entities	**48,074**	(4,334)
Transferred from financial investments	**610,611**	1,320,697
Dividends received	**(670,364)**	(281,906)
Intercompany loss / (income) eliminated	**103,249**	(206,428)
Other movements	**119**	33,782
	10,685,241	9,645,442
Impairment	**(827,114)**	(825,788)
At 31 December	**9,858,127**	8,819,654

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRSs, except for dividends received, which represent the dividends received by the Group from the associates.

	Aldar 2013 AED '000	Du 2013 AED '000
Current assets	**24,189,945**	**7,069,112**
Non-current assets	**19,538,102**	**9,111,877**
Current liabilities	**(21,107,772)**	**(5,851,827)**
Non-current liabilities	**(6,245,652)**	**(3,185,485)**
Revenue	**5,379,757**	**10,799,320**
Profit from continuing operations	**2,225,195**	**1,986,400**
Other comprehensive income	**12,813**	**-**
Total comprehensive income	**2,238,008**	**1,986,400**
Dividends received by the Group	**143,794**	**476,916**

Reconciliation of the above summarised financial information to the carrying amount of the interest in the above associates recognised in the consolidated financial statements:

	Aldar 2013 AED '000	Du 2013 AED '000
Net assets	**16,374,623**	**7,143,677**
Ownership %	**30.5%**	**20.1%**
Group's share of net assets on basis of ownership interest	**4,994,260**	**1,433,022**
Reconciling items		
Goodwill, intangible assets and net tangible assets fair value adjustments arising from purchase price allocation	**243,485**	**1,521,777**
Amortisation of purchase price allocation	**(60,824)**	**(178,530)**
Other adjustments	**16,727**	**(88,369)**
Carrying amount	**5,193,648**	**2,687,900**
Fair value of investment	**6,614,293**	**6,108,772**

17 Investments in equity accounted investees *(continued)*

(a) Investments in associates *(continued)*

	Aldar 2012 AED '000	Du 2012 AED '000
Current assets	15,673,988	5,170,191
Non-current assets	16,366,719	8,751,988
Current liabilities	(15,128,807)	(4,332,122)
Non-current liabilities	(8,732,393)	(2,062,438)
Revenue	11,403,921	9,841,516
Profit from continuing operations	1,340,658	1,979,541
Other comprehensive loss	(50,470)	-
Total comprehensive income	1,290,188	1,979,541
Dividends received by the Group	100,022	136,120

Reconciliation of the above summarised financial information to the carrying amount of the interest in the above associates recognised in the consolidated financial statements:

	Aldar 2012 AED '000	Du 2012 AED '000
Net assets	8,179,507	7,527,619
Ownership %	49%	20.1%
Group's share of net assets on basis of ownership interest	4,007,958	1,510,040
Reconciling items		
Goodwill, intangible assets and net tangible assets fair value adjustments arising from purchase price allocation	349,624	1,519,946
Amortisation of purchase price allocation	(162,298)	(96,130)
Other adjustments	(290,337)	(124,558)
Carrying amount	3,904,947	2,809,298
Fair value of investment	2,452,176	3,200,513

Aggregate information of associates that are not individually material:	**2013 AED '000**	2012 AED '000
Group's share of profit or loss from continuing operations	**(328,223)**	(84,269)
Group's share of other comprehensive income or loss	**39,318**	7,991
Group's share of total comprehensive income or loss	**(288,905)**	(76,278)
Total carrying amount of Group's share of individually immaterial associates	**1,976,579**	2,105,409

17 Investments in equity accounted investees *(continued)*

(b) Investments in jointly controlled entities

The Group has the following material investments in jointly controlled entities, which are accounted for using the equity method:

Jointly controlled entities	Domicile	Economic ownership interest % 2013	2012	Principal business activity
Dolphin Energy Limited ("DEL")	UAE	**51**	51	Procurement, distribution and marketing of hydrocarbons (natural gas)
Emirates Global Aluminium PJSC [1]	UAE	**50**	-	Develop, construct, operate, finance and maintain aluminium smelter
Emirates Aluminium Company Limited PJSC	UAE	**50**	50	Develop, construct, operate, finance and maintain aluminium smelter
MGE Holdings LP	Bermuda	**50**	50	Commercial finance business, asset management and investment activities across multiple geographies
Mubadala GE Capital PJSC	UAE	**50**	50	Commercial finance business, asset management and investment activities

On 29 June 2012, the Group acquired a controlling interest, through 45.52 percent effective equity ownership and Board of Directors representations, in 'Nile Acquisition Holding Company Limited', a limited liability company incorporated in Cayman Islands ("NAHCL"). The Group consolidates NAHCL since 29 June 2012 as a subsidiary with 54.48 percent non-controlling interest *(see note 5 footnote 5)*. NAHCL invested into 60.16 percent of equity ownership of 'DH Publishing Limited', a limited liability company incorporated in Cayman Islands ("DH JV"). NAHCL accounts for DH JV as an equity accounted joint venture. DH JV was formed to acquire the music publishing business of EMI Group Limited.

As of 31 December 2012, the allocation of purchase price was completed. Consequently, an amount of AED 1,775,525 thousand has been recognised as an investment in a jointly controlled entity and a corresponding non-controlling interest of AED 967,355 thousand has been recognised.

[1] In June 2013, the Group (through MDC Industry Holding Company LLC ("MDCI")) and the Investment Corporation of Dubai (through DUBAL Holding LLC ("ICD")) agreed to create and jointly own Emirates Global Aluminium PJSC ("EGA"). The purpose of EGA is to combine the businesses of Dubai Aluminium PJSC ("DUBAL"), a fully operational aluminium smelter previously wholly-owned by ICD and based in Jebel Ali, and Emirates Aluminium Company Limited PJSC ("EMAL"). Under the terms of the agreement subject to satisfaction of conditions precedent, the Group would thereby acquire a 50% equity interest in DUBAL (with effective economic benefits from January 1, 2013) through EGA while keeping the Group's effective ownership of EMAL unchanged. With all the critical conditions precedent met, on December 31, 2013 MDCI and DUBAL Holding LLC agreed to commence joint control over the business in accordance with the EGA shareholders' agreement. The total assets of EGA as at 31 December 2013 was AED 49,338,874 thousand.

Since the transfer of EMAL to EGA did not represent a commercial transaction in isolation, the commercial substance in the overall transaction was attributed and limited to the Group's acquisition of an effective interest of 50% of DUBAL. The fair value of acquired net assets compared to the consideration resulted in an excess of AED 745,259 thousand, which is primarily due to the increase in net assets between 1st January 2013 and 31st December 2013. This amount has been recognised under share of results from equity accounted investees in the consolidated statement of comprehensive income.

During the year, the Group has disposed its stake in one of its jointly controlled entities for a consideration of AED 257,145 thousand. Gain on disposal of AED 200,962 thousand has been recognised in the consolidated statement of comprehensive income.

17 Investments in equity accounted investees *(continued)*

(b) Investments in jointly controlled entities *(continued)*

Although the Group holds more than 50 percent of the share capital in some of the jointly controlled entities, as the relevant decisions require unanimous consent along with other joint venture partners, these are treated as jointly controlled entities.

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

	2013 AED '000	2012 AED '000
At 1 January	**7,848,876**	5,490,418
Additions during the year	**8,189,943**	4,400,460
Disposals during the year	**(40,916)**	(176,131)
Share of results for the year	**2,731,336**	871,768
Dividends received / receivable during the year	**(1,373,022)**	(2,534,070)
Share of movements in translation reserves	**51,262**	73,595
Share of movements in hedging reserves	**202,600**	(62,728)
Share of movement in other reserves	**-**	11,156
Other transfers	**19,069**	8,555
Transfer (to) / from associates	**(48,074)**	4,334
Transfer to assets and liabilities classified as held for sale	**(568,461)**	-
Exchange fluctuation	**(42,838)**	(30,953)
Intercompany income eliminated	**(162,782)**	(224,013)
Other movements	**25,454**	16,485
	16,832,447	7,848,876
Impairment	**(371,257)**	(148,257)
At 31 December	**16,461,190**	7,700,619
Disclosed as:		
Investment in jointly controlled entities	**17,763,970**	8,967,492
Amounts due to jointly controlled entities [1]	**(1,302,780)**	(1,266,873)
	16,461,190	7,700,619

[1] In certain jointly controlled entities the Group's share of losses of those entities exceeded its interest in those entities. The shares of losses exceeding the Group's interests in such entities have been presented separately within current liabilities in the consolidated statement of financial position, since the Group has a constructive or legal obligation to contribute to such losses. In certain cases, where the Group has no constructive obligation to contribute to such losses, the Group has stopped applying equity accounting method. The Group's unrecognised share of losses for the year amounted to AED 1,653,058 thousand (2012: AED 116,630 thousand) and cumulative unrecognised share of losses amounted to AED 1,788,666 thousand *(2012: AED 135,608 thousand).*

17 Investments in equity accounted investees *(continued)*

(b) Investments in jointly controlled entities *(continued)*

Summarised financial information in respect of each of the Group's material jointly controlled entities is set out below. The summarised financial information below represents amounts shown in the jointly controlled entities' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRSs, except for dividends received, which represent the dividends received by the Group from the jointly controlled entities.

	Dolphin Energy Limited	Emirates Aluminium Company PJSC	MGE Holdings LP and Mubadala GE Capital PJSC
	2013	2013	2013
	AED '000	AED '000	AED '000
Current assets	4,326,340	3,026,531	1,174,779
Non-current assets	12,092,795	28,493,275	13,558,183
Current liabilities	(3,259,768)	(2,650,287)	(268,783)
Non-current liabilities	(10,372,120)	(26,644,028)	(11,395,422)
Revenue	10,608,815	6,572,645	1,136,262
Profit or loss from continuing operations	2,659,963	110,363	255,201
Other comprehensive income	-	15,767	-
Total comprehensive income	2,659,963	126,130	255,201
Cash and cash equivalents	781,522	206,590	841,165
Current financial liabilities (excluding trade and other payables and provisions)	(1,061,399)	(992,036)	(156,623)
Non-current financial liabilities (excluding trade and other payables and provisions)	(10,192,838)	(26,596,515)	(10,853,926)
Depreciation	343,711	994,112	-
Amortisation	2,065	23,481	-
Interest income	3,240	5,305	801,171
Interest expense	311,428	714,698	241,835
Income tax expense	-	-	(985)
Dividends received by the Group	1,125,964	-	35,310

Reconciliation of the above summarised financial information to the carrying amount of the interest in the above jointly controlled entities recognised in the consolidated financial statements:

	Dolphin Energy Limited	Emirates Aluminium Company PJSC	MGE Holdings LP and Mubadala GE Capital PJSC
	2013	2013	2013
	AED '000	AED '000	AED '000
Net assets	2,787,247	2,225,491	3,068,757
Ownership %	51%	50%	50%
Group's share of net assets on basis of ownership interest	1,421,494	1,112,745	1,534,379
Reconciling items			
Adjustments to harmonise accounting policies of equity accounted investees to the Group	(110,926)	-	-
Other adjustments	-	(30,990)	5,920
Carrying amount	1,310,568	1,081,755	1,540,299

17 Investments in equity accounted investees *(continued)*

(b) Investments in jointly controlled entities *(continued)*

	Dolphin Energy Limited 2012 AED '000	Emirates Aluminium Company PJSC 2012 AED '000	MGE Holdings LP and Mubadala GE Capital PJSC 2012 AED '000
Current assets	4,231,802	3,062,432	917,667
Non-current assets	12,402,155	24,763,317	10,521,753
Current liabilities	(3,628,404)	(2,501,705)	(464,834)
Non-current liabilities	(11,034,173)	(23,224,690)	(8,567,215)
Revenue	9,435,444	6,570,701	495,871
Profit / (loss) from continuing operations	2,401,767	185,104	16,803
Other comprehensive income	-	19,616	-
Total comprehensive income	2,401,767	204,720	16,803
Cash and cash equivalents	729,498	485,905	295,934
Current financial liabilities (excluding trade and other payables and provisions)	(987,826)	(1,264,338)	(223,485)
Non-current financial liabilities (excluding trade and other payables and provisions)	(10,877,175)	(22,992,492)	(8,567,215)
Depreciation	344,060	956,120	-
Amortisation	2,046	19,822	-
Interest income	6,770	12,975	211,619
Interest expense	355,084	579,689	63,045
Income tax expense	-	-	(478)
Dividends received by the Group	2,471,127	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the above jointly controlled entities recognised in the consolidated financial statements:

	Dolphin Energy Limited 2012 AED '000	Emirates Aluminium Company PJSC 2012 AED '000	MGE Holdings LP and Mubadala GE Capital PJSC 2012 AED '000
Net assets	1,971,380	2,099,354	2,407,371
Ownership %	51%	50%	50%
Group's share of net assets on basis of ownership interest	1,005,403	1,049,677	1,203,686
Reconciling items			
Adjustments to harmonise accounting policies of equity accounted investees to the Group	(110,926)	-	-
Other adjustments	-	(36,061)	4,840
Carrying amount	894,477	1,013,616	1,208,526

Aggregate information of jointly controlled entities that are not individually material:

	31-Dec-13 AED '000	31-Dec-12 AED '000
Group's share of profit or loss from continuing operations	**1,032,197**	(514,798)
Group's share of other comprehensive income or loss	**246,017**	12,214
Group's share of total comprehensive income or loss	**1,278,214**	(502,584)
Total carrying amount of share of individually immaterial jointly controlled entities	**13,831,348**	5,850,873

17 Investments in equity accounted investees *(continued)*

(b) Investments in jointly controlled entities *(continued)*

Impairment losses on investments in equity-accounted investees

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss on the carrying value of the investment in equity-accounted investees by comparing its recoverable amount with the higher of value in use or fair value less costs to sell with its carrying amount. Based on existence of indicators for impairments in certain equity accounted investees, Management has performed an impairment assessment for such investments.

