Mubadala Development Company PJSC

Consolidated financial statements
31 December 2014

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 2014, covering the overall performance of the Group in all business sectors.

During the period, Mubadala delivered against its business plan, in line with its mandate to support Abu Dhabi's development and diversification priorities.

Financial Highlights

Revenues were AED 32.7 billion in 2014 compared with AED 31 billion in 2013, primarily due to higher semiconductor, renewables, healthcare and hydrocarbons related revenue. During the year, the largest revenue contributor at approximately 49% of Group revenue was our semiconductor business, followed by aerospace and engineering services at 25% with oil and gas accounting for 17%.

Mubadala reported gross profits of AED 5.7 billion in 2014 compared with AED 5.8 billion in 2013.

Profit before unrealized fair value changes, impairments, net finance expense and taxes were AED 4.3 billion in 2014 compared to AED 2 billion in 2013 primarily due to improved income from investment in equity accounted investees, specifically Emirates Global Aluminium, and disposals during the period.

Profit for the year attributable to the owner of the Group was AED 1 billion compared to AED 1.5 billion in 2013 primarily due to reduced income from financial investments.

Total comprehensive income attributable to the owner of the Group was AED 0.2 billion loss compared to income of AED 5.3 billion in 2013, primarily due to the reduction in value of the financial investments portfolio.

Total assets were AED 243.6 billion in 2014 compared with AED 223.8 billion in 2013 driven by higher cash and deposit balances at the year-end, primarily on account of additional equity contributions and improved operational performance of assets. The increase in equity reflects the continuing support offered by our Shareholder, the Government of Abu Dhabi.

Total liabilities increased to AED 68 billion from AED 66.3 billion in 2013.

Mubadala continues to fulfill a critical role in developing infrastructure and a range of globally integrated industries in alignment with the Government of Abu Dhabi's priorities.

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: 23 March 2015

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 2014 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 2014, 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 2014, 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
23 March 2015

Consolidated statement of comprehensive income
for the year ended 31 December

	Notes	**2014 AED'000**	2013 AED'000
Revenue from sale of goods and services	*6*	**32,661,227**	31,030,412
Cost of sales of goods and services	*7*	**(26,996,919)**	(25,267,345)
Gross profit		**5,664,308**	5,763,067
Income from investments in equity accounted investees *(net)*	*17*	**4,725,432**	3,776,122
Government grant income		**781,137**	741,392
Dividend income	*11*	**750,289**	596,419
Finance income from loans		**327,273**	785,405
Other income *(net)*	*8*	**2,814,488**	1,114,729
Research and development expenses	*9*	**(3,753,859)**	(4,280,730)
Exploration costs		**(661,329)**	(764,104)
Project expenses		**(420,723)**	(451,142)
Other general and administrative expenses	*10*	**(5,936,353)**	(5,268,764)
Profit before unrealised fair value changes, impairments, net finance expense and taxes		**4,290,663**	2,012,394
Income from financial investments *(net)*	*11*	**1,282,950**	3,357,580
Increase in fair value of investment properties *(net)*	*15*	**548,135**	17,261
Impairment on property, plant and equipment	*13*	**(2,225,620)**	(904,447)
Impairment on loans and receivables		**(761,704)**	(1,281,607)
Impairment on intangible assets	*14*	**(346,042)**	(475,655)
Reversal of impairment / (impairment) on equity accounted investees		**76,526**	(307,926)
Profit before net finance expense and taxes		**2,864,908**	2,417,600
Finance income and net foreign exchange gain	*12*	**1,076,063**	847,376
Finance expense	*12*	**(2,092,236)**	(2,247,438)
Net finance expense	*12*	**(1,016,173)**	(1,400,062)
Income before income tax		**1,848,735**	1,017,538
Income tax (expense) / credit	*35*	**(626,599)**	676,168
Profit for the year		**1,222,136**	1,693,706

Consolidated statement of comprehensive income *(continued)*
for the year ended 31 December

	Notes	2014 AED'000	2013 AED'000
Other comprehensive (loss) / income			
Items that may be reclassified to profit or loss in subsequent periods			
Increase in fair value of available for sale financial assets *(net)*		**488,598**	3,226,612
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	*8*	**(743,186)**	(17,624)
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of taxes)*		**(318,600)**	267,721
Net change in translation reserve		**(135,280)**	86,363
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	*17(a, b)*	**(141,355)**	248,413
Share of movements in translation reserve of equity accounted investees	*17(a, b)*	**(448,030)**	50,752
		(1,297,853)	3,862,237
Items that will not be reclassified to profit or loss in subsequent periods			
Net movement in defined benefits plan		**(164,872)**	22,158
Other comprehensive (loss) / income for the year net of income tax		**(1,462,725)**	3,884,395
Total comprehensive (loss) / income for the year		**(240,589)**	5,578,101
Profit for the year		**1,222,136**	1,693,706
Profit attributable to non-controlling interests		**(186,724)**	(241,132)
Profit for the year attributable to the Owner of the Group		**1,035,412**	1,452,574
Total comprehensive (loss) / income for the year		**(240,589)**	5,578,101
Total comprehensive loss / (income) attributable to non-controlling interests		**49,779**	(300,147)
Total comprehensive (loss) / income for the year attributable to the Owner of the Group		**(190,810)**	5,277,954

The notes set out on pages 13 to 120 form an integral part of these consolidated financial statements.

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

Consolidated statement of financial position
as at 31 December

	Notes	**2014 AED'000**	2013 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**83,937,726**	75,135,219
Intangible assets	*14*	**6,454,036**	6,366,852
Investment properties	*15*	**6,801,051**	6,007,684
Investments in equity accounted investees			
- associates	*17(a)*	**10,280,801**	9,858,127
- jointly controlled entities	*17(b)*	**20,716,103**	17,763,970
Financial investments	*18*	**26,405,247**	23,714,045
Loans receivable	*19*	**16,429,840**	20,086,845
Other assets		**144,238**	203,496
Receivables and prepayments	*21*	**8,451,997**	8,179,769
Finance lease receivables	*23*	**4,706,306**	2,165,458
Deferred tax assets	*35*	**1,922,959**	2,194,411
Total non-current assets		**186,250,304**	171,675,876
Current assets			
Inventories	*20*	**6,281,054**	7,529,213
Financial investments	*18*	**2,909,477**	3,962,703
Loans receivable	*19*	**2,828,388**	2,977,013
Receivables and prepayments	*21*	**18,059,990**	13,543,341
Finance lease receivables	*23*	**286,782**	116,309
Cash and cash equivalents	*24*	**25,841,953**	21,688,577
		56,207,644	49,817,156
Assets classified as held for sale	*22*	**1,180,578**	2,322,324
Total current assets		**57,388,222**	52,139,480
Total assets		**243,638,526**	223,815,356

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

	Notes	2014 AED'000	2013 AED'000
Equity			
Share capital	*31*	**28,600,000**	15,000,000
Application for share capital	*33(f)*	**-**	13,600,000
Additional shareholder contributions	*33(e)*	**141,522,778**	123,155,278
Reserves and surplus	*32*	**2,965,328**	3,155,142
Government grants	*36(b)(i)*	**367,350**	367,350
Total equity attributable to the Owner of the Group		**173,455,456**	155,277,770
Non-controlling interests		**2,212,019**	2,267,207
Total equity		**175,667,475**	157,544,977
Non-current liabilities			
Interest bearing borrowings	*28*	**34,730,072**	33,274,849
Government grants	*36(b)(ii)*	**1,239,315**	1,568,673
Obligation under finance lease	*30*	**1,221,194**	1,139,065
Deferred tax liabilities	*35*	**989,104**	1,041,187
Financial liabilities at fair value	*27*	**1,182,322**	987,671
Other liabilities	*29*	**3,527,030**	2,366,522
Total non-current liabilities		**42,889,037**	40,377,967
Current liabilities			
Interest bearing borrowings	*28*	**6,558,752**	8,643,533
Government grants	*36(b)(ii)*	**317,986**	316,892
Obligation under finance lease	*30*	**177,098**	209,887
Payables and accruals	*26*	**15,038,606**	14,069,431
Amounts due to a jointly controlled entity	*17(b)*	**1,147,648**	1,302,780
Income tax payable	*35*	**277,910**	245,942
Financial liabilities at fair value	*27*	**1,026,608**	295,942
		24,544,608	25,084,407
Liabilities classified as held for sale	*22*	**537,406**	808,005
Total current liabilities		**25,082,014**	25,892,412
Total liabilities		**67,971,051**	66,270,379
Total equity and liabilities		**243,638,526**	223,815,356

These consolidated financial statements were authorised for issue by the Board of Directors on 23 March 2015 and were signed on their behalf by:

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

The notes set out on pages 13 to 120 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity
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 equity attributable to the Owner of the Group AED'000	Non-controlling interests 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)*	-	-	-	3,226,612	-	-	-	-	**3,226,612**	-	-	**3,226,612**	-	**3,226,612**
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	-	-	-	(17,624)	-	-	-	-	**(17,624)**	-	-	**(17,624)**	-	**(17,624)**
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**
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 a subsidiary *(see note 5(b))*	-	-	-	-	-	-	-	1,020	**1,020**	-	-	**1,020**	35,608	**36,628**
Other movements	-	-	-	-	-	-	-	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

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 equity attributable to the Owner of the Group AED'000	Non-controlling interests AED'000	Total AED'000
At 1 January 2014	**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**
Profit for the year	-	-	-	-	-	-	-	1,035,412	**1,035,412**	-	-	**1,035,412**	186,724	**1,222,136**
Increase in fair value of available for sale financial assets *(net)*	-	-	-	488,598	-	-	-	-	**488,598**	-	-	**488,598**	-	**488,598**
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	-	-	-	(743,186)	-	-	-	-	**(743,186)**	-	-	**(743,186)**	-	**(743,186)**
Net change in translation reserve	-	-	-	-	101,136	-	-	-	**101,136**	-	-	**101,136**	(236,416)	**(135,280)**
Share of movements in translation reserve of equity accounted investees	-	-	-	-	(448,030)	-	-	-	**(448,030)**	-	-	**(448,030)**	-	**(448,030)**
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	-	-	-	-	-	-	(141,355)	-	**(141,355)**	-	-	**(141,355)**	-	**(141,355)**
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of taxes)*	-	-	-	-	-	-	(318,513)	-	**(318,513)**	-	-	**(318,513)**	(87)	**(318,600)**
Net movement in defined benefits plan	-	-	-	-	-	(164,872)	-	-	**(164,872)**	-	-	**(164,872)**	-	**(164,872)**
Other comprehensive loss	-	-	-	**(254,588)**	**(346,894)**	**(164,872)**	**(459,868)**	-	**(1,226,222)**	-	-	**(1,226,222)**	**(236,503)**	**(1,462,725)**
Total comprehensive (loss) / income	-	-	-	**(254,588)**	**(346,894)**	**(164,872)**	**(459,868)**	**1,035,412**	**(190,810)**	-	-	**(190,810)**	**(49,779)**	**(240,589)**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(30,179)	**(30,179)**
Movements in additional shareholder contributions	-	-	-	-	-	-	-	-	-	18,367,500	-	**18,367,500**	-	**18,367,500**
Transfer to statutory reserve	-	-	122,214	-	-	-	-	(122,214)	-	-	-	-	-	-
Conversion to share capital	13,600,000	(13,600,000)	-	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	996	**996**	-	-	**996**	24,770	**25,766**
At 31 December 2014	**28,600,000**	**-**	**1,108,639**	**5,996,600**	**442,888**	**(606,576)**	**(933,163)**	**(3,043,060)**	**2,965,328**	**141,522,778**	**367,350**	**173,455,456**	**2,212,019**	**175,667,475**

[1] Non distributable reserves

The notes set out on pages 13 to 120 form an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows
for the year ended 31 December