In determining the value in use of the investment, the Group estimates:

i) its share of the present value of the estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or

ii) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

18 Financial investments

	2013	2012
	AED '000	AED '000
Financial investments at fair value through profit or loss		
Financial assets designated at FVTPL		
Quoted investments		
Equity securities	**8,756,887**	6,491,174
Un-quoted investments		
Equity securities	**551,025**	551,025
Investments funds	**5,368,185**	2,843,881
Convertible bonds [1]	**-**	508,780
Derivative assets	**116,717**	59,387
	14,792,814	10,454,247
Financial assets held for trading (FVTPL)		
Quoted investments		
Equity securities	**2,431,117**	2,203,359
Debt securities other than convertible bonds	**725,695**	340,753
Derivative assets	**15,843**	1,133
	3,172,655	2,545,245
Total of fair value through profit or loss investments	**17,965,469**	12,999,492
Available for sale investments		
Quoted investments		
Equity securities	**9,011,925**	4,890,503
Un-quoted investments		
Convertible bonds [2]	**578,180**	578,180
Equity securities	**32,656**	141,755
Total of available for sale investments	**9,622,761**	5,610,438
Other financial assets		
Derivative assets	**88,518**	88,792
Financial investments	**27,676,748**	18,698,722
Disclosed in the consolidated statement of financial position as:		
Less: current portion	**(3,962,703)**	(2,742,805)
Non-current portion	**23,714,045**	15,955,917

18 Financial investments *(continued)*

a) Financial assets at fair value through profit or loss

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

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instrument for non-optional derivatives and option pricing models or quotes from counterparties for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract, derived from readily available market data. Interest rate swaps are measured at the present value of future cash flow estimated and are discounted based on the applicable yield curves derived from quoted interest rates. Swaps which are not traded through clearing firm or an exchange are valued on the basis of the latest available counterparty valuation.

The fair value of bonds and convertible bonds are determined with reference to quoted market prices. Where such prices are not available valuation is performed by an independent valuation expert based on discounted cash flows analysis using applicable yield curves for the duration of the investment.

[1] Convertible bonds issued by a related party primarily comprise mandatory convertible bonds acquired in the year 2011, carrying interest rates ranging from 0 to 4 percent. The remaining portion of these bonds were converted during 2013. *Refer to note 17(a) footnote 2* .

b) Available for sale financial assets

i) Quoted securities

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

Included under available for sale financial assets, is one of the Group’s investment in an asset management firm, which was carried at cost less impairment in December 2011 on the basis that a reliable measure of the fair value was not available and accordingly classified under unquoted securities back in the year 2011. During the prior year, this asset management firm has completed a partial Initial Public Offering (IPO), following which management revised its basis of measurement from cost less impairment basis to fair value and accordingly this investment has been disclosed under quoted securities. During the prior year and prior to designation at fair value, management assessed the investment for impairment and recognised an amount of AED 1,877,159 thousand as an impairment charge *(see note 11).*

ii) Unquoted securities

[2] Included above, there are unquoted embedded derivative instruments (“bonds”) of a real estate developer in which the Group invested. The bonds carry interest at a fixed rate of 4.72 percent per annum which may either be paid in cash or compounded annually. In addition, they are entitled to a contingent interest equal to the cash distributions made by the ultimate investee company to the extent those distributions do not constitute fixed interest payment. The bonds will mature on 16 December 2037. An option to convert to equity can be exercised on or after 18 December 2022.

In assessing the fair value on this unquoted investment, assumptions used are risk adjusted discount factor of 6.8 percent *(2012: 6.8 percent)* , exit cap rates from 5.3 percent to 5.8 percent *(2012: from 5.2 percent to 5.8 percent)* , and rent growth rates from 4.5 percent to 4.8 percent *(2012: 4.5 percent to 4.8 percent)* were used.

19 Loans receivable

	2013 AED '000	2012 AED '000
Loans to jointly controlled entities	**13,698,556**	15,451,317
Loans to associates	**267,514**	181,865
Loans to related parties	**13,966,070**	15,633,182
Loans to third parties	**10,169,290**	13,019,668
	24,135,360	28,652,850
Less: allowance for impairment	**(1,071,502)**	(72,902)
	23,063,858	28,579,948
Less: current portion	**(2,977,013)**	(3,264,458)
Non-current portion	**20,086,845**	25,315,490

Loans to related parties

The significant loans to related parties include the following:

Loans given to a joint venture, in the amount of AED 4,579,135 thousand *(2012: AED 4,734,002 thousand)* and AED 89,344 thousand *(2012: AED 2,497,660 thousand),* which carry interest at LIBOR plus margin and are repayable on demand.

Loans given to a joint venture, in the amount of AED 2,910,695 thousand *(2012: AED 3,341,134 thousand)* which carry fixed interest. These loans are repayable subject to certain conditions being met, not earlier than 2017.

Loans given to a joint venture, in the amount of AED 4,458,784 thousand *(2012: AED 4,285,480 thousand)* which carry interest at LIBOR plus margin and fixed interest and these loans mature from 2014 to 2021.

Loans given to a joint venture, in the amount of AED 299,592 thousand *(2012: AED 244,088 thousand)* which carry fixed and variable interest (at EIBOR plus margin) and are due in 2014.

Loans to third parties

The significant loans to third parties include the following:

A third party, to whom the Group had extended an original loan amount of AED 7,347,000 thousand in the prior year, failed to meet certain covenants during current year under the terms of the agreement. Following this, the Group agreed to modify the terms of the loan. Consequently, a part of the exposure was repaid in a combination of cash and securities of AED 1,653,075 thousand *(see note 41)* and the remaining loan receivable was agreed to be progressively repaid during the term of the loan with the final payment due on 30 June 2017. The loan is backed by certain corporate guarantees and pledges over securities in various entities of the third party group.

Loans given to third parties include commercial loans amounting to AED 2,881,327 thousand *(2012: AED 3,941,646 thousand),* which carry interest at varying rates and having different maturities. The Group holds collateral against these commercial loans in the form of security interests over physical assets, corporate and personal guarantees.

Loan given to a third party, in the amount of AED 808,781 thousand (2012: AED 928,718 thousand), which carries fixed interest and repayable subject to certain conditions being met, not earlier than 2017.

Loan given to a third party, in the amount of AED 370,000 thousand *(2012: AED 470,000 thousand)*, which is an interest free loan and is repayable on demand. This loan is secured partly by bonds.

20 Inventories

	2013 **AED '000**	2012 AED '000
Work in progress	**2,538,469**	2,818,144
Land held for sale *(see note 36(a)(i))*	**2,399,844**	2,481,404
Building held for sale	**1,220,862**	1,217,936
Drilling materials	**599,603**	533,460
Maintenance spares	**468,423**	420,813
Consumables	**453,113**	439,242
Raw material	**142,494**	224,085
Medical supplies	**48,827**	45,585
Others	**330,905**	305,986
	8,202,540	8,486,655
Less: provision for obsolescence	**(673,327)**	(577,432)
	7,529,213	7,909,223

21 Receivables and prepayments

	2013 **AED '000**	2012 AED '000 (Restated)
Non-current portion		
Service concession receivables[1]	**6,293,369**	6,685,777
Receivable against sale of land	**513,072**	725,623
Restricted and long term deposits[2]	**251,901**	70,000
Other long term receivables and advances	**1,121,427**	702,515
	8,179,769	8,183,915
Current portion		
Amounts due from related parties *(see note 33(d))*	**3,808,492**	6,067,315
Trade receivables	**3,659,047**	3,052,317
Restricted and long term deposits[2]	**1,053,624**	1,496,374
Service concession receivables[1]	**968,278**	968,278
Prepaid expenses	**725,992**	603,333
Receivables against government grants *(see note 36(b))*	**447,255**	530,733
Advances to contractors	**343,176**	269,230
Sales tax recoverable	**314,710**	341,536
Contract work in progress	**306,297**	360,987
Receivable against sale of land	**276,759**	-
Interest receivable from third parties	**74,667**	459,199
Other receivables	**2,033,938**	1,389,666
	14,012,235	15,538,968
Less: allowance for impairment	**(468,894)**	(244,282)
	13,543,341	15,294,686

[1] Service concession receivables primarily represent receivables from related parties, on account of services relating to the construction of buildings for certain universities and facility management services. Service concession receivables will be recovered over the respective concession periods of the universities *(see note 40)*. Details are shown below:

21 Receivables and prepayments *(continued)*

	2013 AED '000	2012 AED '000
Opening balance	**7,654,055**	8,031,075
Effective interest on receivables	**560,246**	569,785
Attributable profits	**24,058**	27,471
Costs incurred during the year	**9,328**	18,482
Less: transferred to intangible assets	**-**	(15)
Less: availability charges received	**(986,040)**	(992,743)
	7,261,647	7,654,055
Non-current portion	**6,293,369**	6,685,777
Current portion	**968,278**	968,278
	7,261,647	7,654,055

[2] Long term deposits represent deposits with original maturity of more than three months.

22 Assets and liabilities classified as held for sale

	2013 AED '000	2012 AED '000
Assets classified as held for sale	**2,322,324** [1]	957,900 [3]
Liabilities classified as held for sale	**808,005** [1,2]	-

[1] Primarily includes subsidiaries which are acquired exclusively with a view to resell by the Group held within Mubadala Capital segment. The Group is exploring and evaluating exit options to secure immediate value from acquisitions and an active search for the potential buyers is initiated. This process for sale is highly probable and is expected to be completed during 2014.

The remaining assests classified as held for sale primarily represent property, plant and equipment held within Real Estate & Infrastructure segment, and equity accounted investees held within Mubadala Capital segment.

[2] Includes a loan due to an entity under common control of AED 80,000 thousand.

[3] Primarily included certain offshore transmission assets held by the Group in connection with one of its power generation projects. These transmission assets as per United Kingdom's regulatory requirements were required to be sold out through a regulated tender process. This regulated tender process for sale was completed and sale of these transmission assets was concluded in 2013. Gain from disposal of AED 76,567 thousand has been recognised in other income within the consolidated statement of comprehensive income.

23 Finance lease receivables

Movement in the finance lease receivables during the year is as follows:

	2013 AED '000	2012 AED '000
At 1 January	**1,553,244**	1,534,147
Transfers from investment properties under development *(see note 15)*	**711,825**	-
Finance lease income	**142,094**	126,555
Lease rentals received	**(125,396)**	(110,676)
Other movements	**-**	3,218
At 31 December	**2,281,767** [1]	1,553,244

[1] Includes a finance lease receivable from a jointly controlled entity of AED 726,860 thousand *(2012: AED nil).*

23 Finance lease receivables *(continued)*

Future minimum lease receivables under the finance lease together with the present value of the net minimum lease receivables are as follows:

	2013		2012	
	Minimum lease payments AED '000	**Present value of payments AED '000**	Minimum lease payments AED '000	Present value of payments AED '000
Within one year	**122,839**	**116,309**	125,522	120,220
After one year but not more than five years	**600,515**	**475,621**	506,396	396,375
After five years	**5,309,006**	**1,689,837**	3,278,366	1,036,649
Total	**6,032,360**	**2,281,767**	3,910,284	1,553,244
Less: amount representing finance charges	**(3,750,593)**	-	(2,357,040)	-
Present value of minimum lease payments	**2,281,767**	**2,281,767**	1,553,244	1,553,244

Finance lease receivables are presented in the consolidated statement of financial position as follows:

	2013 AED '000	2012 AED '000
Current	**116,309**	120,220
Non-current	**2,165,458**	1,433,024
	2,281,767	1,553,244

No guaranteed residual value to the benefit of the lessor is assumed for the purpose of the above calculation.