	Notes	**2014 AED'000**	2013 AED'000
Cash flows from operating activities			
Profit for the year		**1,222,136**	1,693,706
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**8,789,584**	8,377,933
Amortisation of intangible assets	*14*	**578,885**	725,208
Amortisation of government grants		**(781,137)**	(741,392)
Change in fair value of investment properties	*15*	**(548,135)**	(17,261)
Impairment on property, plant and equipment and intangible assets	*13,14*	**2,571,662**	1,380,102
Gain on disposal of property, plant and equipment	*8*	**(381,632)**	(174,874)
Intangible assets written off	*14*	**14,670**	171,187
Unrealised gain on financial assets at fair value through profit or loss *(net)*	*11*	**(1,446,491)**	(3,130,755)
Net change in the fair value of derivatives used as economic hedges - not designated for hedge accounting	*11*	**128,023**	(316,516)
Finance income relating to finance lease receivables	*23*	**(229,186)**	(142,094)
(Reversal of impairment) / impairment on equity accounted investees		**(76,526)**	307,926
Impairment on loans and receivables		**761,704**	1,281,607
Impairment on available for sale financial assets	*11*	**35,518**	89,691
Gain on disposal of investment in equity accounted investees	*17*	**(81,514)**	(200,962)
Gain on disposal of investment in subsidiaries, working interests and net assets classified as held for sale	*5(b)*	**(817,555)**	(116,906)
Gain on acquisition of stake in subsidiaries	*8*	**-**	(117,508)
Realised gain on financial assets at fair value through profit or loss *(net)*	*8*	**(332,503)**	(227,051)
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	*8*	**(743,186)**	(17,624)
Share of results of equity accounted investees			
- associates	*17(a)*	**(583,563)**	(843,824)
- jointly controlled entities	*17(b)*	**(4,060,355)**	(2,731,336)
Finance income and net foreign exchange gain	*12*	**(1,076,063)**	(847,376)
Finance expense	*12*	**2,092,236**	2,247,438
(Reversal of provision) / provision for inventory obsolescence		**(35,449)**	95,895
Income tax expense / (credit)	*35*	**626,599**	(676,168)
Dividend income	*11*	**(750,289)**	(596,419)
		4,877,433	5,472,627
Change in inventories		**1,319,847**	290,630
Change in receivables and prepayments		**(4,444,948)**	2,381,803
Change in payables and accruals		**(447,381)**	(408,750)
Change in other liabilities		**764,368**	(184,816)
Change in other assets		**29,873**	11,831
Dividends received from financial investments		**811,223**	578,196
Dividends received from equity accounted investees		**2,573,046**	2,032,868
Finance lease rentals paid		**(502,853)**	(234,654)
Lease rentals received	*23*	**217,425**	125,396
Income taxes paid		**(261,729)**	(467,961)
Net cash generated by operating activities		**4,936,304**	9,597,170

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

	Notes	**2014 AED'000**	2013 AED'000
Cash flows from investing activities			
Proceeds from disposal of equity accounted investees		**380,974**	128,573
Disposal / (acquisitions) of financial investments *(net)*		**1,504,047**	(2,165,606)
Proceeds from disposal of subsidiaries, working interests and net assets classified as held for sale *(net of cash disposed)*	*5(b)*	**1,787,823**	578,719
Investment in equity accounted investees		**(1,820,165)**	(8,248,926)
Acquisition of property, plant and equipment		**(20,343,166)**	(12,348,413)
Acquisition of investment properties	*15*	**(234,561)**	(326,508)
Acquisition of intangible assets		**(1,205,737)**	(933,994)
Proceeds from disposal of property, plant and equipment		**536,174**	406,882
Loans recovered *(net)*		**1,371,167**	3,032,550
Interest received		**404,554**	113,178
Net cash used in investing activities		**(17,618,890)**	(19,763,545)
Cash flows from financing activities			
Proceeds from interest bearing borrowings	*28*	**13,402,441**	13,622,489
Repayment of interest bearing borrowings	*28*	**(13,767,511)**	(13,151,644)
Application for share capital	*33(f)*	**-**	13,600,000
Proceeds from government grants		**969,081**	878,561
Proceeds from disposal of stake in a subsidiary with no loss of control		**-**	36,628
Additional shareholder contributions	*33(e)*	**18,367,500**	7,038,426
Interest paid		**(1,942,002)**	(2,020,678)
Acquisition of non-controlling interest		**-**	(36,223)
Dividends paid to non-controlling interest		**(30,179)**	(4,374)
Change in non-controlling interest		**(8,725)**	-
Net cash generated by financing activities		**16,990,605**	19,963,185
Net increase in cash and cash equivalents		**4,308,019**	9,796,810
Cash and cash equivalents at 1 January		**21,688,577**	11,724,680
Exchange fluctuation on consolidation of foreign entities		**(154,643)**	167,087
Cash and cash equivalents at 31 December	*24*	**25,841,953**	21,688,577

The notes set out on pages 13 to 120 form an integral part of these consolidated financial statements.

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

The independent auditor's 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, renewable energy, semiconductor technology, industry, real estate and infrastructure, financial investments, commercial finance, healthcare, aerospace, information communications technology and defence services.

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 judgments

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

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

Judgments 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.

2 Basis of preparation *(continued)*

(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 the Group's consolidated financial statements

New and revised IFRSs	Summary of requirements
Amendments to IAS 32 *Financial Instruments: Presentation* relating to offsetting financial assets and liabilities	The amendments clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: (a) the meaning of 'currently has a legally enforceable right of set-off'; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; and (d) the unit of account for applying the offsetting requirements.
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	Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* to: (a) provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement;* (b) require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and (c) require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).
Amendments to IAS 36 *Impairment of Assets* relating to recoverable amount disclosures for non-financial assets	The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.
Amendments to IAS 39 *Financial instruments – Recognition and Measurement* amendments for novations of derivatives and continuation of hedge accounting	The amendments make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

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 the Group's consolidated financial statements *(continued)*

New and revised IFRSs	Summary of requirements
IFRIC 21 – *Levies*	IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: (a) the liability is recognised progressively if the obligating event occurs over a period of time; and (b) if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

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*
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
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	1 January 2016
Amendments to IAS 27 *Separate Financial Statements* relating to equity method accounting in separate financial statements	1 January 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure Initiative	1 January 2016

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 *(continued)*

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities*: Applying the Consolidation Exception	1 January 2016
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates* for sale or contribution of assets between an investor and its associates or jointly controlled entities	1 January 2016
Annual improvements 2012-2014 covering amendments to IFRS 5, IFRS 7, IAS 9 and IAS 34	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.

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 15 *Revenue from Contracts with Customers* [1]	Annual periods beginning on or after 1 January 2017
IFRS 9 *Financial Instruments* (as revised in July 2014) [2]	Annual periods beginning on or after 1 January 2018

[1] IFRS 15 provides a single, comprehensive principles based five-step model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Standard introduces a five-step approach to revenue recognition and measurement:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, revenue will be recognised when a performance obligation is satisfied, i.e. when 'control' of the goods and services underlying the particular performance obligation is transferred to the customer.

[2] IFRS 9 brings together the classification and measurement, impairment and hedge accounting to replace IAS 39 *Financial Instruments: Recognition and Measurement*. 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, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

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 *(continued)*

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. On impairment, IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Management anticipates that the application of both IFRS 9 and IFRS 15 in the future may have impact on the amount reported and disclosures made in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of the application of these standards until the Group complete a detailed review.

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; and
- the Group's voting rights and potential voting rights.

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

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

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

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

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

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

Disposals of interest in entities to parties under common control

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

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

Disposals of interest in a subsidiary to an equity accounted investee

In cases where the Group has disposed of interest in a subsidiary to an equity accounted investee which resulted in gain or loss on the transaction, it has adopted a policy that any gain or loss recognised on such sale would be eliminated to the extent of the retained indirect interest in that subsidiary by the Group.

(iii) Business combinations

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

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

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

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Business combinations (continued)

Acquisition of interest in entities under common control

Acquisition of interest in entities that are under common control of the Shareholder which lack commercial substance and are based on a decision by the Shareholder are accounted for on the date of transfer without restatement of prior years. The assets and liabilities are accounted for at carrying amounts previously recorded in the books of the transferor. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for acquisition is recognised directly in equity.

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

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.

(iv) 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 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.

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)*

(iv) 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.

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; and
- its expenses, including its share of any expenses incurred jointly.

The Group, as a joint operator, 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)*

(v) 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 are set out in note 3(n).

Revenue from sale of goods and services include income from sale of semiconductor wafers, sale of hydrocarbons, aircraft maintenance and repairs, satellite capacity service revenue, supply of chilled water, supply of renewable power, 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 is measured net of returns, trade discounts and volume rebates.

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, engineering services and turnkey 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.

3 Significant accounting policies *(continued)*

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

(ii) Sale of semiconductor wafers (continued)

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.

(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 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 leasing revenue

Satellite capacity leasing 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.

3 Significant accounting policies *(continued)*

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

(vi) Supply of chilled water (continued)

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.

(vii) Renewable power generation

Revenue is recognised, net of Value Added Tax, on the basis of net electricity supplied during the year based on meter reading and market prices as specified under contract terms.

Revenue from sales of Renewable Obligation Certificates (ROCs), Levy Exemption Certificates and Recycled Buy-outs is recognised based on market rates unless specified otherwise under contract terms, net of Value Added Tax. Revenue is recognised when the quantity and rates can reasonably be determined and the risks and rewards of ownership have been substantially transferred to a third party.

(viii) 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.

(ix) 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.

(x) 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.

(xi) 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 (x) above)*.

3 Significant accounting policies *(continued)*

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

(xi) Service concession arrangements (continued)

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

The Group 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.

(i) License 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 and appraisal expenditures

Annual lease rentals, exploratory geological and geophysical costs including seismic costs incurred during exploration phase, are charged to profit or loss as and when incurred.

Costs associated directly with drilling of exploratory wells are capitalised within exploration and evaluation assets until the drilling of well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals, drilling services and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration expenditures are written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset.

Costs directly associated with appraisal activity, including the costs of drilling appraisal wells and additional seismic, geological and geophysical activities, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, are initially capitalised as part of exploration and evaluation assets.

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

3 Significant accounting policies *(continued)*

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

(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 and amortisation of oil and gas assets

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

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

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

(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 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.

3 Significant accounting policies *(continued)*

(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.

(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.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(i) Non-derivative financial assets

The classification of financial assets 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 financial assets, 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.

The Group derecognises a financial asset only when the contractual rights to the cash flows of the asset expire, or it transfers the rights to receive the contractual cash flows of 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.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

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.

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.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

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))*.

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 original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair values.

(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 expired.

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 contracts, 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.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(iii) Derivative financial instruments including hedge accounting (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-option derivatives and option pricing models or quotes from counterparties for option 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 flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

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.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

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

Cash flow hedges (continued)

When a derivative instrument or a non-derivative financial liability is designated as a 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.

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 realization, 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.

3 Significant accounting policies *(continued)*

(h) Government grants *(continued)*

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

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

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 *(see note 36)*.

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.

3 Significant accounting policies *(continued)*

(h) Government grants *(continued)*

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.

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.

3 Significant accounting policies *(continued)*

(j) Income tax *(continued)*

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.

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.

3 Significant accounting policies *(continued)*

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

(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:

	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 - 10
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))*.

(iv) Derecognition

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

(v) Capital work in progress

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

(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.

3 Significant accounting policies *(continued)*

(m) Intangible assets *(continued)*

Goodwill (continued)

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.

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.

3 Significant accounting policies *(continued)*

(m) Intangible assets *(continued)*

Amortisation (continued)

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

Amortisation of other intangible assets is recognised in 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, license 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.

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.

3 Significant accounting policies *(continued)*

(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 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.

(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.

3 Significant accounting policies *(continued)*

(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 sale arrangement. The Group provides for the estimated warranty costs under these guarantees based upon historical experience, a weighting of possible outcomes against their associated probabilities, and management's estimates of the level of future claims and accrues for specific items at the time their existence is known and the amounts can be estimated.

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.

(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.

3 Significant accounting policies *(continued)*

(s) Staff terminal benefits and pensions *(continued)*

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.

(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.

3 Significant accounting policies *(continued)*

(t) Impairment *(continued)*

Financial assets (continued)

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 judgment 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 equity 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.

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").

3 Significant accounting policies *(continued)*

(t) Impairment *(continued)*

Non-financial assets (continued)

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

(v) 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.

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.

3 Significant accounting policies *(continued)*

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

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.

(w) 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 ten reportable segments, as described below, which are the Group's strategic business units. These 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:

- Technology - Is focused on pure-play semiconductor foundries and offers a full range of leading edge to mainstream wafer fabrication services and technologies, and manufactures a broad range of semiconductor devices, including microprocessors, mobile application processors, baseband processors, network processors, radio frequency modems, microcontrollers, power management units and microelectromechanical systems.
- Industry - Is leading the development of a metals-related cluster in Abu Dhabi, creating global industrial champions in priority areas such as aluminium and mining, with a primary focus of securing upstream resources including carbon, bauxite and alumina, key raw materials in the creation of aluminium. Mubadala Industry is also active, in Abu Dhabi and internationally, in the utilities sector with investments in power, water and district cooling.
- Aerospace and Engineering Services (including Aerospace and Defence Services, and Information and Communications Technology business units) - Is focused on developing the Aeronautics, Communications Technology and Defence Services industries in Abu Dhabi. The operating assets incorporate international industry leaders and emerging domestic players, while maximising the potential from shared partnerships and relationships in these industries.
- Oil & Gas and 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.
- Real Estate and 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.
- Mubadala Capital - Is responsible for the Group's financial investments. Investing throughout the capital structure in a diversified portfolio of global public and private securities, it uses a value oriented investment approach with a primary focus on the creation of long-term value and a bias towards capital preservation.
- Healthcare - Is focused on creating a world class, competitive vertically integrated network of healthcare infrastructure.
- 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 maximise portfolio synergies and asset management, Mubadala reorganised its internal business units and positioned these under four broader platforms. These platforms are "Technology and Industry" (represents 'Technology' and 'Industry' business units), "Aerospace and Engineering Services" (represents 'Aerospace and Defence Services' and 'Information and Communications Technology' business unit), "Energy" (represents 'Oil & Gas and Energy' and 'Renewable Energy' business units) and "Emerging Sectors" (represents 'Real Estate and Infrastructure', 'Mubadala Capital' and 'Healthcare' business units). Corporate units are continued to be presented under the 'Corporate' segment separately.

	Technology 31-Dec-14 AED'000	Industry 31-Dec-14 AED'000	Technology and Industry 31-Dec-14 AED'000	Aerospace and Defence Services 31-Dec-14 AED'000	Information and Communications Technology 31-Dec-14 AED'000	Aerospace and Engineering Services 31-Dec-14 AED'000	Oil & Gas and Energy 31-Dec-14 AED'000	Renewable Energy 31-Dec-14 AED'000	Energy 31-Dec-14 AED'000	Real Estate and Infrastructure 31-Dec-14 AED'000	Mubadala Capital 31-Dec-14 AED'000	Healthcare 31-Dec-14 AED'000	Emerging sectors 31-Dec-14 AED'000	Corporate 31-Dec-14 AED'000	Consolidated 31-Dec-14 AED'000
Revenues from external customers	15,981,463	1,136,444	17,117,907	6,614,032	1,477,084	8,091,116	5,480,167	451,373	5,931,540	641,813	-	867,937	1,509,750	10,914	32,661,227
Finance (expense) / income *(net)*	(235,995)	(111,575)	(347,570)	(248,252)	(222,416)	(470,668)	(173,914)	(99,439)	(273,353)	228,345	26,746	672	255,763	(180,345)	(1,016,173)
Total assets	70,574,001	24,215,249	94,789,250	13,760,186	15,033,886	28,794,072	12,700,233	7,031,025	19,731,258	27,915,371	40,311,482	3,959,355	72,186,208	28,137,738	243,638,526
Total liabilities	16,973,629	3,152,753	20,126,382	5,669,373	7,263,025	12,932,398	4,988,272	2,849,425	7,837,697	6,331,776	2,493,146	740,993	9,565,915	17,508,659	67,971,051
Investments in equity accounted investees	1,009,712	11,739,905	12,749,617	2,762,431	2,937,575	5,700,006	1,357,044	819,665	2,176,709	6,228,397	2,529,046	-	8,757,443	1,613,129	30,996,904
Depreciation and amortisation	6,202,959	107,890	6,310,849	538,943	400,921	939,864	1,763,302	126,622	1,889,924	78,060	832	63,383	142,275	85,557	9,368,469
Additions to non-current assets [1]	18,288,011	132,824	18,420,835	983,239	453,595	1,436,834	2,356,808	413,003	2,769,811	423,522	2,766	126,406	552,694	40,366	23,220,540
Share of results of equity accounted investees	(481,769)	1,899,059	1,417,290	342,005	385,228	727,233	1,479,276	39,909	1,519,185	657,307	139,965	-	797,272	182,938	4,643,918
Profit / (loss) for the year attributable to the Owner of the Group	(5,510,651)	2,409,906	(3,100,745)	135,694	583,816	719,510	(186,554)	(254,040)	(440,594)	1,669,082	2,997,092	(5,718)	4,660,456	(803,215)	1,035,412
Total comprehensive income / (loss) attributable to the Owner of the Group [2]	(5,844,211)	2,425,276	(3,418,935)	(79,990)	599,790	519,800	(182,321)	(495,610)	(677,931)	1,672,073	2,527,570	(5,718)	4,193,925	(807,669)	(190,810)
Total comprehensive income / (loss) attributable to the Owner of the Group excluding impairments and fair value movements on investment properties and financial investments [2]	(4,684,554)	2,272,799	(2,411,755)	501,472	595,400	1,096,872	2,140,480	(122,846)	2,017,634	1,277,554	858,007	(7,380)	2,128,181	(1,232,712)	1,598,220

[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 46.

Notes to the consolidated financial statements *(continued)*

4 Operating segments *(continued)*

	Technology 31-Dec-13 AED'000	Industry 31-Dec-13 AED'000	Technology and Industry 31-Dec-13 AED'000	Aerospace and Defence Services 31-Dec-13 AED'000	Information and Communications Technology 31-Dec-13 AED'000	Aerospace and Engineering Services 31-Dec-13 AED'000	Oil & Gas and Energy 31-Dec-13 AED'000	Renewable Energy 31-Dec-13 AED'000	Energy 31-Dec-13 AED'000	Real Estate and Infrastructure 31-Dec-13 AED'000	Mubadala Capital 31-Dec-13 AED'000	Healthcare 31-Dec-13 AED'000	Emerging sectors 31-Dec-13 AED'000	Corporate 31-Dec-13 AED'000	Consolidated 31-Dec-13 AED'000
Revenues from external customers	15,135,231	1,105,526	16,240,757	6,661,739	1,154,809	7,816,548	5,252,961	377,811	5,630,772	502,075	-	815,549	1,317,624	24,711	31,030,412
Finance (expense) / income *(net)*	(268,213)	(119,607)	(387,820)	(110,358)	(221,469)	(331,827)	(233,181)	2,062	(231,119)	219,345	10,867	54	230,266	(679,562)	(1,400,062)
Total assets	59,680,099	22,057,116	81,737,215	15,061,336	13,757,285	28,818,621	15,405,462	6,242,064	21,647,526	27,612,474	38,444,859	2,226,642	68,283,975	23,328,019	223,815,356
Total liabilities	13,721,806	3,383,069	17,104,875	6,638,492	6,617,019	13,255,511	5,597,296	2,442,360	8,039,656	6,811,160	1,704,128	251,285	8,766,573	19,103,764	66,270,379
Investments in equity accounted investees	996,337	9,958,552	10,954,889	2,340,579	2,965,911	5,306,490	1,330,423	386,409	1,716,832	5,966,259	2,137,327	-	8,103,586	1,540,300	27,622,097
Depreciation and amortisation	5,624,531	128,689	5,753,220	489,565	384,726	874,291	2,131,207	127,528	2,258,735	69,246	2,446	43,534	115,226	101,669	9,103,141
Additions to non-current assets [1]	8,302,252	57,770	8,360,022	1,344,399	417,419	1,761,818	2,756,009	688,661	3,444,670	453,607	655	15,764	470,026	41,985	14,078,521
Share of results of equity accounted investees	(344,668)	1,129,643	784,975	157,525	369,022	526,547	1,332,849	(84,197)	1,248,652	804,148	82,330	-	886,478	128,508	3,575,160
Profit / (loss) for the year attributable to the Owner of the Group	(3,392,824)	1,379,159	(2,013,665)	79,737	(76,125)	3,612	925,489	(1,115,034)	(189,545)	1,457,245	3,595,754	(26,785)	5,026,214	(1,374,042)	1,452,574
Total comprehensive income / (loss) attributable to the Owner of the Group [2]	(3,480,169)	1,420,529	(2,059,640)	233,251	102,127	335,378	925,863	(826,815)	99,048	1,462,112	6,850,522	(26,785)	8,285,849	(1,382,681)	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]	(3,743,387)	1,379,920	(2,363,467)	49,295	514,231	563,526	1,246,809	(174,774)	1,072,035	1,403,597	978,727	(22,265)	2,360,059	(1,347,687)	284,466

[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 46.

4 Operating segments *(continued)*

Reconciliation between 'total comprehensive (loss) / income attributable to the Owner of the Group' and 'total comprehensive income attributable to the Owner of the Group excluding impairments and fair value movements on investment properties and financial investments' is as follows:

	2014 AED'000	2013 AED'000
Total comprehensive (loss) / income attributable to the Owner of the Group	**(190,810)**	5,277,954
Impairment losses on available for sale financial assets *(see note 11)*	**35,518**	89,691
Impairment losses on property, plant and equipment *(net)(see note 13)*	**2,225,620**	904,447
Impairment losses on intangible assets *(see note 14)*	**346,042**	475,655
Net change in the fair value of derivatives used as economic hedges - not designated for hedge accounting *(see note 11)*	**128,023**	(316,516)
Increase in fair value of investment properties *(net) (see note 15)*	**(548,135)**	(17,261)
(Reversal of impairment) / impairment on equity accounted investees	**(76,526)**	307,926
Impairment losses on loans and receivables	**761,704**	1,281,607
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net) (see note 8)*	**(743,186)**	(17,624)
Exchange gain	**(149,145)**	(46,855)
Foreign exchange impact on deferred tax *(see note 35)*	**623,918**	(194,823)
Gain on disposal of property, plant and equipment *(see note 8)*	**(381,632)**	(174,874)
Gain on disposal of investment in equity accounted investees *(net) (see note 17)*	**(81,514)**	(200,962)
Non-controlling interest on derivatives used as economic hedges	**22,465**	99,287
Realised gain on financial assets at fair value through profit or loss *(net) (see note 8)*	**(332,503)**	(227,051)
Unrealised gain on financial assets at fair value through profit or loss *(net) (see note 11)*	**(1,446,491)**	(3,130,755)
Movements in other comprehensive income - attributable to Owner of the Group	**1,226,222**	(3,825,380)
Others	**178,650**	-
Total comprehensive income attributable to the Owner of the Group excluding impairments and fair value movements on investment properties and financial investments	**1,598,220**	284,466

4 Operating segments *(continued)*

Geographical information

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

Geographical information

	For the year ended 31 Dec 2014 Revenue AED'000	**As of 31 Dec 2014 Non-current assets[1] AED'000**	For the year ended 31 Dec 2013 Revenue AED'000	As of 31 Dec 2013 Non-current assets[1] AED'000
United Arab Emirates *(country of domicile)*	**5,606,392**	**23,011,945**	5,381,538	22,809,592
United States of America	**4,467,618**	**36,212,345**	6,586,395	21,508,141
Singapore	**9,000,527**	**8,221,312**	6,726,045	8,687,007
State of Qatar	**1,976,821**	**3,830,028**	1,996,527	4,116,240
Taiwan	**1,892,640**	**-**	1,099,822	-
Thailand	**1,613,191**	**1,876,853**	1,812,435	1,585,422
Switzerland	**1,231,033**	**3,785,600**	1,104,343	4,592,416
United Kingdom	**1,050,526**	**2,181,377**	946,242	2,318,059
Germany	**919,029**	**13,693,666**	1,169,253	15,770,330
Ireland	**540,634**	**30,173**	119,664	42,010
Indonesia	**497,693**	**1,311,946**	183,564	1,417,922
Bahrain	**448,596**	**366,249**	469,274	1,425,496
China	**412,179**	**-**	453,884	-
Finland	**389,992**	**171,528**	378,219	158,807
France	**364,005**	**3,194**	276,829	1,950
Malaysia	**191,964**	**639,042**	28,686	390,349
India	**56,511**	**-**	349,888	-
Oman	**10,157**	**966,003**	29,827	1,866,296
Others	**1,991,719**	**891,552**	1,917,977	819,718
	32,661,227	**97,192,813**	31,030,412	87,509,755

[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.