The discount rate used to determine the present value of the finance lease receivables at inception of the leases ranges between 4.4 - 9 percent. This rate is assessed based on the risk associated with the asset and the credit rating of the customer.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

24 Cash and cash equivalents

	2013 AED ’000	2012 AED ’000
Bank balances:		
- deposit accounts	**17,494,880**	7,581,937
- call and current accounts	**4,189,055**	4,142,455
Cash in hand	**4,642**	2,983
	21,688,577	11,727,375
Bank overdrafts	-	(2,695)
Cash and cash equivalents for the purpose of the statement of cash flows	**21,688,577**	11,724,680

Deposit and call accounts are placed with commercial banks and are short-term in nature. Deposit and call accounts earn interest at prevailing market rates. Deposit accounts include AED 2,775,972 thousand *(2012: AED 1,082,741 thousand)* held with entities under common control *(see note 33(d))*. The Group’s exposure to credit, currency and interest rate risk related to cash and cash equivalents is disclosed in note 38.

25 Operating lease receivables

Operating lease receivables of the Group are as follows:

	2013	2012
	AED '000	AED '000
		(Restated)
Within one year	**870,959**	700,834
After one year but not more than five years	**3,469,347**	3,098,185
After five years	**4,643,220**	4,889,315
	8,983,526	8,688,334

26 Payables and accruals

	2013	2012
	AED '000	AED '000
		(Restated)
Accrued expenses	**3,874,185**	3,474,623
Trade payables	**3,226,116**	2,552,709
Unearned revenue	**730,329**	1,599,875
Deposit from the Shareholder [1] *(see note 33(d))*	**682,782**	675,570
Amounts due to related parties *(see note 33(d))*	**665,625**	630,811
Interest free loan from the Shareholder [2] *(see note 33(d))*	**489,541**	399,106
Staff costs payable	**443,247**	662,390
Provision for staff terminal benefits	**333,605**	343,174
Provisions	**286,470**	251,387
Retentions payable	**240,289**	315,277
Advance from an associate *(see note 33(d))*	**73,869**	73,869
Other payables	**3,023,373**	3,256,461
	14,069,431	14,235,252

[1] Deposit from the Shareholder has original maturity of less than three months and at the reporting date carried an annual effective interest rate of 1.05 percent per annum *(2012: 1.46 percent per annum).*

[2] The loan was a liability transferred from Gulf Aircraft Maintenance Company ("GAMCO"). In July 1991, GAMCO obtained an interest free loan amounting to AED 505 million from the Government of Abu Dhabi with no fixed repayment terms. Under the terms of the revised loan agreement dated 31 December 1994, the loan was to be repaid in annual installments, each equal to 80 percent of GAMCO's annual profit, commencing from the year ended 31 December 1996. The total payments made until 2003 amounted to AED 15.46 million and the installments due until the current year are classified in the consolidated statement of financial position as short-term obligations. 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 there is no repayment date, a fair value cannot be reasonably determined.

The Group's exposure to currency, liquidity and interest rate risk related to payables and accruals is disclosed in note 38.

27 Financial liabilities at fair value

	2013 AED '000	2012 AED '000
Derivatives designated and effective as hedging instruments carried at fair value [1]		
Interest rate swaps	**489,371**	739,812
Foreign exchange forward contracts	**19,088**	17,662
	508,459	757,474
Financial liabilities designated at fair value through profit or loss [2]		
Interest rate swaps	**618,499**	1,036,054
Foreign exchange forward contracts	**38,904**	32,939
	657,403	1,068,993
Financial liabilities held for trading		
Equity options	**33,021**	13,102
Equity swaps	**42,092**	11,673
Exchange traded securities [3]	**42,638**	153,651
	117,751	178,426
Fair value of financial liabilities	**1,283,613**	2,004,893
Fair value of financial liabilities as in consolidated statement of financial position		
Less: current portion	**(295,942)**	(391,435)
Non-current portion	**987,671**	1,613,458

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instrument for non-optional derivatives and option pricing models or quotes from counterparties for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract derived from readily available market data. Interest rate and currency swaps are measured at the present value of future cash flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.

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

Foreign exchange forward contract

The Group has an obligation to make payments in Euro in connection with the procurement of satellites. The Group has entered into a forward exchange contract in order to manage foreign currency fluctuations arising from these expected cash flows.

27 Financial liabilities at fair value *(continued)*

Interest rate swap

The Group also has obligation to pay interest at variable rates (LIBOR plus margin) in connection with a borrowing transaction. To hedge variability in interest rates, the Group entered into a cash flow hedge by acquiring an interest rate swap.

[2] Derivatives used as economic hedges are used to hedge interest rate and foreign exchange exposures. However, they do not qualify for hedge accounting. These instruments are fair valued using external quotes and changes in fair value are recorded in profit or loss.

[3] 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 at fair value through profit or loss. These positions are shown as financial liabilities at fair value through profit or loss until they are realised, when they are shown in the consolidated statement of comprehensive income as net gain or loss on financial liabilities at fair value through profit or loss. The theoretical risk of loss from short sales is unlimited.

28 Interest bearing borrowings

	2013	2012
	AED '000	AED '000
Unsecured corporate bonds	**4,587,789**	-
Unsecured bank borrowings	**2,432,829**	2,712,825
Secured bank borrowings	**1,247,202**	1,299,900
Unsecured borrowings	**267,299**	1,555,045
Others	**108,414**	46,010
Current portion	**8,643,533**	5,613,780
Secured bank borrowings	**12,003,753**	10,880,039
Unsecured bank borrowings	**9,447,445**	8,379,118
Unsecured corporate bonds	**8,225,678**	12,889,380
Unsecured borrowings	**3,418,160**	3,364,343
Others	**179,813**	-
Non-current portion	**33,274,849**	35,512,880

28 Interest bearing borrowings *(continued)*

Terms and debt repayment schedule

Particulars	Entity name / Project name	Currency	Nominal interest rate	Year of maturity	31 Dec 2013 Carrying amount AED '000	31 Dec 2012 Carrying amount AED '000
Current						
Secured bank loan [1]	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2014	**108,163**	105,535
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2014	**49,750**	47,836
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2014	**16,583**	15,946
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2014	**56,193**	53,517
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2014	**102,859**	97,960
Secured bank loan [2]	National Central District Cooling Company PJSC- Tabreed Islamic Finance	AED	EIBOR + margin	2014	**22,894**	22,893
Secured bank loan [2]	National Central District Cooling Company PJSC	USD / AED / OMR	LIBOR/EIBOR + margin / Fixed	2014	**135,872**	135,382
Secured bank loan [3]	SR Technics	CHF/EUR/USD	LIBOR + margin	2014	**421,554**	139,485
Secured bank loan [4, 12]	Sanad Aero 1 Limited	USD	LIBOR + margin	2014	**54,437**	38,095
Secured bank loan [5, 12]	Sanad Aero Solutions Investment LLC	USD	LIBOR + margin	2014	**24,349**	30,066
Secured bank loan [6, 12]	Sanad Aero Ireland 1 Limited	USD	LIBOR + margin	2014	**46,632**	45,066
Secured bank loan [7, 12]	Sanad Aero II Limited	USD	LIBOR + margin	2014	**37,492**	-
Secured bank loan	Mubadala Development Company PJSC	AED	Fixed coupon	2014	**-**	480,411
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	USD	LIBOR + margin	2014	**-**	6,268
Secured bank loan [8]	Abu Dhabi Future Energy Company PSC (London Array)	GBP	LIBOR + margin	2014	**88,315**	-
Secured bank loan [9, 12]	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin	2014	**30,000**	30,000
Secured bank loan [9, 12]	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin	2014	**52,109**	51,440
Secured bond [10]	Advanced Technology Investment Company	USD	Fixed coupon	2014	**17,449**	-
Unsecured bank loan	Mubadala Development Company PJSC- Revolving Credit Facility	GBP	LIBOR + margin	2014	**-**	177,987
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2014	**249,606**	232,400
Unsecured bank loan	Advanced Technology Investment Company - Atradius term loan	USD	LIBOR + margin	2014	**117,074**	-
Unsecured bank loan	Advanced Technology Investment Company - EXIM guaranteed loan	USD	LIBOR + margin	2014	**427,454**	423,220
Unsecured notes	Advanced Technology Investment Company - Senior notes	USD	Fixed coupon	2014	**-**	972,280
Unsecured loan [11, 12]	Manhal Development Company PJSC (Sorbonne University)	AED	Fixed coupon	2014	**14,063**	-
Unsecured loan [11, 12]	Al Maqsed Development Company PJSC (Zayed University)	AED	Fixed coupon	2014	**17,250**	-
Unsecured loan [11, 12]	Al Hikma Development Company PJSC (UAE University)	AED	Fixed coupon	2014	**22,785**	-
Unsecured loan [12]	Dolphin Investment Company LLC	USD	LIBOR + margin / Fixed	2014	**208,895**	204,156
Unsecured loan	Abu Dhabi Aircraft Technologies LLC	USD	Fixed coupon	2014	**-**	374,340
Unsecured loan [12]	The Specialist Diabetes Treatment and Research Centre LLC	AED	Fixed coupon	2014	**4,306**	4,269
Unsecured deposits	Abu Dhabi Finance	AED	EIBOR + margin	2014	**90,965**	46,010
Unsecured commercial paper	MDC - GMTN B.V. - Commercial Paper	USD/GBP/HKD/CHF	Fixed coupon	2014	**1,638,695**	1,879,218
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2014	USD	Fixed coupon	2014	**4,587,789**	-
Current total					**8,643,533**	5,613,780

28 Interest bearing borrowings *(continued)*

Terms and debt repayment schedule *(continued)*

Particulars	Entity name / Project name	Currency	Nominal interest rate	Year of maturity	31 Dec 2013 Carrying amount AED '000	31 Dec 2012 Carrying amount AED '000
Non-Current						
Secured bank loan [1]	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2015-2022	**1,013,821**	1,121,985
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2015-2028	**669,938**	719,688
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2015-2028	**223,313**	239,896
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2015-2019	**1,103,410**	1,159,603
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2015-2019	**2,019,743**	2,122,601
Secured bank loan [13]	Sigma Investment Company (BVI) (PTC) Limited (GE margin loan)	USD	LIBOR + margin	2015	**1,345,869**	1,345,869
Secured bank loan [3]	SR Technics	CHF/EUR/USD	LIBOR + margin	2015-2017	**380,591**	750,734
Secured bank loan [4, 12]	Sanad Aero 1 Limited	USD	LIBOR + margin	2015-2022	**470,841**	375,099
Secured bank loan [5, 12]	Sanad Aero Solutions Investments LLC	USD	LIBOR + margin	2015-2018	**92,481**	123,165
Secured bank loan [6, 12]	Sanad Aero Ireland 1 Limited	USD	LIBOR + margin	2015-2020	**313,146**	359,783
Secured bank loan [7, 12]	Sanad Aero II Limited	USD	LIBOR + margin	2015-2023	**369,891**	-
Secured bank loan [14]	Strata Manufacturing PJSC	USD	LIBOR + margin	2015-2022	**255,772**	-
Secured bank loan [2]	National Central District Cooling Company PJSC- Tabreed Islamic Finance	AED	EIBOR + margin	2015-2019	**484,653**	505,790
Secured bank loan [2]	National Central District Cooling Company PJSC	USD / AED / OMR	LIBOR/EIBOR + margin / Fixed	2015-2019	**1,857,114**	1,963,172
Secured bank loan [8]	Abu Dhabi Future Energy Company PSC (London Array)	GBP	LIBOR + margin	2015-2025	**1,328,336**	-
Secured bank loan [15]	Abu Dhabi Finance	AED	EIBOR + margin	2015	**15,000**	-
Secured bank loan [9, 12]	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin	2015-2016	**59,834**	92,654
Secured bond [10]	Advanced Technology Investment Company	USD	Fixed coupon	2015-2021	**179,813**	-
Unsecured bank loan	Advanced Technology Investment Company - Syndicated loan	USD	LIBOR + margin		**-**	1,639,288
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2015-2022	**2,937,920**	3,187,528
Unsecured bank loan	Mubadala Treasury Holding Company LLC - EIB term loan	EUR	EURIBOR + margin	2019	**1,192,061**	1,141,636
Unsecured bank loan	Mubadala Treasury Holding Company LLC - EIB term loan	EUR	EURIBOR + margin	2020	**1,520,594**	1,456,305
Unsecured bank loan	Advanced Technology Investment Company - Atradius term loan	USD	LIBOR + margin	2015 -2018	**563,238**	-
Unsecured bank loan	Advanced Technology Investment Company - EXIM guaranteed loan	USD	LIBOR + margin	2015-2016	**525,215**	954,361
Unsecured bank loan	Advanced Technology Investment Company - EXIM term loan	USD	Fixed coupon	2015-2019	**2,708,417**	-
Unsecured notes	Advanced Technology Investment Company - Senior notes	USD	Fixed coupon	2015	**356,752**	356,752
Unsecured loan [12]	Abu Dhabi Aircraft Technologies LLC	USD	Fixed coupon	2015	**187,170**	-
Unsecured loan [12]	Dolphin Investment Company LLC	USD	LIBOR + margin / Fixed coupon	2015-2021	**2,617,036**	2,826,358
Unsecured loan [12]	The Specialist Diabetes Treatment and Research Centre LLC	AED	Fixed coupon	2015-2020	**26,621**	29,572
Unsecured loan [11, 12]	Manhal Development Company PJSC (Sorbonne University)	AED	Fixed coupon		**38,069**	71,294
Unsecured loan [11, 12]	Al Maqsed Development Company PJSC (Zayed University)	AED	Fixed coupon		**48,439**	80,367
Unsecured loan [11, 12]	Al Hikma Development Company PJSC (UAE University)	AED	Fixed coupon		**144,073**	-
Unsecured corporate bond	MDC - GMTN B.V. - JPY Private Placement	JPY	Fixed coupon	2031	**520,911**	637,786
Unsecured corporate bond	MDC - GMTN B.V. - EUR Private Placement	EUR	Fixed coupon	2018	**404,141**	386,839
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2014	USD	Fixed coupon	2014	-	4,574,537
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2016	USD	Fixed coupon	2016	**2,738,418**	2,731,605
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2019	USD	Fixed coupon	2019	**1,824,127**	1,822,315
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2021	USD	Fixed coupon	2021	**2,738,081**	2,736,298
Non-Current total					**33,274,849**	35,512,880
Total					**41,918,382**	41,126,660