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:

	2014 AED'000	2013 AED'000
Technology	**7,474,691**	9,766,136

5 Subsidiaries

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

Subsidiaries	Domicile	Ownership interest 2014	2013	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 (“ADFEC”)	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 [4]	UAE	**-**	100%	Maintenance and repair of aircraft, manufacturing of aircraft turbines and related spare parts
Mubadala Capital LLC	UAE	**100%**	100%	Involved in investing in various sectors, including financial, energy, healthcare, industrial, consumers and auto with a regional focus on North America and Western Europe
Al Hikma Development Company PJSC	UAE	**51%**	51%	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
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”) [5]	UAE	**33 %**	27%	Supply of chilled water
Nile Acquisition Holding Company Limited [6]	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] On 18 October 2014, International Business Machines Corporation ("IBM") and the Group's subsidiary GlobalFoundries Inc. ("GF") entered into a definitive Agreement under which GF plans to acquire IBM's global commercial semiconductor technology business, including intellectual property, world-class technologists and technologies related to IBM Microelectronics business. Following the close of the agreement, GF will acquire and operate existing IBM semiconductor manufacturing operations and facilities in East Fishkill, New York and Burlington, Vermont and will receive AED 5,510,250 thousand in cash from IBM over the next 3 years. In addition, IBM has agreed to the transfer of certain working capital at no cost to GF, estimated to be approximately AED 734,700 thousand in value. The transaction is subject to completion of applicable regulatory review and customary closing conditions, which are expected to close during 2015 post which this business would be included in the Group's consolidated financial statements using acquisition accounting method.

[2] Subsidiary of Beta Investment Company LLC.

[3] Holding Company of SR Technics Group.

[4] During the year, Abu Dhabi Aircraft Technologies LLC ("ADAT") was sold to an entity under common control of the Shareholder as part of a commercial transaction. ADAT comprised three divisions, Airframes, Components and Engines Services; however the Sale and Purchase Agreement dated 6 May 2014 relates to the sale of the Airframes and Components Services Divisions only, while retaining control and economic benefit over the Engine Services Division. See note 5(b) for more details.

[5] The mandatory convertible bonds held by the Group in Tabreed are assessed to provide rights incidental to an ownership interest in the equity of the investee. Accordingly, on the basis of an effective controlling equity interest, Tabreed was consolidated to the extent of 86 percent *(2013: 86 percent)* with the remaining 14 percent *(2013: 14 percent)* attributed to the non-controlling interest holders. During the year, the Group converted mandatory convertible bonds of AED 133,879 thousand into 79,426,202 ordinary shares, which increased the Group's legal ownership in the investee form 27 percent to 33 percent.

[6] Holding company of equity accounted investee, DH Publishing Limited. The Group consolidates this entity as it has power over the decision making of its relevant activities.

(a) Acquisition of subsidiaries

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

On 2 November 2014, the Group obtained control of one of its jointly controlled entities which is incorporated in Abu Dhabi. Prior to obtaining the control, the Group held 60 percent shareholding in the form of jointly controlled entity. The control was obtained by acquiring an additional 40 percent shareholding from the other joint venture partner, thereby increasing the Group's shareholding from 60 percent to 100 percent. The additional shareholding has been acquired for a consideration of AED 90,025 thousand thereby recognising a goodwill of AED 2,950 thousand.

Had the acquisition of this subsidiary occurred on 1 January 2014, management estimates that the Group's consolidated revenue from sale of goods and services would have been AED 32,998,032 thousand and the Group's consolidated profit for the year would have been AED 1,235,877 thousand for the year ended 31 December 2014.

(ii) Acquisition of a subsidiary

On 20 October 2014, the Group acquired 100 percent of an entity as a partial repayment of loan to a third party of AED 215,469 thousand *(see notes 19 and 41)*. No gain or loss was recognised on the acquisition.

5 Subsidiaries *(continued)*

(b) Disposals

Disposal of subsidiaries and working interests

During the year, the Group has disposed of certain wholly owned subsidiaries, one of which was classified as held for sale as at 31 December 2013 *(see note 22)*. Furthermore, there are disposals of working interests in certain concession blocks in Vietnam and Thailand.

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

	2014 **AED'000**
Current assets	**2,106,876**
Current liabilities	**(1,699,571)**
Net current assets (A)	**407,305**
Non-current assets	**1,272,147**
Non-current liabilities	**(712,906)**
Net non-current assets (B)	**559,241**
Carrying value of the net assets disposed (A) + (B)	**966,546**
Gain on disposal of subsidiaries and working interests recognised in profit or loss	**817,555**
Unearned gain on disposal of subsidiaries	**220,955**
Sale consideration - net of professional fees	**2,005,056**
Cash balances of subsidiaries / working interests disposed	**(168,007)**
Net proceeds arising from the disposal - cash and receivables	**1,837,049**

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 allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014 AED'000**	2013 AED'000	**2014 AED'000**	2013 AED'000
Nile Acquisition Holding Company Limited ("NAHCL")	Cayman Islands	**54.5%**	54.5%	**36,157**	24,349	**806,515**	1,006,774
National Central Cooling Company PJSC ("Tabreed")	UAE	**14%**	14%	**54,559**	37,993	**759,413**	701,758

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	
	2014 AED'000	2013 AED'000	**2014 AED'000**	2013 AED'000
Current assets	**-**	-	**1,187,777**	1,346,503
Non-current assets	**1,783,338**	2,151,168	**6,508,781**	6,416,620
Current liabilities	**-**	-	**630,472**	800,380
Non-current liabilities	**1,175,520**	1,175,520	**2,184,173**	2,406,343
Revenue	**-**	-	**1,136,444**	1,105,526
Profit or loss	**30,186**	20,328	**319,616**	277,814
Total comprehensive income	**30,186**	20,328	**310,696**	268,715
Cash flow from operating activities	**-**	-	**549,415**	598,404
Cash flow used in investing activities	**-**	-	**(445,672)**	(67,452)
Cash flow used in financing activities	**-**	-	**(608,867)**	(420,987)
Net cash flow	**-**	-	**(505,124)**	109,965
Dividends paid to non-controlling interests	**-**	-	**30,179**	4,374

6 Revenue from sale of goods and services

	2014 AED'000	2013 AED'000
Sale of semiconductor wafers	**15,981,463**	15,135,231
Aircraft maintenance and repairs, components leasing and sales	**6,180,017**	6,174,961
Sale of hydrocarbons	**5,480,167**	5,252,961
Satellite capacity leasing revenue	**1,248,570**	1,069,402
Medical services	**855,784**	747,081
Revenue from supply of chilled water	**732,981**	691,167
Revenue from supply of renewable energy	**322,816**	295,752
Contract revenue	**305,241**	280,400
Others	**1,554,188**	1,383,457
	32,661,227	31,030,412

7 Cost of sales of goods and services

	2014 AED'000	2013 AED'000
Depreciation of property, plant and equipment	**7,924,970**	7,548,453
Raw material	**6,482,770**	6,190,603
Staff costs	**5,591,691**	4,579,712
Maintenance	**1,827,908**	1,663,174
Amortisation of intangible assets	**122,143**	233,336
Others	**5,047,437**	5,052,067
	26,996,919	25,267,345

8 Other income *(net)*

	2014 AED'000	2013 AED'000
Gain on disposal of subsidiaries *(see note 5(b))*	**785,131**	-
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	**743,186**	17,624
Gain on disposal of property, plant and equipment	**381,632**	174,874
Realised gain on financial assets at fair value through profit or loss *(net)*	**332,503**	227,051
Gain on acquisition of stake in subsidiaries	**-**	117,508
Others	**572,036**	577,672
	2,814,488	1,114,729

9 Research and development expenses

	2014 AED'000	2013 AED'000
Staff costs	**1,165,128**	1,446,972
Material costs	**688,712**	646,025
Depreciation of property, plant and equipment	**391,011**	352,978
Maintenance costs	**278,461**	402,362
Joint development agreement fees	**220,410**	205,220
Amortisation of intangible assets	**206,875**	219,840
Others	**803,262**	1,007,333
	3,753,859	4,280,730

10 Other general and administrative expenses

	2014 AED'000	2013 AED'000
Staff costs	**3,226,534**	2,831,819
Office expenses	**866,270**	809,611
Depreciation of property, plant and equipment	**473,603**	476,502
Maintenance and repair expenses	**398,418**	356,570
Public relations	**234,706**	223,739
Amortisation of intangible assets	**230,490**	198,904
Others	**506,332**	371,619
	5,936,353	5,268,764

11 Income from financial investments *(net)*

	2014 AED'000	2013 AED'000
Financial assets / liabilities at fair value through profit or loss		
Unrealised gain on financial assets at fair value through profit or loss *(net)*	**1,446,491**	3,130,755
Net change in the fair value of derivatives used as economic hedges – not designated for hedge accounting	**(128,023)**	316,516
	1,318,468	3,447,271
Available for sale financial assets		
Impairment losses	**(35,518)**	(89,691)
	1,282,950	3,357,580

Dividend income from financial assets at fair value through profit or loss was AED 296,651 thousand *(2013: AED 280,775 thousand)* and dividend income from available for sale financial assets was AED 453,638 thousand *(2013: AED 315,644 thousand)*.

12 Finance income and expense

	2014 AED'000	2013 AED'000
Finance income		
Interest income	**926,918**	800,521
Net foreign exchange gain	**149,145**	46,855
	1,076,063	847,376
Finance expense		
Borrowing costs [1]	**(2,092,236)**	(2,247,438)
Net finance expense	**(1,016,173)**	(1,400,062)

[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 2014 is AED 468,569 thousand *(2013: AED 441,513 thousand)*.

Notes to the consolidated financial statements *(continued)*

13 Property, plant and equipment

	Land and Buildings [2,3] AED'000	Oil and gas assets AED'000	Plant and office equipment AED'000	Aircraft and 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 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
At 1 January 2014	**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**
Additions	**298,320** [4]	**1,436,044**	**213,869** [4]	**705,280**	**42,989**	**5,048**	**18,716,696**	**96,480**	**21,514,726**
Acquisition through business combination	**371,955**	**-**	**3,267**	**-**	**24,186**	**-**	**2,114**	**-**	**401,522**
Disposals	**(68,757)**	**-**	**(935,417)**	**(148,177)**	**(33,267)**	**-**	**(33,451)**	**(652)**	**(1,219,721)**
Transfers from / (to) intangible assets [7]	**(904)**	**245,410**	**(7,383)**	**-**	**8,457**	**-**	**(16,404)**	**(5,529)**	**223,647**
Transfer to investment properties *(see note 15)*	**-**	**-**	**-**	**-**	**-**	**-**	**(476,240)**	**-**	**(476,240)**
Transfer from investment properties *(see note 15)*	**361,764**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**361,764**
Divestment of stake in subsidiary	**(524,773)**	**-**	**(68,709)**	**(12,639)**	**(73,804)**	**-**	**(30,060)**	**(3,685)**	**(713,670)**
Transfer to inventories	**-**	**-**	**-**	**-**	**-**	**-**	**(36,239)**	**-**	**(36,239)**
Transfer to assets classified as held for sale	**(933)**	**-**	**(24,060)**	**(20,739)**	**(8,111)**	**-**	**(257)**	**(1,109)**	**(55,209)**
Transfer to finance lease receivables *(see note 23)*	**(870,801)**	**-**	**-**	**-**	**-**	**(396,983)**	**-**	**-**	**(1,267,784)**
Other transfers	**1,128,737**	**442,540**	**13,953,842**	**(397)**	**65,596**	**(81,288)**	**(15,427,216)**	**(88,208)**	**(6,394)**
(Write-off) / reversal of write-off	**12,362**	**-**	**(3,863)**	**(47)**	**-**	**51,752**	**(28,196)**	**-**	**32,008**
Effect of movement in foreign exchange rates	**(32,531)**	**-**	**(252,145)**	**(273,432)**	**(3,635)**	**-**	**(57,601)**	**(1,156)**	**(620,500)**
At 31 December 2014	**17,737,530**	**19,041,854**	**53,497,334**	**5,436,630**	**1,521,787**	**1,386,795**	**22,888,828**	**99,069**	**121,609,827**

Notes to the consolidated financial statements *(continued)*

13 Property, plant and equipment *(continued)*

	Land and Buildings [2,3] AED'000	Oil and gas assets AED'000	Plant and office equipment AED'000	Aircraft and 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 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	(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)
At 1 January 2014	**(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)**
Charge for the year *(see notes 7, 9 and 10)*	**(1,134,352)**	**(1,666,885)**	**(5,442,385)**	**(360,678)**	**(167,506)**	**(16,464)**	**-**	**(1,314)**	**(8,789,584)**
Disposals	**61,049**	**-**	**853,636**	**116,978**	**32,980**	**-**	**-**	**536**	**1,065,179**
Impairment [6]	**-**	**(1,884,872)**	**(26,909)**	**-**	**-**	**(46,433)**	**(267,406)**	**-**	**(2,225,620)**
Transfers (from) / to intangible assets [7]	**904**	**(50,203)**	**(1,127)**	**-**	**(22)**	**-**	**-**	**-**	**(50,448)**
Transfer to assets classified as held for sale	**3,245**	**-**	**10,299**	**10,553**	**6,353**	**-**	**-**	**895**	**31,345**
Transfer to finance lease receivables *(see note 23)*	**186,250**	**-**	**-**	**-**	**-**	**47,542**	**-**	**-**	**233,792**
Divestment of stake in subsidiary	**44,433**	**-**	**6,739**	**47**	**64,990**	**-**	**-**	**3,547**	**119,756**
Depreciation capitalized	**-**	**(14,347)**	**(2,158)**	**-**	**(374)**	**-**	**-**	**-**	**(16,879)**
Write-off / (reversal of write-off)	**(19,237)**	**-**	**2,953**	**-**	**-**	**(22,442)**	**-**	**-**	**(38,726)**
Other transfers	**-**	**-**	**3,492**	**-**	**(3,492)**	**-**	**-**	**-**	**-**
Effect of movement in foreign exchange rates	**29,409**	**-**	**104,149**	**149,112**	**3,165**	**-**	**49,168**	**779**	**335,782**
At 31 December 2014	**(4,149,772)**	**(11,764,042)**	**(17,608,783)**	**(1,243,508)**	**(1,163,866)**	**(128,287)**	**(1,601,206)**	**(12,637)**	**(37,672,101)**
Carrying amounts									
At 1 January 2013	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
At 31 December 2014	**13,587,758**	**7,277,812**	**35,888,551**	**4,193,122**	**357,921**	**1,258,508**	**21,287,622**	**86,432**	**83,937,726**

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 relation to one of the Group's subsidiaries. In this regard, the Group recorded a receivable of AED 574,565 thousand in receivables and prepayments as at 31 December 2014, which includes AED 494,178 thousand for investment tax credits and AED 80,387 thousand for employment tax credits. The investment tax credits were adjusted against additions related to 'land and buildings' and 'plant and office equipment' and employment tax credits were adjusted against staff costs allocated to research and development costs.