28 Interest bearing borrowings *(continued)*

[1] The purpose of these loans is to fund university projects *(see note 40)*. These loans are secured against the following onshore and offshore securities:

Onshore securities

- Commercial mortgages over their equipment to the extent possible and enforceable under the United Arab Emirates law including all existing and subsequently acquired tangible and intangible assets.

- A UAE law assignment agreement covering:
  i) the Project Documents consisting of Operating Agreement, Project Agreement, Tripartite Agreement, Musataha Agreement, Advance Payment Bond and Performance Bond; and
  ii) Direct Insurance policies consisting of combined Construction/Property All Risk Policy and Terrorism Policy and all insurance proceeds in respect of direct insurances.
- Pledge of shares.
- Powers of attorneys.
- An onshore account pledge of monies and any authorised investments held in the Onshore Project Accounts (as defined in the Onshore Account Pledge).
- A mortgage over the Musataha Agreement.

Offshore Securities

- An English law assignment and charge (the Security Agreement) covering:

  i) a fixed charge over certain bank accounts (the Offshore Project Accounts as defined in the Security Agreement); and

  ii) an assignment of the reinsurances in respect of Material Insurances which consist of all insurances other than motor vehicle and employers' liability risk insurances.

[2] These loans are secured by pledges of plants, equipment with a carrying value of AED 853,000 thousand *(2012: AED 889,900 thousand)* and trade debtors.

[3] These loans are secured by pledged assets including bank accounts of AED 307,614 thousand (2012: AED 241,295 thousand) and trade receivables of AED 948,265 thousand *(2012: AED 953,350 thousand)* of SR Technics Holdco 1 GMBH and its subsidiaries ("the SRT Group"). Furthermore, shares of the SRT Group are also pledged against this loan. Pledged property plant and equipment have a carrying value of AED 28,855 thousand *(2012: AED 27,286 thousand).*

[4] This loan is secured by aircraft engines, with a carrying value of AED 756,836 thousand *(2012: AED 574,915 thousand)*.

[5] This loan is secured by aircraft engines, with a carrying value of AED 218,467 thousand *(2012: AED 275,382 thousand)*.

[6] This loan is secured against aircraft components with a carrying value of AED 575,249 thousand *(2012: AED 625,369 thousand)*.

[7] This loan is secured against aircraft components with a carrying value of AED 507,237 thousand.

28 Interest bearing borrowings *(continued)*

[8] This loan facility is secured by pledge over the shares and bank balances of Masdar Energy UK Limited and Masdar Energy BV.

[9] These secured bank loans represent term loans which are secured against lien on bank deposits of AED 60,000 thousand *(2012: AED 60,000 thousand)* .

[10] Globalfoundries (GF) has entered into an infrastructure development reimbursement arrangement with Saratoga County (NY) Industrial Development Agency, which is cash collateralised by GF.

[11] These loans are repayable subject to certain conditions being met, the availability of cashflows and approval by the board of directors.

[12] These represent loans obtained from related parties.

[13] This loan is secured by a pledge of 71,335,605 of GE shares with a market value of AED 7,345,299 thousand *(2012: AED 71,335,605 shares with a value of AED 5,500,457 thousand).*

[14] These loans are secured by pledges of property, plant and equipment with a carrying value of AED 323,194 thousand.

[15] This loan is secured by receivables of a subsidiary of the Group with a carrying value of AED 7 million, post-dated cheques with a carrying value of AED 20 million and 35% of the drawn amount placed as a deposit under lien with an entity under common control.

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

	2013	2012
	AED '000	AED '000
At 1 January	**41,126,660**	43,177,460
New borrowings	**13,622,489**	8,887,837
Repayments	**(13,151,644)**	(10,547,576)
Foreign exchange fluctuations and other movements	**320,877**	(391,061)
At 31 December	**41,918,382**	41,126,660

29 Other liabilities

	2013	2012
	AED '000	AED '000 (Restated)
Advance from a related party *(see note 33(d))*	**1,068,988**	1,068,988
Decommissioning liabilities	**536,568**	303,679
Asset retirement obligation	**148,160**	141,331
Interest free loan from the Shareholder *(see notes 26 & 33(d))*	**-**	90,435
Others	**612,806**	785,927
	2,366,522	2,390,360

30 Obligation under finance lease

Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	31 Dec 2013		31 Dec 2012	
	Minimum lease payments AED '000	**Present value of payments AED '000**	Minimum lease payments AED '000	Present value of payments AED '000
Within one year	**334,326**	**209,887**	429,276	255,739
After one year but not more than five years	**994,612**	**698,906**	1,149,355	840,205
After five years	**521,883**	**440,159**	589,412	513,666
Total	**1,850,821**	**1,348,952**	2,168,043	1,609,610
Less: amount representing finance charges	**(501,869)**	**-**	(558,433)	-
Present value of minimum lease payments	**1,348,952**	**1,348,952**	1,609,610	1,609,610

Obligation under finance lease is presented in the consolidated statement of financial position as follows:

	2013 AED '000	2012 AED '000
Current	**209,887**	255,739
Non-current	**1,139,065**	1,353,871
	1,348,952	1,609,610

For assets held under finance lease, please refer to note 13.

31 Share capital

	2013 AED '000	2012 AED '000
Authorised, issued and fully paid up:		
15,000,000 equity shares *(2012: 15,000,000 equity shares)* of AED 1,000 each	**15,000,000**	15,000,000

32 Reserves

Statutory reserve

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

32 Reserves *(continued)*

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in foreign operation.

Hedging reserve

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected profit or loss.

Pension reserve

Pension reserve comprises the cumulative actuarial gains and losses arising from measurement of defined benefit obligations and plan assets related to pension schemes operated by one of the Group's subsidiary for its employees in Switzerland, UK and Ireland.

33 Significant transactions and balances with related parties

(a) Identity of related parties

The Group has a related party relationship with its shareholder, joint ventures and associates *(see note 17)*, 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 is as follows:	**2013** **AED '000**	2012 AED '000
Directors' remuneration	**56,932**	56,025
Other key management personnel		
Short term benefits	**154,929**	138,836
Post employment benefits	**11,686**	9,369
	166,615	148,205

(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.

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

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

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

	2013 AED '000	2012 AED '000
Revenue		
Associates	**5,315,291**	1,382,465
Entities under common control	**2,621,977**	2,531,446
Jointly controlled entities	**376,070**	400,223
Shareholder	**209,349**	35,386
	8,522,687	4,349,520
Interest income		
Entities under common control	**523,215**	531,233
Jointly controlled entities	**257,453**	429,612
Shareholder	**39,909**	38,552
Associates	**4,270**	14,908
	824,847	1,014,305
Income from provision of manpower, project management and consultancy services		
Jointly controlled entities	**268,919**	306,011
Entities under common control	**154**	7,330
	269,073	313,341
Purchase of goods and services		
Jointly controlled entities	**546,805**	414,630
Associates	**222,608**	480,910
Entities under common control	**151,114**	142,738
Others	-	208
	920,527	1,038,486
Interest bearing borrowing repaid		
Entity under common control	**1,090,599**	242,871
Jointly controlled entities	**423,665**	451,524
	1,514,264	694,395
Interest bearing borrowing drawn from entities under common control	**595,395**	982,350
Loans given		
Jointly controlled entities	**4,799,358**	5,274,592
Associates	**97,256**	3,909,840
	4,896,614	9,184,432

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

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

	2013 AED '000	2012 AED '000
Loans recovered		
Associates	-	50,000
Jointly controlled entities	**7,041,736**	492,047
	7,041,736	542,047
Interest expense		
Jointly controlled entities	**263,001**	182,572
Entities under common control	**229,912**	228,531
	492,913	411,103
Loans received from a jointly controlled entity	**166,858**	151,661
Sale and leaseback from an entity under common control	**213,063**	-
Assets transferred on finance lease to a jointly controlled entity	**711,825**	-
Shareholder reimbursements for recoverable projects	**5,928,151**	3,839,846
Other income from the Shareholder	-	517,082
Advance given to a jointly controlled entity	-	338,763
Cash calls paid to jointly controlled entities for joint operations	**1,565,204**	2,281,766
Other miscellaneous transactions		
Jointly controlled entities	**1,050,392**	-
Entities under common control	**127,822**	-
Associates	**4,293**	-
	1,182,507	-

(d) Related party balances

	2013 AED '000	2012 AED '000
Amounts due to related parties [1] *(see note 26)*		
Jointly controlled entities	**299,725**	246,241
Entities under common control	**209,563**	165,257
Associates	**111,849**	165,170
Shareholder	**2,488**	4,143
Others	**42,000**	50,000
	665,625	630,811
Advances from related parties		
Entity under common control *(see note 29)*	**1,068,988**	1,068,988
Associates *(see note 26)*	**73,869**	73,869
	1,142,857	1,142,857

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

(d) Related party balances (continued)	**2013 AED '000**	2012 AED '000
Amounts due from related parties *(see note 21)*		
Entities under common control	**1,201,870**	811,259
Shareholder	**1,195,955**	3,447,989
Associates	**1,153,064**	1,093,796
Jointly controlled entities	**257,603**	714,271
	3,808,492	6,067,315
Loan and deposits from the shareholder [2] *(see notes 26 and 29)*	**1,172,323**	1,165,111
Deposits with entities under common control *(see note 24)*	**2,775,972**	1,082,741
Loans to related parties		
Jointly controlled entities	**13,268,150**	15,451,317
Associates	**267,514**	181,865
	13,535,664	15,633,182
Financial investment in shares of an entity under common control	**1,272,668**	587,234
Financial investment in warrants of an associate	**495,004**	307,288
Convertible and other bonds of an associate	**95,005**	609,325
Service concession receivables *(see note 21)*		
Entities under common control	**6,675,379**	7,006,930
Shareholder	**586,268**	647,125
	7,261,647	7,654,055
Interest bearing borrowings		
Entities under common control	**5,089,099**	6,129,541
Jointly controlled entities	**3,297,779**	3,404,854
Associates	**30,928**	33,841
	8,417,806	9,568,236
Unearned revenue from an associate	**-**	1,098,377

[1] Includes amounts due to related parties except for amounts due to jointly controlled entities, disclosed under note 17 (b).

[2] Loan and deposits from the Shareholder are included under payables and accruals and other liabilities.

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

(e) Additional shareholder contributions

	2013 AED '000	2012 AED '000
As at 1 January	**120,315,476**	92,068,476 [1]
Cash contributions during the year	**7,038,426**	28,247,000
Reduction towards Masdar MIST 1A & 1B transfer to Abu Dhabi Education Council ("ADEC") *(see note 41)*	**(3,030,624)**	-
Reduction against Masdar City infrastructure reimbursement *(see note 41)*	**(1,168,000)**	-
As at 31 December	**123,155,278**	120,315,476

[1] Cash contributions represent interest free loans from the Shareholder. As per the terms of the agreement for the amounts received in the years 2008 and onwards, 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 agreements specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to these loans, 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 are presented within equity.