[5] Other transfers during the prior year, included 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 arises from oil and gas assets. It includes a provision for impairment recognised for certain joint venture blocks in Middle East, Central and South East Asia regions as the carrying amounts were higher than the recoverable amounts. The recoverable amounts of the CGUs (the producing fields that produce hydrocarbons) were estimated based on their value in use, which was determined with the assistance of independent valuers, as well as by internal estimates. 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. 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 Brent prices (2013: Brent prices) and are adjusted for quality, transportation fees and regional price differences; and
- a post-tax discount rate of 7.5 - 14 percent (2013: 11.9 - 15.5 percent) was applied in determining the recoverable amount of the respective units.

[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 6,359,510 thousand has been pledged as security *(2013: AED 3,262,838 thousand)*.

Property, plant and equipment having carrying value of AED 1,208,405 thousand *(2013: AED 1,016,808 thousand)* are held under finance lease.

The amount of borrowing costs capitalised during the year were AED Nil *(2013: AED 1,433 thousand)* and the average capitalisation rate used in 2013 was within the range of *3 - 4 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 and software AED'000	Customer contracts AED'000	Exploration and evaluation assets AED'000	Others AED'000	Total AED'000
Cost										
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)
Transfers (to) / from property, plant and equipment [3]	(441,922)	-	-	-	-	39,867	-	-	46,309	(355,746)
Write off	-	-	-	-	-	-	-	(171,187)	-	(171,187)
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
At 1 January 2014	**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**
Additions	**-**	**-**	**-**	**-**	**2,950**	**1,021,664** [4]	**-**	**360,562**	**96,593**	**1,481,769**
Acquisition through business combination	**-**	**-**	**-**	**-**	**173,526**	**-**	**-**	**-**	**-**	**173,526**
Disposals	**-**	**-**	**-**	**-**	**-**	**(159,104)**	**-**	**-**	**-**	**(159,104)**
Write off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,670)**	**(18)**	**(14,688)**
Transfers (to) / from property, plant and equipment [3]	**-**	**-**	**-**	**-**	**-**	**15,843**	**-**	**(118,586)**	**(120,904)**	**(223,647)**
Divestment of stake in subsidiaries and working interests	**(30,677)**	**-**	**-**	**-**	**-**	**(162,495)**	**-**	**(92,960)**	**3,307**	**(282,825)**
Other transfers	**-**	**-**	**23,970**	**13,298**	**(4,390)**	**(5,238)**	**-**	**(533,414)**	**494,542**	**(11,232)**
Effect of movement in foreign exchange rates	**-**	**(275,047)**	**(11)**	**-**	**(19,699)**	**(16,569)**	**(77,559)**	**-**	**(14,731)**	**(403,616)**
At 31 December 2014	**327,306**	**2,404,032**	**2,337,952**	**1,117,984**	**1,086,677**	**3,049,956**	**560,595**	**1,492,291**	**1,440,808**	**13,817,601**

14 Intangible assets *(continued)*

	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 and software AED'000	Customer contracts AED'000	Exploration and evaluation assets AED'000	Others AED'000	Total AED'000
Accumulated amortisation and impairment losses										
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)
At 1 January 2014	**(321,754)**	**(478,451)**	**(2,092,149)**	**(980,379)**	**(577,850)**	**(1,101,167)**	**(252,915)**	**(896,788)**	**(189,113)**	**(6,890,566)**
Charge for the year [1]	**(19,377)**	**-**	**(28,554)**	**(16,913)**	**-**	**(424,363)**	**(45,759)**	**-**	**(43,919)**	**(578,885)**
Disposals	**-**	**-**	**-**	**-**	**-**	**155,634**	**-**	**-**	**99**	**155,733**
Impairment [2]	**-**	**(149,942)**	**-**	**-**	**-**	**-**	**-**	**(162,309)**	**(33,791)**	**(346,042)**
Transfers to property, plant and equipment [3]	**-**	**-**	**-**	**-**	**-**	**245**	**-**	**-**	**50,203**	**50,448**
Write off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18**	**18**
Divestment of stake in subsidiaries and working interests	**21,090**	**-**	**-**	**-**	**-**	**82,965**	**-**	**-**	**-**	**104,055**
Other transfers	**-**	**-**	**-**	**-**	**-**	**2,675**	**-**	**500,538**	**(495,885)**	**7,328**
Effect of movement in foreign exchange rates	**-**	**60,533**	**-**	**-**	**-**	**11,166**	**52,474**	**-**	**10,173**	**134,346**
At 31 December 2014	**(320,041)**	**(567,860)**	**(2,120,703)**	**(997,292)**	**(577,850)**	**(1,272,845)**	**(246,200)**	**(558,559)**	**(702,215)**	**(7,363,565)**
Carrying amounts										
At 1 January 2013	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
At 31 December 2014	**7,265**	**1,836,172**	**217,249**	**120,692**	**508,827**	**1,777,111**	**314,395**	**933,732**	**738,593**	**6,454,036**

[1] Charge for the year was allocated to cost of sales of goods and services at AED 122,143 thousand *(2013: AED 233,336 thousand)*, other general and administrative expenses at AED 230,490 thousand *(2013: AED 198,904 thousand)*, research and development expenses at AED 206,875 thousand *(2013: AED 219,840 thousand)*, and exploration costs at AED 19,377 thousand *(2013: AED 73,128 thousand)*.

14 Intangible assets *(continued)*

Exploration licenses, exploration and evaluation assets

[2] During the year, provision for impairment primarily includes impairment charge of AED 162,309 thousand recognised for a joint venture block as the carrying amount was higher than the recoverable amount *(2013: AED 449,822 thousand).*

The recoverable amounts of the CGUs (the producing fields that produce hydrocarbons) 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 *(2013: average Brent spot prices)* for the year and are adjusted for quality, transportation fees and regional price differences; and
- a post-tax discount rate of 10 - 14 percent *(2013: 11.9 - 15.5 percent)* was applied in determining the recoverable amount of the respective units.

Trademarks

The carrying value of AED 1,836,172 thousand *(2013: AED 2,200,628 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 149,942 thousand *(2013: AED nil)* was recognised during the year. The underlying assumptions, which were determined based on external sources, are a royalty rate of 2.3 percent *(2013: 2.4 percent)* of the operating businesses' revenue, a residual life of more than 30 years, a growth rate of 3.8 percent for the first five years after the business plan period and a perpetual growth rate of 2.8 percent for the years thereafter and a discount rate of 8 percent *(2013: 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 discount rate of 7.2 percent)* were used.

Goodwill

Intangible assets include goodwill amounting to AED 317,842 thousand *(2013: AED 317,842 thousand)*, arising from acquisition of one of Group's subsidiary. During the year ended 31 December 2014, the management 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 11.5 percent *(2013: 11.6 percent),* and a negative 2 percent *(2013: positive 4 percent)* growth rate was used to extrapolate the cash flows beyond the eight year *(2013: five 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.

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

14 Intangible assets *(continued)*

Goodwill (continued)

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.

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

Technology, licence & software

[4] During the year, one of the Group's subsidiaries entered into a licensing agreement, whereby the licensor has agreed, in consideration of the fees and royalties, to license its proprietary of the specific technology to the subsidiary. Under this agreement the subsidiary is committed to paying up to AED 918,375 thousand in license transfer fee to the licensor over a period of time based on completion of certain technical and commercial milestones. The full amount relates to:

- AED 697,965 thousand relates to technical milestones to be accomplished by the licensor for which the completion of each of these milestones is not subject to the subsidiary's control. The subsidiary recorded initially AED 697,965 thousand in financial liability and intangible assets - work in progress representing the fee payable upon completion of the technical milestones. Of this amount, AED 367,350 thousand was paid during the year. The remaining financial liability of AED 330,615 thousand was included in trade and other payables in the consolidated statement of financial position; and
- the remaining AED 220,410 thousand relates to commercial milestones that may be accomplished by the subsidiary related to the introduction of new products with new customers using the licensed technology which are subject to the subsidiary's control. This amount would be recorded as a financial liability and intangible assets upon the completion of commercial milestones.

15 Investment properties

	2014 **AED'000**	2013 AED'000
Investment properties	**6,562,450**	6,007,684
Investment properties under development	**238,601**	-
	6,801,051	6,007,684

Movement in investment properties is as follows:

	2014 **AED'000**	2013 AED'000
At the beginning of the year	**6,007,684**	5,284,370
Additions	**135,307**	139,374
Disposals	**-**	(34,300)
Transfers to finance lease receivables	**(93,289)**	-
Transfers from investment properties under development	-	531,335
Transfers from property, plant and equipment *(see note 13)*	**348,986**	69,644
Transfers to property, plant and equipment *(see note 13)*	**(361,764)**	-
Increase in fair value *(net)*	**525,526**	17,261
At the end of the year	**6,562,450**	6,007,684

15 Investment properties *(continued)*

Movement in investment properties under development is as follows:

	2014 **AED'000**	2013 AED'000
At the beginning of the year	-	994,125
Additions	**88,738**	187,134
Transfers to finance lease receivables *(see note 23)*	-	(711,825)
Transfers to investment properties	-	(531,335)
Transfers from property, plant and equipment *(see note 13)*	**127,254**	61,901
Increase in fair value *(net)*	**22,609**	-
At the end of the year	**238,601**	-

Investment properties comprise the New Fish Market land, Abu Dhabi Global Market ("ADGM") Square Development (formerly Al Sowwah Square property), Rosewood Hotel leased apartments, Rihan Heights and Masdar City. Investment properties under development comprise the Four Seasons Hotel leased apartments and Masdar City. All 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 548,135 thousand of valuation gains *(net) (2013: AED 17,261 thousand of valuation gains (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. 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.

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 15,706 thousand *(31 December 2013: AED 17,342 thousand)*.

In relation to the ADGM Square Development, the fair value of the investment property at 31 December 2014 was AED 4,187,698 thousand *(31 December 2013: AED 3,998,267 thousand)*. The increase in the investment property balance during the year relates to a net fair value increase of AED 459,761 thousand primarily due to higher contracted lease rentals.

Having regard to the nature of the property and the lack of comparable market data, the Group has valued the ADGM Square Development property in the current and prior year using the residual valuation methodology 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 and construction costs. 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. Cost of development includes construction costs, other direct project costs and an appropriate share of the overall Maryah Island infrastructure works as well as any value enhancing developments.

15 Investment properties *(continued)*

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 2014, 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 2014 and 31 December 2013 amounts to AED 1,372,519 thousand.

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 cash flow technique. Cash flow 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 ADFEC 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. As of 31 December 2014, the fair value of the investment properties amounts to AED 841,082 thousand *(31 December 2013: AED 474,213 thousand)* and the investment properties under development amounts to AED 111,270 thousand *(31 December 2013: nil)*.

The cash flows from the assets are discounted using discount rates ranging from 7 - 10 percent *(2013: 7 - 10 percent)* that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Capitalisation rates range from 5.9 - 7.5 percent *(2013: 5.9 - 7.5 percent)* have been used.

Sensitivity analysis was conducted for two of the largest assets in the investment property portfolio with an aggregate value of AED 5,560,217 thousand *(2013: AED 5,370,787 thousand)*. The valuation technique used for these assets is the income approach and the residual value approach. The sensitivity is conducted on the discount / capitalisation rates and rental values. which are AED 1,500 per square metre *(2013: AED 1,500 per square metre)* for office space and AED 89 thousand per apartment *(2013: AED 95 thousand per apartment)* for residential space.

Sensitivity to significant changes in unobservable inputs:

- A decrease in the capitalisation / discount rate by 10% would result in a AED 744,338 thousand *(2013: AED 431,836 thousand*) or 13.4% increase in the valuation *(2013: 8.0% increase in the valuation)*, whilst an increase in the capitalisation / discount rate by 10% would result in a AED 542,084 *thousand (2013: AED 823,322 thousand)* or 9.7% decrease in the valuation *(2013: 15.3% decrease in the valuation)*; and
- An increase in the rental rates by 10% would result in a AED 492,410 thousand *(2013: AED 476,399 thousand)* or 8.9% increase in the valuation *(2013: 8.9% increase in the valuation)*, whilst a decrease in the rental rates by 10% would result in a AED 429,542 thousand *(2013: AED 476,399 thousand)* or 7.7% decrease in the valuation *(2013: 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 an 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:

			Group's working interest	
Contract area	**Held by**	**Description**	**2014**	2013
			%	%
Concession blocks in Oman				
Block 33	Liwa Energy Limited	Production stage	**15**	15
Block 62	Sixteenth Investment Company LLC	Exploration and 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**	70
West Sebuku PSC	MP Indonesia (West Sebuku) Limited	Exploration stage	**75.5**	75.5
Bengkulu I- Mentawi	MP (Bengkulu Mentawi) Limited	Exploration stage	**20**	-
Concession blocks in Thailand				
B5/27	MP B5 (Thailand) Limited	Production stage	**100**[1]	100[1]
G1/48	MP G1 (Thailand) Limited	Development stage	**60**	60
G6/48	MP G6 (Thailand) Limited	Exploration stage	**30**	30
G10/48	MP G10 (Thailand) Limited	Exploration stage	**-**	75
G2/48	MP G2 (Thailand) Limited	Exploration stage	**-**	50
G11/48	MP G11 (Thailand) Limited	Exploration stage	**67.5**	67.5
G3/48	MP G3 (Thailand) Limited	Exploration stage	**-**	60
L21/50	MP L21 (Thailand) Limited	Exploration stage	**-**	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
Concession blocks in Malaysia				
SK320	MDC Oil & Gas (SK 320) Limited	Exploration stage	**55**	55
PM324	MDC Oil & Gas (PM 324) Limited	Exploration stage	**20**	20
Block 2B	MP Malaysia (2B) Limited	Exploration stage	**20**	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.

17 Investments in equity accounted investees

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

	2014 **AED'000**	2013 AED'000
Share of results of jointly controlled entities	**4,060,355**	2,731,336
Share of results of associates	**583,563**	843,824
Gain on disposal of investment in equity accounted investees *(net)*	**81,514**	200,962
	4,725,432	3,776,122

(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] **2014**	2013	**Principal business activity**
Aldar Properties PJSC ("Aldar")	**29.7**	30.5	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.

During the year, the Group has disposed its stake in one of its associates for a consideration of AED 38,764 thousand. Loss on disposal of AED 37,702 thousand has been recognised in the consolidated statement of comprehensive income.

Fair values of investments in listed associates	**2014** **AED'000**	2013 AED'000
Aldar	**6,194,994**	6,614,293
Du	**4,623,963**	6,108,772
AdvancedMicroDevices,Inc. ("AMD")	**1,391,850**	1,517,229
SMN Power Holding Company S.A.O.G.	**388,090**	320,425
Abu Dhabi Ship Building PJSC ("ADSB")	**160,947**	231,255

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:

	2014 AED'000	2013 AED'000
At the beginning of the year	**10,685,241**	9,645,442
Additions	**560,076**	58,983
Share of results	**583,563**	843,824
Disposals	**(216,941)**	-
Dividends received	**(517,566)**	(670,364)
Share of movements in hedging and other reserves	**10,858**	45,813
Share of movements in translation reserves	**(329)**	(510)
Transferred (to) / from jointly controlled entities	**(482)**	48,074
Transfer to an entity under common control [1]	**(465,745)**	-
Transferred from financial investments	**-**	610,611
Intercompany loss eliminated	**31,669**	103,249
Other movements	**(24,700)**	119
	10,645,644	10,685,241
Impairment [1]	**(364,843)**	(827,114)
At the end of the year	**10,280,801**	9,858,127

[1] During the year, the Group has transferred its ownership interest in one of its investment in associate, having both cost and accumulated impairment of AED 465,745 thousand, to an entity under common control of the Shareholder.

17 Investments in equity accounted investees *(continued)*

(a) Investments in associates *(continued)*

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 2014 AED'000	**Du 2014 AED'000**
Current assets	**18,977,891**	**8,358,888**
Non-current assets	**19,571,239**	**9,519,211**
Current liabilities	**12,301,052**	**5,904,549**
Non-current liabilities	**8,172,206**	**4,134,811**
Revenue	**6,551,078**	**12,238,365**
Profit from continuing operations	**2,266,353**	**2,109,349**
Other comprehensive income	**16,497**	**-**
Total comprehensive income	**2,282,850**	**2,109,349**
Dividends received by the Group	**167,875**	**284,365**

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 2014 AED'000	**Du 2014 AED'000**
Net assets	**18,075,872**	**7,838,739**
Ownership %	**29.7%**	**20.1%**
Group's share of net assets on basis of ownership interest	**5,373,957**	**1,572,451**
Reconciling items		
Goodwill, intangible assets and net tangible assets fair value adjustments arising from purchase price allocation	**243,485**	**1,524,337**
Amortisation of purchase price allocation	**(20,537)**	**(260,930)**
Other adjustments	**18,110**	**(63,206)**
Carrying amount	**5,615,015**	**2,772,652**
Fair value of investment	**6,194,994**	**4,623,963**

17 Investments in equity accounted investees *(continued)*

(a) Investments in associates *(continued)*

	Aldar 2013 AED'000	Du 2013 AED'000
Current assets	24,189,945	6,837,195
Non-current assets	19,538,102	9,111,877
Current liabilities	21,107,772	5,619,910
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)*

Aggregate information of associates that are not individually material:

	2014 AED'000	2013 AED'000
Group's share of profit or loss from continuing operations	**(503,446)**	(328,223)
Group's share of other comprehensive income or loss	**9,106**	39,318
Group's share of total comprehensive income or loss	**(494,340)**	(288,905)
Total carrying amount of Group's share of individually immaterial associates	**1,893,134**	1,976,579

(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 %**		**Principal business activity**
		2014	2013	
Advanced Military Maintenance Repair and Overhaul Center LLC ("AMMROC")	UAE	**60**	60	Fully integrated military aircraft, supply chain management, modification / upgrade, maintenance, repair and overhaul center
Dolphin Energy Limited ("DEL")	UAE	**51**	51	Procurement, distribution and marketing of hydrocarbons (natural gas)
Emirates Global Aluminium PJSC ("EGA")	UAE	**50**	50	Develop, construct, operate, finance and maintain aluminium smelter
MGEC Holdings LLC (US) [1]	USA	**50**	-	Commercial finance business, asset management and investment activities across multiple geographies
MGE Holdings LP [1]	Bermuda	**-**	50	Commercial finance business, asset management and investment activities across multiple geographies
Mubadala GE Capital PJSC [1]	UAE	**-**	50	Commercial finance business, asset management and investment activities

[1] During the year, due to a restructuring within the MGEC group, MGE Holding LP and Mubadala GE Capital PJSC are now indirect subsidiaries of MGEC Holdings LLC (US), a 50 percent jointly controlled entity of Mubadala.

During the year, the Group has disposed its stake in two of its jointly controlled entities for a consideration of AED 111,920 thousand *(2013: one of its jointly controlled entities for a consideration of AED 257,145 thousand).* Net loss on disposal of AED 4,116 thousand *(2013: net gain on disposal of AED 200,962 thousand)* has been recognised in profit and loss.

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:

	2014	2013
	AED'000	AED'000
At the beginning of the year	**16,832,447**	7,848,876
Additions	**2,315,811**	8,189,943
Share of results	**4,060,355**	2,731,336
Disposals	**(113,923)**	(40,916)
Dividends received	**(2,044,961)**	(1,373,022)
Share of movements in translation reserves	**(447,701)**	51,262
Share of movements in hedging and other reserves	**(152,213)**	202,600
Transfer (to) / from associates	**482**	(48,074)
Transfer to assets and liabilities classified as held for sale	**-**	(568,461)
Exchange fluctuation	**85,420**	(42,838)
Intercompany income eliminated	**(108,952)**	(162,782)
Transfer upon acquisition of controlling stake	**(130,458)**	-
Other transfers	**(494,516)**	19,069
Other movements	**(19,383)**	25,454
	19,782,408	16,832,447
Impairment	**(213,953)**	(371,257)
At the end of the year	**19,568,455**	16,461,190
***Disclosed as*:**		
Investment in jointly controlled entities	**20,716,103**	17,763,970
Amounts due to a jointly controlled entity [1]	**(1,147,648)**	(1,302,780)
	19,568,455	16,461,190

[1] In one of the jointly controlled entities, the Group's share of losses exceeded its interest in that entity. The share of losses exceeding the Group's interest in that entity has been presented separately within current liabilities in the consolidated statement of financial position, since the Group has a constructive obligation to contribute to such losses to a certain extent. Beyond that, the Group has no constructive or legal obligation to contribute further to losses, hence the Group has stopped applying equity accounting method. The Group's unrecognised share of losses for the year amounted to AED 1,094,676 thousand *(2013: AED 1,191,629 thousand)* and cumulative unrecognised share of losses amounted to AED 2,286,305 thousand *(2013: AED 1,191,629 thousand).*

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.

17 Investments in equity accounted investees *(continued)*

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

	AMMROC 2014 AED'000	DEL 2014 AED'000	EGA 2014 AED'000	MGEC Holdings LLC (US) 2014 AED'000
Current assets	**7,065,050**	**3,353,520**	**8,722,257**	**2,087,371**
Non-current assets	**2,142,320**	**11,749,378**	**43,122,332**	**18,113,716**
Current liabilities	**4,693,056**	**2,668,614**	**4,573,966**	**3,637,999**
Non-current liabilities	**435,789**	**9,683,159**	**27,890,951**	**13,308,282**
Revenue	**4,206,603**	**11,283,629**	**19,816,547**	**924,583**
Profit or loss from continuing operations	**689,384**	**2,957,781**	**4,137,274**	**365,499**
Other comprehensive income / (loss)	**-**	**-**	**19,414**	**(2,178)**
Total comprehensive income	**689,384**	**2,957,781**	**4,156,688**	**363,320**
Cash and cash equivalents	**2,940,058**	**768,647**	**1,341,320**	**1,613,989**
Current financial liabilities (excluding trade and other payables and provisions)	**-**	**1,128,580**	**1,425,516**	**3,606,040**
Non-current financial liabilities (excluding trade and other payables and provisions)	**-**	**9,490,730**	**27,890,951**	**5,970,907**
Depreciation	**13,108**	**352,634**	**2,211,522**	**2,443**
Amortisation	**31,214**	**1,458**	**16,553**	**-**
Interest income	**37,388**	**4,280**	**46,825**	**924,583**
Interest expense	**-**	**294,931**	**786,504**	**305,297**
Income tax expense / (credit)	**-**	**-**	**3,710**	**(2,090)**
Dividends received by the Group	**-**	**1,751,708**	**275,513**	**99,767**

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:

	AMMROC 2014 AED'000	DEL 2014 AED'000	EGA 2014 AED'000	MGEC Holdings LLC (US) 2014 AED'000
Net assets	**4,078,525**	**2,751,125**	**19,379,672**	**3,254,806**
Ownership %	**60%**	**51%**	**50%**	**50%**
Group's share of net assets on basis of ownership interest	**2,447,115**	**1,403,074**	**9,689,836**	**1,627,403**
Reconciling items				
Intangible assets recognised as part of purchase price allocation exercise	**-**	**-**	**324,674**	**-**
Increase to net asset carrying values (purchase price allocation adjustments)	**-**	**-**	**678,767**	**-**
Adjustments to harmonise accounting policies of equity accounted investees to the Group	**-**	**(110,928)**	**-**	**-**
Other adjustments	**(58,991)**	**-**	**(50,925)**	**11,074**
Carrying amount	**2,388,124**	**1,292,146**	**10,642,352**	**1,638,477**