(f) Application for share capital

Application for share capital represents amounts received from the Shareholder in the current period, against which shares will be issued.

34 Commitments and contingent liabilities

Commitments and contingencies

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

	2013 AED '000	2012 AED '000 (Restated)
Capital commitments		
Commitments for acquisition of property, plant and equipment	**10,765,971**	8,241,949
Commitments for equity investments	**3,115,786**	2,785,544
Unfunded loan commitments	**874,814**	1,443,646
Contingent liabilities[1]	**8,828,644**	4,213,296
	23,585,215	16,684,435

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

34 Commitments and contingent liabilities *(continued)*

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

	2013	2012
	AED '000	AED '000 (Restated)
Capital commitments		
Commitments for acquisition of property, plant and equipment	**5,744,069**	5,417,610
Commitment to provide loans	**1,580,017**	4,840,612
Operating lease commitments	**232,693**	390,492
Commitments for equity investments in joint ventures	**198,798**	386,496
Contingent liabilities	**486,049**	944,383
	8,241,626	11,979,593

Exploration commitments

The obligations of the Group to perform exploration activities are as follows:

	2013	2012
	AED '000	AED '000
Due in less than one year	**577,171**	579,468
Later than one year but not later than five years	**120,814**	319,984
At 31 December	**697,985**	899,452

A subsidiary of the Group has production bonus commitments that range from AED 84,858 thousand *(2012: AED 90,368 thousand)* to AED 340,166 thousand *(2012: AED 345,676 thousand)* which may be payable depending upon achievement of certain preset production targets. The management believes that such commitments are not likely to be payable within one year. Due to uncertainty of the future production levels and future reserve discoveries, it is not possible to estimate production bonus that may be payable after one year.

Furthermore, operating lease commitments of the Group are as follows:

	2013	2012
	AED '000	AED '000 (Restated)
Within one year	**575,172**	392,257
After one year but not more than five years	**1,386,935**	1,340,984
After five years	**1,638,525**	1,788,119
Total	**3,600,632**	3,521,360

35 Income tax

	2013	2012
	AED '000	AED '000
Income tax recognised in profit or loss:		(Restated)
Current tax expense		
On taxable profit of the year	**(276,279)**	(404,539)
Adjustment in respect of prior years current tax	**29,961**	(15,028)
	(246,318)	(419,567)
Deferred tax credit		
Origination and reversal of temporary differences	**309,182**	435,454
Reduction in tax rate	**-**	(10,353)
Recognition of previously unrecognised tax losses	**550,375**	82,779
Deferred tax adjustment on depreciation, depletion and amortisation	**(147,827)**	1,341
Foreign exchange difference	**194,823**	175,197
Others	**15,933**	-
Net deferred tax credit	**922,486**	684,418
Income tax credit recognised in profit or loss	**676,168**	264,851

The United Arab Emirates does not enforce any domestic income tax decrees and, therefore, the domestic tax rate is nil. Income tax is calculated at tax rates prevailing in the respective jurisdictions, and primarily arises from Takeoff Top Luxco SA and overseas subsidiaries of Beta Investment Company LLC and Advanced Technology Investment Company LLC.

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

	2013	2012
	AED '000	AED '000
		(Restated)
Income / (loss) before tax from continuing operations	**1,017,538**	(117,382)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**108,796**	296,689
Effect of income that is exempt from taxation	**196,599**	148,788
Effect of expenses that are not deductible in determining taxable profit	**(332,231)**	(357,002)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**(151,485)**	(171,060)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	**561,389**	42,431
Effect on deferred tax balances due to the change in tax rate	**-**	(10,353)
Effect of tax credits	**236,496**	255,641
Others	**26,643**	74,745
	646,207	279,879
Adjustments recognised in the current year in relation to the current tax of prior years	**29,961**	(15,028)
Income tax credit recognised in profit or loss	**676,168**	264,851

35 Income tax *(continued)*

Current tax liabilities

	2013	2012
	AED '000	AED '000
Income tax payable	**245,942**	463,654

Deferred income tax assets and liabilities *(non-current)*

	2013	2012
	AED '000	AED '000
		(Restated)
Deferred tax assets	**2,194,411**	1,476,904
Deferred tax liabilities	**(1,041,187)**	(1,240,780)
Net deferred tax assets	**1,153,224**	236,124

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

	2013	2012
	AED '000	AED '000
		(Restated)
At 1 January	**236,124**	(495,224)
Adjustments to opening balances resulting from changes to IAS 19	**-**	113,500
Credit to profit or loss	**922,486**	684,418
Foreign currency adjustments	**6,656**	(28,396)
Other adjustments	**(12,042)**	(38,174)
At 31 December	**1,153,224**	236,124

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 2013 amounted to AED 24,613,346 thousand *(2012: AED 16,532,609 thousand)* and are available for offset against future taxable income. These losses, allowances and cost pools have various expiry periods up to unlimited carry forward period. The Group has not recognised a deferred tax asset of AED 2,821,787 thousand *(2012: AED 2,687,162 thousand)* in relation to these losses as it is not probable that these losses will be utilised.

The decision to recognise deferred tax assets was due to sufficient evidence to support the realisation of those benefits based upon anticipated future taxable income levels.

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 and intangible assets.

The Group has entered into various exploration and production sharing agreements. These agreements prescribe that any income tax liability of the Group will be discharged by the governments of the countries in which the agreements are executed. As there will be no cash outflow in relation to taxation, the Group does not recognise any income, expense, tax asset or liability for either current or deferred taxation in relation to these operations.

At 31 December 2013, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future *(2012: AED nil)* .

35 Income tax *(continued)*

Recognised deferred tax assets and liabilities are attributable to:

	Assets		**Liabilities**		**Net**	
	2013	2012	**2013**	2012	**2013**	2012
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Property, plant and equipment	**195**	195	**(1,394,571)**	(478,699)	**(1,394,376)**	(478,504)
Intangible assets	**-**	-	**(815,466)**	(801,077)	**(815,466)**	(801,077)
Fair value through profit or loss investments	**-**	-	**-**	(318)	**-**	(318)
Derivatives	**-**	-	**(34,363)**	(39,594)	**(34,363)**	(39,594)
Other assets	**601**	-	**(2,903)**	9,107	**(2,302)**	9,107
Other liabilities	**-**	-	**(146,691)**	(151,251)	**(146,691)**	(151,251)
Payables and accruals	**323,510**	419,150	**7**	(19,126)	**323,517**	400,024
Tax losses recognised	**3,038,655**	1,087,281	**3,115**	-	**3,041,770**	1,087,281
Others	**184,265**	216,862	**(3,130)**	(6,406)	**181,135**	210,456
Tax assets / (liabilities)	**3,547,226**	1,723,488	**(2,394,002)**	(1,487,364)	**1,153,224**	236,124

Income tax recognised in other comprehensive income:

	2013			2012		
	Before tax	**Tax (expense) / credit**	**Net of tax**	Before tax	Tax (expense) / credit	Net of tax
	AED '000	**AED '000**	**AED '000**	AED '000	AED '000	AED '000
Net change in fair value of available-for-sale financial assets	**3,208,988**	**-**	**3,208,988**	676,868	-	676,868
Effective portion of changes in fair values of cash flow hedges and other reserves	**258,406**	**9,315**	**267,721**	184,315	(42,442)	141,873
Net change in translation reserve	**86,363**	**-**	**86,363**	140,696	-	140,696
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	**248,413**	**-**	**248,413**	(48,117)	-	(48,117)
Share of movements in translation reserve of equity accounted investees	**50,752**	**-**	**50,752**	74,736	-	74,736
Net movement in defined benefits plan	**27,767**	**(5,609)**	**22,158**	301,939	(76,000)	225,939
	3,880,689	**3,706**	**3,884,395**	1,330,437	(118,442)	1,211,995

36 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 [9]	**Carrying amount as at 31 Dec 2013 AED '000**	Carrying amount as at 31 Dec 2012 AED '000	Currently classified as [8]
Future economic benefits certain					
Madinat Zayed [1]	2008	143,111,825	-	-	PPE
Arzanah land	2006	13,302,119	**1,944,109**	1,944,109	Inventory
Arzanah Medical Complex	2006	179,486	-	-	PPE
Military City	2009	12,242,393	-	-	PPE
Al Maryah Island - Abu Dhabi Financial centre [2]	2006	747,019	-	-	IP
Al Maryah Island - Development work in progress [2]	2006	103,985	-	-	Inventory
Al Maryah Island - Plots for sale [2]	2006	4,139,343	**455,735**	537,295	Inventory
Al Maryah Island [2]	2006	697,864	**61,394**	31,087	PPE
New Fish Market	2006	484,448	**17,342**	19,097	IP
New Headquarter	2004	102,675	-	-	PPE
Parking lot - New Headquarter	2009	70,000	-	-	PPE
Musaffah *(see note 15)*	2007	-	-	34,300	IP
Hai Al Dawoody	2009	1,076	-	-	PPE
Hamran	2009	1,076	-	-	PPE
Masdar City Land:					
10MW Power Plant [6]	2008	2,367,200	-	-	PPE
Masdar Headquarter [6]	2008	272,163	-	-	PPE
Project 1 [6]	2008	573,508	-	-	PPE
Khazna [6]	2008	428,619	-	-	PPE
Masdar City [6]	2008	733,765	**83,069**	67,787	IP
Al Falah- Plot 3	2007	1,076,400	-	-	PPE
Future economic benefits uncertain / no future economic benefits [3]					
Jabel Al Dhannah [7]	2009	10,956,700	-	-	N/A
Masdar City Land (remaining portion) [5]	2008	57,082,700	-	-	N/A
Masdar Institute of Science and Technology [6]	2008	353,090	-	-	N/A
Al Reem Island - Sorbonne University [4]	2006	1,001,934	-	-	N/A
Al Maryah Island - Cleveland Clinic [2]	2006	1,007,158	-	-	N/A
Al Maryah Island (remaining portion) [2]	2006	4,907,950	-	-	N/A
Plot P48 Abu Dhabi Island [2]	2013	131,014	-	-	N/A
Khalifa City - Zayed University [4]	2006	8,207,745	-	-	N/A
East Al Reem Island	2006	3,609,265	-	-	N/A
Old Fish Market - New York Institute of Technology [4]	2006	163,877	-	-	N/A
Al Falah- Plot 5	2008	1,599,939	-	-	N/A
Al Falah- Plot 3 (remaining portion)	2007	22,003,401	-	-	N/A
Others	2004-2009	61,965,983	-	-	N/A

36 Government grants *(continued)*

(a) Non-monetary government grants *(continued)*

(i) Land (continued)

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

[2] On the Maryah Island out of the total unsold land area of 11,603,319 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 to Abu Dhabi Financial Centre which has been recognised as investment property except for 103,985 square feet of land which has been recognised as inventory. The Group identified and earmarked certain plots of land for sale at Maryah Island. Accordingly, these plots of land with a land area of 4,139,343 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. Maryah Island includes approximately five million square feet of land earmarked for roads and waterfront for common public use.

Government of Abu Dhabi has granted Mubadala the right to use Plot P48 on Abu Dhabi Island for the purpose of constructing bridge between Maryah Island and Abu Dhabi Island.

[3] Having regard to the disclosure in annotation 5 below, management is of the view that the determination of a value for these parcels of land is not possible since reliable estimates of fair value are not available, the future use of these sites is unknown and there is a possibility that they will not be used for commercial purposes and may 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.

[4] 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 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.

[5] Under the reassessed development strategy for the Masdar City Project ("the Project"), the Company's subsidiary Abu Dhabi Future Energy Company ("ADFEC"), whilst developing a small number of key assets itself, will also act as the master developer for the Project providing all infrastructure and delivering serviced plots for development by third parties. With the revisions to the master plan and overall development strategy it is difficult to reliably determine the future overall Project development cost and associated income streams. In addition, as the economic viability of each individual plot will have to be determined before commencement of construction work, the overall economic benefit to be derived from the Project and the timing thereof, cannot be reasonably determined at this time.

In 2013 the Government of Abu Dhabi approved a reimbursement of AED 1,168,000 thousand towards Masdar City infrastructure costs resulting in a derecognition of infrastructure assets of this amount with a corresponding reduction in additional shareholder contribution *(see note 33(e)).*

36 Government grants *(continued)*

(a) Non-monetary government grants *(continued)*

(i) Land (continued)

[6] The portion of land of Masdar City relating to these buildings has been recognised as property, plant and equipment at nominal value based on the expectation that these building will be used by Abu Dhabi Future Energy Company ("ADFEC") and Mubadala Group to carry out its operations. Further, additional portions of land have been recognised as Investment properties based on their commercial use.