17 Investments in equity accounted investees *(continued)*

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

	AMMROC 2013 AED'000	DEL 2013 AED'000	Emirates Aluminium Company PJSC 2013 AED'000	MGE Holdings LP and Mubadala GE Capital PJSC 2013 AED'000
Current assets	2,832,002	4,326,340	3,026,531	1,174,779
Non-current assets	1,622,873	12,092,795	28,493,275	13,558,183
Current liabilities	666,270	3,259,768	2,650,287	268,783
Non-current liabilities	399,464	10,372,120	26,644,028	11,395,422
Revenue	1,938,489	10,608,815	6,572,645	1,136,262
Profit or loss from continuing operations	219,776	2,659,963	110,363	255,201
Other comprehensive income	-	-	15,767	-
Total comprehensive income	219,776	2,659,963	126,130	255,201
Cash and cash equivalents	329,561	781,522	206,590	841,165
Current financial liabilities (excluding trade and other payables and provisions)	59,450	1,061,399	992,036	156,623
Non-current financial liabilities (excluding trade and other payables and provisions)	399,464	10,192,838	26,596,515	10,853,926
Depreciation	8,308	343,711	994,112	-
Amortisation	29,530	2,065	23,481	-
Interest income	13,454	3,240	5,305	801,171
Interest expense	-	311,428	714,698	241,835
Income tax credit	-	-	-	(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:

	AMMROC 2013 AED'000	DEL 2013 AED'000	Emirates Aluminium Company PJSC 2013 AED'000	MGE Holdings LP and Mubadala GE Capital PJSC 2013 AED'000
Net assets	3,389,141	2,787,247	2,225,491	3,068,757
Ownership %	60%	51%	50%	50%
Group's share of net assets on basis of ownership interest	2,033,485	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	(55,045)	-	(30,990)	5,920
Carrying amount	1,978,440	1,310,568	1,081,755	1,540,299

17 Investments in equity accounted investees *(continued)*

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

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

	2014 AED'000	2013 AED'000
Group's share of profit or loss from continuing operations	**280,254**	893,725
Group's share of other comprehensive income or loss *(net)*	**(591,036)**	246,017
Group's share of total comprehensive income or loss *(net)*	**(310,782)**	1,139,742
Total carrying amount of share of individually immaterial jointly controlled entities	**4,755,004**	11,852,908

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:

- its share of the present value of the estimated future cash flows expected to be generated by the equity accounted investees, including the cash flows from the operations of the equity accounted investees and the proceeds on the ultimate disposal of the investment; or
- 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

	2014 AED'000	2013 AED'000
Fair value through profit or loss financial assets		
Financial assets designated at FVTPL		
Quoted investments		
Equity securities	**8,228,379**	8,756,887
Unquoted investments		
Convertible bonds [1]	**1,133,817**	578,180
Equity securities	**551,025**	551,025
Investments funds	**8,045,598**	5,368,185
Derivative assets	**248,689**	116,717
	18,207,508	15,370,994
Financial assets held for trading		
Quoted investments		
Equity securities	**2,540,815**	2,431,117
Debt securities other than convertible bonds	**118,966**	725,695
Derivative assets	**45,128**	15,843
	2,704,909	3,172,655
Total of fair value through profit or loss financial assets	**20,912,417**	18,543,649
Available for sale financial assets		
Quoted investments		
Equity securities	**8,356,534**	9,011,925
Unquoted investments		
Equity securities	**31,587**	32,656
Total of available for sale financial assets	**8,388,121**	9,044,581
Other financial assets		
Derivative assets	**14,186**	88,518
Financial assets	**29,314,724**	27,676,748
***Disclosed as*:**		
Current portion	**2,909,477**	3,962,703
Non-current portion	**26,405,247**	23,714,045
	29,314,724	27,676,748

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-options derivatives and option pricing models or quotes from counterparties for options 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 based on discounted cash flows analysis using applicable yield curves for the duration of the investment.

[1] These are unquoted hybrid instruments ("bonds with embedded derivatives") of a real estate developer. 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 18 December 2022. Significant judgment and estimates used for the fair valuation of the bonds are risk adjusted discount factor of 6.3 percent *(2013: 6.8 percent)*, exit cap rates of 5.2 percent *(2013: from 5.3 - 5.8 percent)*, and rent growth rates from 4.5 - 5 percent *(2013: 4.5 - 4.8 percent)*.

b) Available for sale financial assets

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.

19 Loans receivable

	2014 AED'000	2013 AED'000
Loans to jointly controlled entities	**13,374,781**	13,747,229
Loans to entities under common control	**186,417**	-
Loans to associates	**5,853**	218,841
Loans to related parties	**13,567,051**	13,966,070
Loans to third parties	**6,877,541**	10,169,290
	20,444,592	24,135,360
Less: allowance for impairment	**(1,186,364)**	(1,071,502)
	19,258,228	23,063,858
***Disclosed as*:**		
Current portion	**2,828,388**	2,977,013
Non-current portion	**16,429,840**	20,086,845
	19,258,228	23,063,858

19 Loans receivable *(continued)*

As of 31 December 2014, the fair value of the real estate held as collateral against the loans is AED 2,013 million *(31 December 2013: AED 1,559 million).*

Loans to related parties

The significant loans to related parties include the following:

Loans given to a joint venture, in the amount of AED 4,248,962 thousand *(2013: AED 4,579,135 thousand)* and AED 89,366 thousand *(2013: AED 89,344 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 *(2013: AED 2,910,695 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 4,000,166 thousand *(2013: AED 4,458,784 thousand)* which carry interest at LIBOR plus margin and fixed interest and these loans mature from 2015 to 2021.

Loans given to a joint venture, in the amount of AED 285,403 thousand *(2013: AED 299,592 thousand)* which carry fixed and variable interest (at EIBOR plus margin) and are due in 2015 and 2016.

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 2012, failed to meet certain covenants during the prior year under the terms of the agreement. Following this, the Group had modified the terms of the loan. Consequently, a part of the exposure was repaid in a combination of cash, preferred equity securities and shareholding interest in a company of AED 1,770,441 thousand *(2013: AED 1,653,075 thousand) (see notes 5(a)(ii) and 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 1,075,478 thousand *(2013: AED 2,881,327 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 *(2013: AED 808,781 thousand)*, which carries fixed interest and repayable subject to certain conditions being met, not earlier than 2017.

20 Inventories

	2014 AED'000	2013 AED'000
Work in progress	**2,636,450**	2,538,469
Land held for sale *(see note 36(a)(i))*	**2,406,255**	2,399,844
Drilling materials	**635,987**	599,603
Consumables	**411,346**	453,113
Maintenance spares	**227,149**	468,423
Raw material	**145,186**	142,494
Building held for sale	**72,104**	1,220,862
Medical supplies	**58,432**	48,827
Others	**326,023**	330,905
	6,918,932	8,202,540
Less: provision for obsolescence	**(637,878)**	(673,327)
	6,281,054	7,529,213

21 Receivables and prepayments

	2014 AED'000	2013 AED'000
Non-current portion		
Service concession receivables [1]	**5,912,169**	6,293,369
Restricted and long term deposits [2]	**794,823**	251,901
Receivable against sale of land	**418,982**	513,072
Amounts due from related parties *(see note 33(d))*	**16,906**	-
Other long term receivables and advances	**1,309,117**	1,121,427
	8,451,997	8,179,769
Current portion		
Amounts due from related parties *(see note 33(d))*	**4,511,709**	3,808,492
Trade receivables	**4,195,897**	3,659,047
Restricted and long term deposits [2]	**5,588,123**	1,053,624
Service concession receivables [1]	**933,982**	968,278
Prepaid expenses	**794,629**	725,992
Contract work in progress	**353,663**	306,297
Receivables against government grants *(see note 36(b))*	**282,373**	447,255
Advances to contractors	**229,386**	343,176
Sales tax recoverable	**176,650**	314,710
Receivable against sale of land	**124,151**	276,759
Interest receivable from third parties	**28,829**	74,667
Other receivables	**1,519,729**	2,033,938
	18,739,121	14,012,235
Less: allowance for impairment	**(679,131)**	(468,894)
	18,059,990	13,543,341

[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:

	2014 AED'000	2013 AED'000
At the beginning of the year	**7,261,647**	7,654,055
Effective interest on receivables	**565,079**	560,246
Attributable profits	**26,968**	24,058
Costs incurred during the year	**14,093**	9,328
Less: availability charges received	**(1,021,636)**	(986,040)
At the end of the year	**6,846,151**	7,261,647
Disclosed as:		
Non-current portion	**5,912,169**	6,293,369
Current portion	**933,982**	968,278
	6,846,151	7,261,647

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

22 Assets and liabilities classified as held for sale

	2014 AED'000	2013 AED'000
Assets classified as held for sale	**1,180,578** [1,2]	2,322,324 [3]
Liabilities classified as held for sale	**537,406** [1,4]	808,005 [3,4]

[1] On 18 December 2014, a framework agreement between the Group and a jointly controlled entity was signed to transfer the assets and liabilities of three of the Group's subsidiaries, which are held within the Aerospace and Defence Services and the Information and Communications Technology segments, to the jointly controlled entity. These subsidiaries were classified as held for sale since the requirements of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* were met.

[2] The remaining assets classified as held for sale primarily represent investment properties and an equity accounted investee held within Mubadala Capital segment.

[3] Primarily includes a subsidiary which was acquired exclusively with a view to resell by the Group held within Mubadala Capital segment. The Group had explored and evaluated exit options to secure immediate value from acquisitions and an active search for the potential buyers was initiated during 2013. The process of sale was completed and sale of the subsidiary was concluded in 2014. Gain from disposal of AED 16,522 thousand has been recognised in other income within the consolidated statement of comprehensive income.

[4] Includes loans due to an entity under common control of AED 240,000 thousand *(2013: AED 80,000 thousand)*.

23 Finance lease receivables

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

	2014 AED'000	2013 AED'000
At the beginning of the year	**2,281,767**	1,553,244
Transfers from investment properties under development	**138,669**	711,825
Transfers from inventories	**1,280,421**	-
Transfers from property, plant and equipment *(see note 13)*	**1,280,470** [2]	-
Finance lease income	**229,186**	142,094
Lease rentals received	**(217,425)**	(125,396)
At the end of the year	**4,993,088** [1]	2,281,767 [1]

[1] Includes a finance lease receivable from a jointly controlled entity of AED 759,622 thousand *(2013: AED 726,860 thousand)*.

[2] Gain recognised on disposal of the property, plant and equipment item on a finance lease agreement is AED 246,478 thousand.

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:

	2014		2013	
	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	**295,990**	**286,782**	122,839	116,309
After one year but not more than five years	**1,359,418**	**1,121,293**	600,515	475,621
After five years	**11,293,070**	**3,585,013**	5,309,006	1,689,837
Total	**12,948,478**	**4,993,088**	6,032,360	2,281,767
Less: amount representing finance charges	**(7,955,390)**	**-**	(3,750,593)	-
Present value of minimum lease payments	**4,993,088**	**4,993,088**	2,281,767	2,281,767

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

	2014 AED'000	2013 AED'000
Current	**286,782**	116,309
Non-current	**4,706,306**	2,165,458
	4,993,088	2,281,767

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 - 7.3 percent *(2013: 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

	2014 AED'000	2013 AED'000
Bank balances:		
- deposit accounts	**18,605,417**	17,494,880
- call and current accounts	**7,230,939**	4,189,055
Cash in hand	**5,597**	4,642
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**25,841,953**	21,688,577

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 9,149,160 thousand *(2013: AED 2,775,972 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

	2014 AED'000	2013 AED'000
Within one year	**846,792**	870,959
After one year but not more than five years	**3,361,656**	3,469,347
After five years	**3,743,448**	4,643,220
	7,951,896	8,983,526

26 Payables and accruals

	2014 AED'000	2013 AED'000
Accrued expenses	**4,233,802**	3,874,185
Trade payables	**3,288,496**	3,226,116
Unearned revenue	**1,313,228**	730,329
Amounts due to related parties *(see note 33(d))*	**1,114,032**	665,625
Deposit from the Shareholder [1] *(see note 33(d))*	**688,066**	682,782
Staff costs payable	**635,249**	443,247
Provision for staff terminal benefits	**235,657**	333,605
Provisions	**233,611**	286,470
Retentions payable	**205,555**	240,289
Advance from an associate *(see note 33(d))*	**73,869**	73,869
Interest free loan from the Shareholder [2] *(see note 33(d))*	**-**	489,541
Other payables	**3,017,041**	3,023,373
	15,038,606	14,069,431

[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 0.76 percent per annum *(2013: 1.05 percent per annum).*

[2] This loan was disposed of during the year as part of the sale of ADAT's divisions *(see note 5)*.