Construction of Masdar Institute of Science and Technology building is complete and the building has been handed over. Legal title to the building is in the process of being transferred to ADEC. There is no envisaged future economic benefits accruing to Masdar from the underlying land and accordingly this parcel of land has been reclassified in Future Economic Benefit Nil category.

[7] The Jabel Al Dhannah land has been identified previously for the purpose of construction of a Hydrogen Power Plant. The project has been suspended till further notice until the ADFEC gets clear guidance from government and accordingly, has been classified under uncertain future economic benefit category.

[8] In the above table, PPE stands for property, plant and equipment and IP stands for investment property.

[9] Land 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" and the Urban Planning Council have granted certain subsidiaries, the right to use certain plots of land, owned by these parties, free of charge.

(b) Monetary government grants

i) 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 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. As at 31 December 2013 the Group had an outstanding commitment to invest an additional AED 15,793 thousand *(31 December 2012: AED 39,962 thousand)* in the Fund.

ii) Monetary grants include grants received / acquired to compensate the Group for expenses to be incurred, these 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 as government grant income on a systematic basis.

Furthermore, monetary grants include grants related to assets, which are received to compensate for cost of assets. Such assets are carried at cost, less the value of grants received.

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

36 Government grants *(continued)*

(b) Monetary government grants *(continued)*

During the year movement in government grants were as follows:

	2013	2012
	AED '000	AED '000
		(Restated)
At 1 January	**2,182,716**	2,371,669
Additions	**447,690**	597,235
Amortised during the year	**(718,667)**	(628,567)
Other movements	**(26,174)**	(157,621)
At 31 December	**1,885,565**	2,182,716
Current	**316,892**	307,529
Non-current	**1,568,673**	1,875,187
	1,885,565	2,182,716

The Group receives grants primarily in relation to construction and operation of wafer manufacturing facilities, employment and 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 fulfill 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 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. For receivables against government grants refer note 21.

37 Employee benefits

The Group operates various pension schemes for its employees in Switzerland, UK and Ireland.

In Switzerland, the employees of one of the Group's subsidiary are covered by two pension plans. The "General Pension Scheme" conforms to Swiss Pension Law which stipulates certain minimum benefits for all employees above certain earnings levels. The "Management Insurance Scheme" provides additional benefits to management personnel exceeding certain salary thresholds. Both schemes qualify as defined benefit schemes. In addition, the Swiss subsidiaries also provide for further benefits, shown below as "Employee benefits", which relate to jubilee gratifications and to early retirement for shift employees.

In the UK, a defined benefit pension scheme was in place until 2010 when the scheme was settled following the decision to restructure the operations in UK. For employees in Ireland defined contribution schemes are in place.

	2013	2012
	AED '000	AED '000
		(Restated)
Defined benefit asset / (liability) arising from defined benefits pension plan	**5,472**	(34,263)
Pension liabilities arising from other employee benefits	**(26,562)**	(23,780)
	(21,090)	(58,043)

37 Employee benefits *(continued)*

The amounts recognised in the consolidated statement of financial position are determined as follows:

	Defined benefit pension plans 2013 AED '000	**Other employee benefits 2013 AED '000**	Defined benefit pension plans 2012 AED '000 (Restated)	Other employee benefits 2012 AED '000 (Restated)
Present value of defined benefit obligation	**(3,583,882)**	**(26,562)**	(3,540,350)	(23,780)
Fair value of plan assets	**3,691,593**	**-**	3,506,087	-
Funded status	**107,711**	**(26,562)**	(34,263)	(23,780)
Unrecognised asset due to asset ceiling	**(102,239)**	**-**	-	-
	5,472	**(26,562)**	(34,263)	(23,780)

The movement in the defined benefit obligation over the year is as follows:

	2013 AED '000	2012 AED '000 (Restated)
At 1 January	**3,540,350**	3,883,868
Foreign exchange difference	**100,025**	101,800
Net current service cost	**69,315**	92,329
Interest cost	**67,654**	89,834
Contribution by plan participants	**48,472**	47,004
Benefits paid	**(121,930)**	(364,251)
Gain due to experience	**(29,137)**	(58,919)
Losses due to demographic assumptions	**-**	111,936
Gain due to financial assumptions	**(90,867)**	(72,388)
Past service costs	**-**	(290,863)
At 31 December	**3,583,882**	3,540,350

The movement in the fair value of plan assets for the year is as follows:

	2013 AED '000	2012 AED '000 (Restated)
At 1 January	**3,506,087**	3,296,906
Foreign exchange difference	**105,003**	98,720
Employer contributions	**83,441**	71,015
Employee contributions	**48,472**	47,004
Net benefits paid	**(121,930)**	(364,251)
Actual administration expenses paid	**(3,326)**	(3,216)
Interest income on plan assets	**68,244**	77,342
Return on plan assets (excluding amount included in interest income)	**5,602**	282,567
At 31 December	**3,691,593**	3,506,087

37 Employee benefits *(continued)*

Plan assets consist of the following:

	2013	2012
	AED '000	AED '000
Equity securities	**833,521**	773,186
Bonds	**1,499,108**	1,378,318
Investment in property	**743,950**	734,621
Other	**615,014**	619,962
	3,691,593	3,506,087

Pension plan assets do not include any shares of the Company.

Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity and property investments reflect long-term rates of return experienced in the respective markets.

In arriving at the above results, the following assumptions were applied:

	2013	2012
Discount rate	**2.25%**	2.00%
Future salary increases	**1.25%**	1.25%
Future pension increases	**0.00%**	0.00%

Assumptions regarding future mortality are set based on advice, published statistics and experience.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and life expectancy increases. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 0.25% higher (lower), the defined benefit obligation would decrease by 3.2% (increase by 3.4%).
- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by 0.1% (decrease by 0.1%).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by 2.0% (decrease by 2.0%).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

37 Employee benefits *(continued)*

The components of employee benefit expense are as follows:

	Defined benefit pension plans 2013 AED '000	Defined benefit pension plans 2012 AED '000
Service costs / (income)	**69,315**	(198,534)
Net interest (income) / costs	**(591)**	12,492
Administration expenses	**3,326**	3,216
Net periodic employee benefit cost / (income)	**72,050**	(182,826)

The Group's incorporated loss from the defined benefit plans is AED 72,050 thousand in 2013 (2012: gain of AED 182,826 thousand); the cost related to defined contribution employee benefit schemes amounted to AED 3,965 thousand (2012: AED 4,314 thousand). All employee benefit costs are included in personnel costs. The expected contributions to defined benefit plans for 2014 amount to AED 88,540 thousand.

The resulted net periodic employee benefit income in 2012 was based on the decisions made by the trustee boards to reduce conversion rates and spouses' pension, which qualified as past service credits.

The movement in the other comprehensive income over the year is as follows:

	Defined benefit pension plans 2013 AED '000	Defined benefit pension plans 2012 AED '000
Defined benefit obligation loss due to change in demographic assumptions	**-**	(111,936)
Defined benefit obligation gain due to change in financial assumptions	**90,867**	72,388
Defined benefit obligation gain due to experience	**29,137**	58,919
Return on plan assets excluding amount included in interest income	**5,602**	282,568
Change in irrecoverable surplus, effect of asset ceiling	**(97,839)**	-
Total remeasurement recognised in the other comprehensive income	**27,767**	301,939

The net employee benefit assets and liabilities movement is summarised as follows:

	Defined benefit pension plans 2013 AED '000	Defined benefit pension plans 2012 AED '000
Liabilities at 1 January	**(34,263)**	(586,968)
Net periodic employee benefit (cost) / income	**(72,050)**	182,826
Remeasurements recognised in the other comprehensive income	**27,767**	301,939
Employer contributions	**83,441**	71,015
Foreign exchange difference	**577**	(3,075)
Assets / (liabilities) at 31 December	**5,472**	(34,263)

38 Financial instruments

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are detailed below.

Risk management framework

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

The Group's risk management policies are established to identify and 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 Group’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.

38 Financial instruments *(continued)*

(a) Credit risk

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

Loans and receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, 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.

Approximately 51 percent *(2012: 58 percent)* of the receivables and 58 percent *(2012: 55 percent)* of loans receivables are from related parties primarily parties under common control of the Company's shareholder, jointly controlled entities and associates. However, this concentration of credit risk is mitigated by the fact that the overall exposure is being spread over a number of customers.

Investments

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

Guarantees

The Company provides guarantees to third parties on behalf of its wholly owned subsidiaries and on behalf of joint ventures in proportion to the Company's wholly owned subsidiaries' interests in the joint ventures *(see note 34)*.

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 was:

	2013	2012
	AED '000	AED '000
Financial investments at fair value through profit or loss		
Convertible and other bonds issued by related parties	**95,005**	609,326
Other convertible bonds	**578,180**	578,180
Other bonds	**630,690**	240,207
Derivative assets	**132,560**	60,520
Other derivative assets	**88,518**	88,792
Receivables and prepayments		
Service concession receivables	**7,261,647**	7,654,055
Due from related parties	**3,808,492**	6,067,315
Other receivables	**3,085,097**	3,107,968
Trade receivables	**3,117,565**	2,808,035
Restricted and long term deposits	**1,305,525**	1,566,374
Receivable against sale of land	**789,831**	725,623
Contract work in progress	**303,504**	525,740
Loans receivable	**23,063,858**	28,579,948
Other assets	**128,385**	35,242
Finance lease receivables	**2,281,767**	1,553,244
Cash at bank	**21,683,935**	11,724,392
	68,354,559	65,924,961

38 Financial instruments *(continued)*

(a) Credit risk *(continued)*

For movement in service concession receivables please refer to note 21.

For collateral held against loans receivable, refer to note 19. The ageing of the loans receivable is as follows:

	2013		2012	
	Gross AED '000	**Impairment AED '000**	Gross AED '000	Impairment AED '000
Not past due	**23,393,721**	**(939,418)**	28,370,038	(41,458)
Past due 0 - 120 days	**159,750**	**(11,847)**	131,525	-
Past due 121- 180 days	**18,368**	**-**	79,680	(31,444)
Past due above 180 days	**563,521**	**(120,237)**	71,607	-
	24,135,360	**(1,071,502)**	28,652,850	(72,902)

Approximately 44 percent *(2012: 55 percent)* of loans neither past due nor impaired are loans receivable from related parties.

The ageing of the financial assets, other than loans receivable is as follows:

	2013		2012	
	Gross AED '000	**Impairment AED '000**	Gross AED '000	Impairment AED '000
Not past due	**43,458,955**	**(1,089,972)**	35,476,731	(964,456)
Past due 0 - 120 days	**1,500,519**	**(28,739)**	1,252,997	(47,246)
Past due 121- 180 days	**672,937**	**(15,458)**	157,603	(10,775)
Past due above 180 days	**1,077,396**	**(284,937)**	1,654,407	(174,248)
	46,709,807	**(1,419,106)**	38,541,738	(1,196,725)

The entities within the Group have their respective policies to deal with creditworthy customers. Geographically, there is relatively higher concentration of credit risk in United Arab Emirates, North and South America.

The movement in allowance for impairment in respect of loans, trade receivables and other financial assets during the year was as follows:

	2013 AED '000	2012 AED '000
At 1 January	**1,269,627**	1,184,114
Provision during the year	**1,276,061**	180,887
Effect of exchange rate difference	**14,874**	(42,578)
Written off during the year	**(69,954)**	(52,796)
At 31 December	**2,490,608**	1,269,627

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity in the form of short-term liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

38 Financial instruments *(continued)*

(b) ***Liquidity risk*** *(continued)*

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

		2013					2012				
	Note	**Carrying value AED '000**	**Contractual cash flows AED '000**	**1 year or less AED '000**	**1-5 years AED '000**	**More than 5 years AED '000**	Carrying value AED '000	Contractual cash flows AED '000	1 year or less AED '000	1-5 years AED '000	More than 5 years AED '000
Non - derivative financial liabilities											
Payables and accruals	*26*	**12,692,597**	**(12,692,597)**	**(12,692,597)**	**-**	**-**	11,389,552	(11,299,172)	(11,299,172)	-	-
Interest bearing borrowings	*28*	**41,918,382**	**(48,665,439)**	**(9,959,486)**	**(18,339,065)**	**(20,366,888)**	41,126,660	(48,267,587)	(6,879,348)	(21,082,841)	(20,305,398)
Obligation under finance lease	*30*	**1,348,952**	**(1,850,821)**	**(334,326)**	**(994,612)**	**(521,883)**	1,609,610	(2,168,043)	(429,276)	(1,149,355)	(589,412)
Amounts due to equity accounted investees	*17*	**1,302,780**	**(1,302,780)**	**(1,302,780)**	**-**	**-**	1,266,873	(1,266,873)	(1,266,873)	-	-
Other liabilities	*29*	**200,830**	**(221,899)**	**-**	**(221,899)**	**-**	542,596	(548,104)	(122,343)	(268,646)	(157,115)
Bank overdraft	*24*	**-**	**-**	**-**	**-**	**-**	2,695	(2,695)	(2,695)	-	-
Derivative financial liabilities											
Derivatives designated and effective as hedging instruments carried at fair value											
Interest rate swaps	*27*	**489,371**	**(516,994)**	**(120,050)**	**(308,544)**	**(88,400)**	739,812	(843,289)	(153,880)	(456,717)	(232,692)
Foreign exchange forward contracts	*27*	**19,088**	**(19,088)**	**(19,088)**	**-**	**-**	17,662	(17,662)	(17,662)	-	-
Financial liabilities designated at fair value through profit or loss											
Interest rate swaps	*27*	**618,499**	**(1,547,881)**	**(111,400)**	**(337,354)**	**(1,099,127)**	1,036,054	(3,731,954)	(265,406)	(959,851)	(2,506,697)
Foreign exchange forward contracts	*27*	**38,904**	**(353,879)**	**(22,071)**	**(331,808)**	**-**	32,939	(1,568,745)	(1,303,946)	(264,799)	-
Financial liabilities held for trading											
Equity options	*27*	**33,021**	**(845)**	**(845)**	**-**	**-**	13,102	(13,102)	(13,102)	-	-
Equity swaps	*27*	**42,092**	**(42,092)**	**(42,092)**	**-**	**-**	11,673	(11,673)	(11,673)	-	-
Exchange traded securities	*27*	**42,638**	**(74,814)**	**(74,814)**	**-**	**-**	153,651	(153,651)	(153,651)	-	-
		58,747,154	**(67,289,129)**	**(24,679,549)**	**(20,533,282)**	**(22,076,298)**	57,942,879	(69,892,550)	(21,919,027)	(24,182,209)	(23,791,314)

The total undrawn borrowing facilities as at the reporting date is AED 10,454,671 thousand *(2012: AED 10,580,248 thousand)* .

To the extent that interest is based on floating rates, the undiscounted amount is derived from spot 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 spot rates at the reporting date.

38 Financial instruments *(continued)*

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's 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. The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency risk

The Group is exposed to currency risk on its transactions, investments and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the Euro (EUR), British Pound (GBP), Swiss Francs (CHF) and Singapore Dollar (SGD).

The Group’s transactions and balance sheet risks are limited, as a significant proportion of its foreign currency transactions, monetary assets and liabilities are denominated in USD, where the exchange rate for conversion to the functional currency of the Company is pegged. It is the Group’s policy to obtain Euro denominated loans to economically hedge its investments in Euro and in certain cases it uses derivatives to hedge its investments in Euros.

Exposure to currency risk

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

	2013			
	EUR ’000	**GBP '000**	**CHF '000**	**SGD '000**
Fair value through profit or loss investments	**224,289**	**744**	**4,844**	**-**
Available for sale financial assets	**141**	**-**	**-**	**-**
Trade and other receivables	**160,984**	**22,174**	**123,549**	**39,531**
Loans receivable	**109,701**	**97,509**	**6,893**	**-**
Cash and cash equivalents	**78,015**	**97,817**	**61,794**	**39,292**
Restricted Cash	**2,096**	**-**	**-**	**-**
Other assets	**715**	**-**	**-**	**-**
Trade and other payables	**(212,161)**	**(24,612)**	**(195,305)**	**(55,125)**
Interest bearing borrowings	**(616,241)**	**(258,750)**	**(83,272)**	**-**
Obligations under finance leases	**(154,305)**	**-**	**-**	**(107,492)**
Financial Liabilities at Fair Value	**(10,567)**	**(2,190)**	**(1,825)**	**-**
Other liabilities	**-**	**-**	**(3,082)**	**-**
Net exposure	**(417,333)**	**(67,308)**	**(86,404)**	**(83,794)**

	2012			
	EUR ’000	GBP '000	CHF '000	SGD '000
Fair value through profit or loss investments	101,682	6,820	-	-
Available for sale financial assets	5,090	-	-	-
Trade and other receivables	212,084	18,220	74,684	15,488
Loans receivable	83,541	75,079	43,083	13,952
Cash and cash equivalents	425,493	47,431	23,679	35,152
Restricted cash	-	-	-	-
Other assets	-	-	-	-
Trade and other payables	(167,067)	(29,049)	(151,755)	(58,729)
Obligations under finance leases	(148,985)	-	-	(121,297)
Interest bearing borrowings	(616,008)	(134,930)	(112,361)	-
Financial liabilities at fair value	(3,452)	(3,268)	-	-
Other liabilities	(31,414)	-	-	(47,096)
Net exposure	(139,036)	(19,697)	(122,670)	(162,530)

38 Financial instruments *(continued)*

(c) Market risk *(continued)*

Currency risk *(continued)*

The following significant exchange rates applied during the year:

	2013			
	EUR - AED	**GBP - AED**	**CHF - AED**	**SGD - AED**
Closing rate	**5.0686**	**6.0605**	**4.1374**	**2.8976**
Average rate	**4.8788**	**5.7464**	**3.9647**	**2.9362**

	2012			
	EUR - AED	GBP - AED	CHF - AED	SGD - AED
Closing rate	4.8543	5.9329	4.021	3.0009
Average rate	4.7327	5.8249	3.9222	2.938

Sensitivity analysis

A 10 percent strengthening of the AED against the EUR, GBP, CHF and SGD at 31 December would have increased / (decreased) equity and consolidated profit or loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2012.

	Equity AED '000	**Profit / (loss) AED '000**
31 December 2013		
Euro	**(71)**	**91,906**
GBP	**-**	**38,921**
CHF	**-**	**35,749**
SGD	**-**	**24,280**
31 December 2012		
Euro	(2,471)	(51,393)
GBP	-	(32,290)
CHF	-	35,267
SGD	-	48,774

A 10 percent weakening of the AED against EUR, GBP, CHF and SGD at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The Group adopts a policy of ensuring that its exposure to significant changes in interest rates is reduced by hedging such risks. This is achieved by entering into interest rate collars and interest rate swaps.

38 Financial instruments *(continued)*

(c) Market risk *(continued)*

Interest rate risk *(continued)*

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

	2013	2012
	AED '000	AED '000
Fixed rate instruments		
Financial assets	**30,212,784**	17,184,588
Financial liabilities	**(22,929,817)**	(20,817,925)
	7,282,967	(3,633,337)
Variable rate instruments		
Financial assets	**14,146,499**	16,304,206
Financial liabilities	**(21,030,444)**	(22,600,042)
	(6,883,945)	(6,295,836)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2012.

	Profit/ (loss)	
	100bp increase	**100bp decrease**
31 December 2013		
In thousands of AED		
Variable rate instruments	**(55,506)**	**55,506**
31 December 2012		
In thousands of AED		
Variable rate instruments	(47,590)	47,590

38 Financial instruments *(continued)*

(c) ***Market risk*** *(continued)*

Other market price risk

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

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

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

	Effect on profit or loss AED '000	Effect on equity AED '000
31 December 2013		
Effect of change in equity portfolio of the Group	**(559,400)**	**(449,132)**
31 December 2012		
Effect of change in equity portfolio of the Group	(444,164)	(241,869)

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

	Effect on profit or loss AED '000	Effect on equity AED '000
31 December 2013		
Effect of change in equity portfolio of the Group	**559,400**	**449,132**
31 December 2012		
Effect of change in equity portfolio of the Group	444,164	241,869

38 Financial instruments *(continued)*

(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).

As at 31 December 2013

		Fair value			
Financial asset/ liability	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**
Financial assets measured at fair value					
Financial assets designated at FVTPL					
Quoted investments					
Equity securities	**8,756,887**	**8,756,887**	**-**	**-**	**8,756,887**
Un-quoted investments					
Equity securities	**551,025**	**-**	**-**	**551,025**	**551,025**
Investments funds	**5,368,185**	**-**	**-**	**5,368,185**	**5,368,185**
Derivative assets	**116,717**	**-**	**116,717**	**-**	**116,717**
Financial assets held for trading (FVTPL)					
Quoted investments					
Equity securities	**2,431,117**	**2,431,117**	**-**	**-**	**2,431,117**
Debt securities other than convertible bonds	**725,695**	**-**	**725,695**	**-**	**725,695**
Derivative assets	**15,843**	**15,843**	**-**	**-**	**15,843**
Available for sale investments					
Quoted investments					
Equity securities	**9,011,925**	**9,011,925**	**-**	**-**	**9,011,925**
Un-quoted investments					
Convertible bonds [1]	**578,180**				
Equity securities [1]	**32,656**				
Other financial assets					
Derivative assets	**88,518**	**-**	**88,518**	**-**	**88,518**
	27,676,748	**20,215,772**	**930,930**	**5,919,210**	**27,065,912**
Financial assets not measured at fair value					
Receivables and prepayments	**19,671,661**				**19,671,661**
Loans receivable	**23,063,858**				**23,063,858**
Finance lease receivables	**2,281,767**				**2,281,767**
Other assets	**128,385**				**128,385**
Cash and cash equivalents	**21,688,577**				**21,688,577**
	66,834,248				**66,834,248**
Financial liabilities measured at fair value					
Derivatives designated and effective as hedging instruments carried at fair value					
Interest rate swaps	**489,371**	**-**	**489,371**	**-**	**489,371**
Foreign exchange forward contracts	**19,088**	**-**	**19,088**	**-**	**19,088**
Financial liabilities designated at fair value through profit or loss					
Interest rate swaps	**618,499**	**-**	**618,499**	**-**	**618,499**
Foreign exchange forward contracts	**38,904**	**-**	**38,904**	**-**	**38,904**
Financial liabilities held for trading					
Equity options	**33,021**	**-**	**33,021**	**-**	**33,021**
Equity swaps	**42,092**	**-**	**42,092**	**-**	**42,092**
Exchange traded securities	**42,638**	**42,638**	**-**	**-**	**42,638**
	1,283,613	**42,638**	**1,240,975**	**-**	**1,283,613**
Financial liabilities not measured at fair value					
Payables and accruals	**12,692,597**				**12,692,597**
Obligation under finance lease	**1,348,952**				**1,348,952**
Amounts due to equity accounted investees	**1,302,780**				**1,302,780**
Other liabilities	**200,830**				**200,830**
Interest bearing borrowings	**41,918,382**	**12,852,185**	**-**	**30,029,968**	**42,882,153**
	57,463,541				**58,427,312**

38 Financial instruments *(continued)*

(d) Fair value (continued)

As at 31 December 2012

Financial asset/ liability	Carrying amount AED '000	Fair value Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Financial assets measured at fair value					
Financial assets designated at FVTPL					
Quoted investments					
Equity securities	6,491,174	6,491,174	-	-	6,491,174
Un-quoted investments					
Equity securities	551,025	-	-	551,025	551,025
Investments funds	2,843,881	-	-	2,843,881	2,843,881
Convertible bonds	508,780	-	508,780	-	508,780
Derivative assets	59,387	-	59,387	-	59,387
Financial assets held for trading (FVTPL)					
Quoted investments					
Equity securities	2,203,359	2,203,359	-	-	2,203,359
Debt securities other than convertible bonds	340,753	-	340,753	-	340,753
Derivative assets	1,133	1,133	-	-	1,133
Available for sale investments					
Quoted investments					
Equity securities	4,890,503	4,890,503	-	-	4,890,503
Un-quoted investments					
Convertible bonds [1]	578,180				
Equity securities [1]	141,755				
Other financial assets					
Derivative assets	88,792	-	88,792	-	88,792
	18,698,722	13,586,169	997,712	3,394,906	17,978,787
Financial assets not measured at fair value					
Receivables and prepayments	22,455,110				22,455,110
Loans receivable	28,579,948				28,579,948
Finance lease receivables	1,553,244				1,553,244
Other assets	35,242				35,242
Cash and cash equivalents	11,724,680				11,724,680
	64,348,224				64,348,224
Financial liabilities measured at fair value					
Derivatives designated and effective as hedging instruments carried at fair value					
Interest rate swaps	739,812	-	739,812	-	739,812
Foreign exchange forward contracts	17,662	-	17,662	-	17,662
Financial liabilities designated at fair value through profit or loss					
Interest rate swaps	1,036,054	-	1,036,054	-	1,036,054
Foreign exchange forward contracts	32,939	-	32,939	-	32,939
Financial liabilities held for trading					
Equity options	13,102	-	13,102	-	13,102
Equity swaps	11,673	-	11,673	-	11,673
Exchange traded securities	153,651	153,651		-	153,651
	2,004,893	153,651	1,851,242	-	2,004,893
Financial liabilities not measured at fair value					
Payables and accruals	11,389,552				11,389,552
Obligation under finance lease	1,609,610				1,609,610
Amounts due to equity accounted investees	1,266,873				1,266,873
Other liabilities	542,596				542,596
Interest bearing borrowings	41,126,660	13,285,645	-	29,441,905	42,727,550
	55,935,291				57,536,181

38 Financial instruments *(continued)*

(d) ***Fair value*** *(continued)*

[1] Unquoted equity investments are carried at cost less impairment, since no reliable measure of fair value is available.

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

Type of financial asset/ liability	**Valuation techniques and key inputs**	**Significant unobservable inputs**
Financial assets designated at FVTPL - Quoted equity securities	Quoted bid prices in an active market	N/A
Financial assets designated at FVTPL - Unquoted equity securities	Combination of market and income approach	Discount rate of 8.5 percent, average growth rate of 19 percent, spot prices of quoted securities taking into account management's experience and knowledge of market conditions of the specific industries.
Investment funds designated at FVTPL	Combination of market and income approach	Net assets value provided by the fund manager taking into consideration management experience and knowledge of market conditions.
Derivative assets designated at FVTPL	Market approach	N/A
Debt securities other than convertible bonds held for trading	Market approach	N/A
Financial assets held for trading (FVTPL)	Quoted bid prices in an active market	N/A
Available for sale investments - Quoted equity securities	Quoted bid prices in an active market	N/A
Available for sale investments -Unquoted equity securities	Combination of market and income approach	Discount rate of 6.8 percent, exit cap rates of 5.3 - 5.8 percent and rent growth rates of 4.5 - 4.8 percent, taking into account management's experience and knowledge of market conditions of the specific industries.
Derivative assets	Net present value of estimated cashflows	N/A
Interest rate swaps and foreign exchange forward contracts designated for hedging	Net present value of estimated cashflows	N/A
Interest rate swaps and foreign exchange forward contracts designated at FVTPL	Net present value of estimated cashflows	N/A
Equity options and exchange traded securities held for trading	Net present value of estimated cashflows	N/A
Equity swaps held for trading	Net present value of estimated cashflows	N/A

38 Financial instruments *(continued)*

(d) Fair value (continued)

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

	2013		2012	
	Equity securities AED '000	**Investments funds AED '000**	Equity securities AED '000	Investments funds AED '000
At 1 January	**551,025**	**2,843,881**	551,025	2,700,268
Additions during the year	**-**	**1,960,095**	-	972,672
Increase in fair value recognised in profit or loss *(net)* [2]	**-**	**710,322**	-	284,456
Disposals during the year [1]	**-**	**(146,113)**	-	(1,113,515)
At 31 December	**551,025**	**5,368,185**	551,025	2,843,881

[1] Disposals include the disposal of a financial asset at fair value through profit or loss resulted in gain of AED nil *(2012: AED nil).*

[2] Includes increase in fair value recognised in profit or loss, attributable to assets held at the reporting date, amounts to AED 700,936 thousand *(2012: AED 307,912 thousand).* The total net increase in fair value was recorded in 'Gain / (loss) from financial investments (net)' in the consolidated statement of comprehensive income.

(e) Capital management

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

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

Certain subsidiaries are subject to debt covenants requiring the maintenance of specific debt to equity ratios. Furthermore, the Company and its subsidiaries incorporated in the UAE are subject to certain requirements of the UAE Federal Law No. 8 of 1984 (as amended) to maintain a statutory reserve *(see note 32)* , which they are compliant with.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within a range to meet the business needs of the Group. The Group includes within net debt, interest bearing borrowings and finance lease less cash and cash equivalents. Capital includes issued share capital, reserves, additional shareholder contributions, Government grants, and non-controlling interest.

	2013 AED '000	2012 AED '000
Interest bearing borrowings *(see note 28)*	**41,918,382**	41,126,660
Obligation under finance lease *(see note 30)*	**1,348,952**	1,609,610
Less: cash and cash equivalents *(see note 24)*	**(21,688,577)**	(11,724,680)
Net debt	**21,578,757**	31,011,590
Total capital	**157,544,977**	135,526,651
Total capital and net debt	**179,123,734**	166,538,241
Gearing ratio	**12%**	19%

39 Significant accounting estimates and judgements

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

a) Significant accounting estimates

Impairment losses and determination of fair values

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 available for sale investments, trade and other receivables and other items *disclosed in note 38(a)* . In determining whether impairment losses should be recorded in profit or loss, the Group makes judgments 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. *Refer to notes 13 and 14* for impairment key assumptions on property, plant and equipment, and intangible assets.

Determination of fair values

Refer to *notes 15, 18, 27 and 38* for determination of fair values of investment properties and financial instruments.

Estimated useful lives of property, plant and equipment

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(l)* for details of the estimated useful lives of property, plant and equipment.

Quantities of proved oil and gas reserves

Depreciation on certain property, plant and equipment is estimated on the basis of oil and gas reserves. There are numerous uncertainties inherent in estimating quantities of proved 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 judgments. Results of drilling, testing, and production subsequent to the date of the estimate may justify the revision of such estimates. Accordingly, reserve estimates are often different from the quantities of 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.

Estimation of costs

As per the service concession arrangement the Group will render repairs and maintenance services to the universities during the concession period. Management has estimated the timing and cost of such cash outflows for such maintenance, which may both change in the future. This may change the project profitability in the future years and the effective interest rate on receivables.

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various 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 judgment 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.

Income taxes

The Group entities operate in various tax jurisdictions. In determining taxable income for financial statement reporting purposes, management must make certain estimates and judgments specific to taxation issues. These estimates and judgments are applied in the calculation of certain tax liabilities and in the determination of the recoverability of deferred tax assets, which arise from temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes.

39 Significant accounting estimates and judgements *(continued)*

a) Significant accounting estimates *(continued)*

Income taxes(continued)

In one of the Group's subsidiary, for recognising the deferred tax asset of AED 296,082 thousand against carried forward tax losses for its foreign operations during the year ended 31 December 2013, the management considered eleven years projections due to a transfer pricing agreement between Group entities within different jurisdictions are certain and the probability of achieving the profitability is protected by this agreement.

A deferred tax asset is recognised for deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Management assesses the likelihood that whether the Group will be able to recover deferred tax assets. If recovery is not probable, the deferred tax assets are derecognised. Past performance, and future expected taxable income are considered in determining whether to recognise the deferred tax assets or not.

b) Significant judgements

Possibility of future economic benefits from land received as government grants

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

Decommissioning liabilities

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

Income taxes

In one of the Group's subsidiary, deferred tax benefit of AED 174,921 thousand was recognised during the year ended 31 December 2013 as a result of favorable case law interpretation of previous EU commission rulings, which the Group believes permits it to recognise the pre-acquisition net operating losses that were previously deemed to be forfeited.

Determining whether a contract is a service concession

Determining whether an arrangement is a service concession, to which *International Financial Reporting Interpretations Committee (“IFRIC”) 12 – Service Concession Arrangements* applies, requires significant judgements by management. As per the terms of the concession agreements, grantors control and regulate the activities of the Universities and the services to be performed by the Group. The grantors control the residual interest in the Universities at the end of the concession period.

Furthermore, as per the terms of the arrangement, in addition to a fixed availability charge for construction of the Universities and rendering of facility management services the Group will also receive small rental income from the letting out of commercial spaces in the universities.

Therefore the Group’s consideration is divided into two components - financial assets component based on the guaranteed amount and intangible assets for the remainder.

Revenue recognition for construction contract

Revenue from construction contracts is recognised in the profit or loss when the outcome of a contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation and construction margin) that depend on the outcome of future events. These estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

Project expenses

Project expenses comprise expenses incurred on screening, feasibility studies and pre-development phases of various business development / investment projects undertaken by the Group. The portion of such expenditure relating to property, plant and equipment is capitalized when there is reasonable certainty that projects will be developed in the future and future economic benefits will flow to the Group. The process of estimating the degree of certainty involves significant judgments on the part of senior management. Some of these projects tend to have long gestation periods and in some cases depend on some form of Government support. Furthermore, in some instances, the project size and economics are reassessed in the light of the changing economic climate, resulting in an increase in the overall project development timelines, or a downsizing of the project or certain of its components. Management periodically assesses the likelihood of such projects proceeding and uses the results of such assessments to determine whether any provision for impairment losses are required. The estimates and underlying judgments are reviewed on an ongoing basis. Actual results may differ from these estimates and judgments.

40 Service concession arrangements

The Group entered into service concession arrangements with grantors to construct certain universities as set out below:

University	Concession period	Commenced from	Grantor
UAE University	25 years	August 2011	UAE University
Sorbonne University	25 years	September 2010	Abu Dhabi Education Council
Zayed University	25 years	August 2011	Abu Dhabi Education Council

The Group will be responsible for maintenance services required during the concession period. The Group does not expect significant repairs to be necessary during the concession period.

The grantors mentioned in the table set out above will provide the Group fixed monthly availability charges as reflected in the agreed finance models and monthly service charges based on actual facility management services rendered till the end of concession period. At the end of the concession period, the universities become the properties of the grantors and it is the intention of the parties that ownership of the land of those universities will also be transferred to the grantors. Upon such transfers, the Group will have no further involvement in their operation or maintenance requirements.

41 Significant non-cash transactions

Current year

During the current year, the Group entered into the following non-cash activities which are not reflected in the consolidated statement of cash flows:

In accordance with Decision 18 of 2013 of the Executive Council, dated and effective 12 February 2013, the Group was required to transfer the Masdar Institute of Science & Technology campus MIST 1A and 1B to the Abu Dhabi Education Council. The impact of the above decision was derecognition in the current period of property, plant and equipment with a carrying amount of AED 3,030,624 thousand *(see note 13 footnote 5)* with a corresponding reduction in additional shareholder contributions *(see note 33(e)).*

In 2013 the Government of Abu Dhabi approved a reimbursement of AED 1,168,000 thousand towards Masdar City infrastructure costs resulting in a derecognition of infrastructure assets of this amount from property, plant and equipment *(see note 13 footnote 5)* with a corresponding reduction in additional shareholder contribution *(see note 33(e)).*

Mubadala has converted its remaining portion of Aldar mandatory convertible bonds in the notional amount of AED 693,876 thousand *(see note 17(a) footnote 2).*

During the current year, the Group has disposed of one of its investment properties on a finance lease agreement to a jointly controlled entity of AED 711,825 thousand. *(see notes 15 & 23).*

During the year, one of the loans was partially repaid in the form of securities for an amount of AED 1,102,000 thousand. *(see note 19)*

Prior year

Acquisition of non-controlling interest in GlobalFoundries Inc. by Advanced Technology Investment Company LLC as a result of limited waiver of an exclusivity arrangement with a customer *(see note 5(a)(ii)).*

Acquisition of additional stake in Take off Top Luxco from 70% to 100% *(see note 5(a)(iii)).*

42 Comparative figures

a) As of result of adoption of IAS 19 Employee Benefits (as revised in 2011) from 1 January 2013, with retrospective application, the cumulative effect on the pension reserve as at 1 January 2012 was decrease by AED 689,801 thousand with the corresponding effect of decrease in pension assets by AED 278,237 thousand, decrease in deferred tax liabilities by AED 174,611 thousand and increase in pension liabilities by AED 586,175 thousand. The cumulative effect on the pension reserve as at 1 January 2013 was decrease by AED 463,862 thousand and retained earnings increase was AED 15,059 thousand with the corresponding effect of decrease in pension assets by AED 528,039 thousand, decrease in deferred tax liabilities of AED 113,499 thousand and increase in pension liabilities by AED 34,263 thousand. *Refer to note 2(e)(i).*

b) Certain reclassifications have been made to the comparative figures in the consolidated statement of comprehensive income and consolidated statement of financial position without having any impact on net profit, to conform to the presentation adopted in these consolidated financial statements. The main reclassifications were:

1) During the year, one of the Group’s subsidiaries revised its accounting policy relating to the presentation of capital grants received from the government of Germany to be in line with the Group’s accounting policies. Under this accounting policy, capital grants are deducted in calculating the carrying amount of the asset. In prior years, capital grants were presented as deferred income recognised in profit or loss on a systematic basis over the useful life of the asset. The corresponding effect of the reclassification was a decrease in property, plant and equipment by AED 193,819 thousand, decrease in government grants by AED 91,070 thousand, a decrease in intangible assets by AED 2,446 thousand and a decrease in payables and accruals by AED 105,195 thousand. Furthermore, related depreciation and amortisation have decreased by AED 40,786 thousand and AED 789 thousand respectively with the corresponding decrease in government grant income by AED 41,575 thousand.

2) The Group has reclassified finance income from loans of AED 1,033,189 thousand from 'finance income and net foreign exchange gain' to 'finance income from loans'.