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

	2014 AED'000	2013 AED'000
Derivatives designated and effective as hedging instruments carried at fair value [1]		
Interest rate swaps	**439,075**	489,371
Foreign exchange forward contracts	**250,790**	19,088
	689,865	508,459
Financial liabilities designated at fair value through profit or loss		
Interest rate swaps	**857,928**	618,499
Foreign exchange forward contracts	**99,209**	38,904
Equity options	**12,043**	-
	969,180	657,403
Financial liabilities held for trading		
Equity options	**1,156**	33,021
Equity swaps	**129,793**	42,092
Exchange traded securities [2]	**418,936**	42,638
	549,885	117,751
Fair value of financial liabilities	**2,208,930**	1,283,613
Disclosed as:		
Current portion	**1,026,608**	295,942
Non-current portion	**1,182,322**	987,671
	2,208,930	1,283,613

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] 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 profit or loss 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

	2014 **AED'000**	2013 AED'000
Unsecured corporate bonds	-	4,587,789
Unsecured bank borrowings	**3,583,269**	2,432,829
Secured bank borrowings	**2,209,019**	1,247,202
Unsecured borrowings	**629,989**	267,299
Others	**136,475**	108,414
Current portion	**6,558,752**	8,643,533
Secured bank borrowings	**11,005,187**	12,003,753
Unsecured corporate bonds	**10,834,947**	8,225,678
Unsecured bank borrowings	**9,782,850**	9,447,445
Unsecured borrowings	**2,787,359**	3,418,160
Others	**319,729**	179,813
Non-current portion	**34,730,072**	33,274,849

Notes to the consolidated financial statements *(continued)*

28 Interest bearing borrowings *(continued)*

Terms and debt repayment schedule

Particulars	Entity name / Project name	Currency	Nominal interest rate	Year of maturity	**31 Dec 2014 Carrying amount AED '000**	31 Dec 2013 Carrying amount AED '000
Current						
Secured bank loan [1]	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2015	**113,897**	108,163
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2015	**49,391**	49,750
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2015	**16,464**	16,583
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2015	**56,902**	56,193
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2015	**104,156**	102,859
Secured bank loan	National Central District Cooling Company PJSC- Tabreed Islamic Finance	AED	EIBOR + margin		**-**	22,894
Secured bank loan [2]	National Central District Cooling Company PJSC	USD / AED / OMR	LIBOR / EIBOR + margin / Fixed	2015	**152,734**	135,872
Secured bank loan [3]	SR Technics	CHF / EUR / USD	LIBOR + margin	2015	**18,169**	421,554
Secured bank loan [4, 17]	Sanad Aero 1 Limited	USD	LIBOR + margin	2015	**56,902**	54,437
Secured bank loan [5, 17]	Sanad Aero Solutions Investment LLC	USD	LIBOR + margin	2015	**25,120**	24,349
Secured bank loan [6, 17]	Sanad Aero Ireland 1 Limited	USD	LIBOR + margin	2015	**57,533**	46,632
Secured bank loan [7, 17]	Sanad Aero II Limited	USD	LIBOR + margin	2015	**39,162**	37,492
Secured bank loan [8, 17]	Sanad Aero Ireland 2 Limited	USD	LIBOR + margin	2015	**10,834**	-
Secured bank loan [9, 17]	Sanad Aero Ireland 3 Limited	USD	LIBOR + margin	2015	**14,224**	-
Secured bank loan [10, 17]	Sanad Aero Ireland 4 Limited	USD	LIBOR + margin	2015	**12,900**	-
Secured bank loan [11]	Abu Dhabi Future Energy Company PSC (London Array)	GBP	LIBOR + margin	2015	**84,749**	88,315
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin		**-**	30,000
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin		**-**	52,109
Secured bank loan [12]	Khazna Data Centers LLC	AED	EIBOR + margin	2015	**24,154**	-
Secured bank loan [13]	Injazat Data Systems LLC	AED	EIBOR + margin	2015	**25,859**	-
Secured bank loan [14]	Sigma Investment Company (BVI) (PTC) Limited (GE margin loan)	USD	LIBOR + margin	2015	**1,345,869**	-
Secured bond [15]	Global Foundries	USD	LIBOR + margin	2015	**16,475**	17,449
Unsecured bank loan	Mubadala Development Company PJSC – RCF	USD	LIBOR + margin	2015	**1,414,298**	-
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2015	**269,704**	249,606
Unsecured bank loan	Global Foundries - Atradius term loan	USD	LIBOR + margin	2015	**307,770**	117,074
Unsecured bank loan	Global Foundries - EXIM guaranteed loan	USD	LIBOR + margin	2015	**323,213**	427,454
Unsecured bank loan	Global Foundries - EXIM term loan	USD	Fixed coupon	2015	**600,026**	-
Unsecured loan	Global Foundries - Senior notes	USD	Fixed coupon	2015	**356,752**	-
Unsecured loan [16, 17]	Manhal Development Company PJSC (Sorbonne University)	AED	Fixed coupon	2015	**14,700**	14,063
Unsecured loan [16, 17]	Al Maqsed Development Company PJSC (Zayed University)	AED	Fixed coupon	2015	**17,750**	17,250
Unsecured loan [16, 17]	Al Hikma Development Company PJSC (UAE University)	AED	Fixed coupon	2015	**22,731**	22,785
Unsecured loan [17]	Dolphin Investment Company LLC	USD	LIBOR + margin / Fixed	2015	**214,827**	208,895
Unsecured loan [17]	The Specialist Diabetes Treatment and Research Centre LLC	AED	Fixed coupon	2015	**3,229**	4,306
Unsecured deposits	Abu Dhabi Finance	AED	EIBOR + margin	2015	**120,000**	90,965
Unsecured commercial paper	MDC - GMTN B.V. - Commercial Paper	USD / GBP	Fixed coupon	2015	**668,258**	1,638,695
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2014	USD	Fixed coupon		**-**	4,587,789
Current total					**6,558,752**	8,643,533

Notes to the consolidated financial statements *(continued)*

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 2014 Carrying amount AED '000**	31 Dec 2013 Carrying amount AED '000
Non-current						
Secured bank loan [1]	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2016-2022	**899,925**	1,013,821
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2016-2028	**620,547**	669,938
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2016-2028	**206,849**	223,313
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2016-2019	**1,046,508**	1,103,410
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2016-2019	**1,915,587**	2,019,743
Secured bank loan [14]	Sigma Investment Company (BVI) (PTC) Limited (GE margin loan)	USD	LIBOR + margin		**-**	1,345,869
Secured bank loan [3]	SR Technics	CHF / EUR / USD	LIBOR + margin	2016-2018	**728,074**	380,591
Secured bank loan [4, 17]	Sanad Aero 1 Limited	USD	LIBOR + margin	2016-2022	**413,939**	470,841
Secured bank loan [5, 17]	Sanad Aero Solutions Investments LLC	USD	LIBOR + margin	2016-2018	**67,361**	92,481
Secured bank loan [6, 17]	Sanad Aero Ireland 1 Limited	USD	LIBOR + margin	2016-2024	**341,908**	313,146
Secured bank loan [7, 17]	Sanad Aero II Limited	USD	LIBOR + margin	2016-2023	**330,728**	369,891
Secured bank loan [8, 17]	Sanad Aero Ireland 2 Limited	USD	LIBOR + margin	2016-2024	**108,110**	-
Secured bank loan [9, 17]	Sanad Aero Ireland 3 Limited	USD	LIBOR + margin	2016-2023	**186,543**	-
Secured bank loan [10, 17]	Sanad Aero Ireland 4 Limited	USD	LIBOR + margin	2016-2022	**120,035**	-
Secured bank loan [18]	Strata Manufacturing PJSC	USD	LIBOR + margin	2016-2022	**342,271**	255,772
Secured bank loan	National Central District Cooling Company PJSC- Tabreed Islamic Finance	AED	EIBOR + margin		**-**	484,653
Secured bank loan [2]	National Central District Cooling Company PJSC	USD / AED / OMR	LIBOR / EIBOR + margin / Fixed	2016-2022	**2,020,872**	1,857,114
Secured bank loan [11]	Abu Dhabi Future Energy Company PSC (London Array)	GBP	LIBOR + margin	2016-2025	**1,167,179**	1,328,336
Secured bank loan [19]	Abu Dhabi Finance	AED	EIBOR + margin	2016	**25,000**	15,000
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin		**-**	59,834
Secured bank loan [12]	Khazna Data Centers LLC	AED	EIBOR + margin	2016-2023	**153,338**	-
Secured bank loan [13]	Injazat Data Systems LLC	AED	EIBOR + margin	2016-2024	**310,413**	-
Secured bond [15]	Global Foundries	USD	LIBOR + margin	2016-2021	**172,789**	179,813
Secured loan [17, 20]	Fifthy Seventh Investment Company (Trafigura Ventures)	USD	LIBOR + margin	2018	**146,940**	-
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2016-2022	**2,668,217**	2,937,920
Unsecured bank loan	Mubadala Treasury Holding Company LLC - EIB term loan	EUR	EURIBOR + margin	2019	**1,050,113**	1,192,061
Unsecured bank loan	Mubadala Treasury Holding Company LLC - EIB term loan	EUR	EURIBOR + margin	2020	**1,339,525**	1,520,594
Unsecured bank loan	Global Foundries - Atradius term loan	USD	LIBOR + margin	2016 -2019	**1,343,285**	563,238
Unsecured bank loan	Global Foundries - EXIM guaranteed loan	USD	LIBOR + margin	2016	**211,219**	525,215
Unsecured bank loan	Global Foundries - EXIM term loan	USD	Fixed coupon	2016-2019	**3,170,491**	2,708,417
Unsecured loan	Global Foundries - Senior notes	USD	Fixed coupon		**-**	356,752
Unsecured loan	Abu Dhabi Aircraft Technologies LLC	USD	Fixed coupon		**-**	187,170
Unsecured loan [17]	Dolphin Investment Company LLC	USD	LIBOR + margin / Fixed coupon	2016-2021	**2,402,210**	2,617,036
Unsecured loan [17]	The Specialist Diabetes Treatment and Research Centre LLC	AED	Fixed coupon	2016-2020	**24,631**	26,621
Unsecured loan [16, 17]	Manhal Development Company PJSC (Sorbonne University)	AED	Fixed coupon	2016-2017	**30,072**	38,069
Unsecured loan [16, 17]	Al Maqsed Development Company PJSC (Zayed University)	AED	Fixed coupon	2016-2017	**33,000**	48,439
Unsecured loan [16, 17]	Al Hikma Development Company PJSC (UAE University)	AED	Fixed coupon	2016-2020	**110,097**	144,073
Unsecured loan [17]	Aerospace Investment Company	USD	Fixed coupon	2016	**187,349**	-
Unsecured corporate bond	MDC - GMTN B.V. - JPY Private Placement	JPY	Fixed coupon	2031	**458,191**	520,911
Unsecured corporate bond	MDC - GMTN B.V. - EUR Private Placement	EUR	Fixed coupon	2018	**356,224**	404,141
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2016	USD	Fixed coupon	2016	**2,745,507**	2,738,418
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2019	USD	Fixed coupon	2019	**1,826,082**	1,824,127
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2021	USD	Fixed coupon	2021	**2,739,964**	2,738,081
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2022	USD	Fixed coupon	2022	**2,708,979**	-
Non-current total					**34,730,072**	33,274,849
Total					**41,288,824**	41,918,382

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 and equipment with a carrying value of AED 772,000 thousand *(2013: AED 853,000 thousand)* and trade debtors. In addition, the loans are also secured by pledges of fixed deposits. During the year the company re-financed the existing interest bearing loans and Islamic financing arrangements of AED 2.14 billion (together the "existing loans"), and obtained AED 450 million in revolving facility. The existing loans were refinanced as term loan facilities A and B amounting to AED 692 million and AED 1.45 billion respectively. The facilites carry interest rates of EIBOR plus a margin.

[3] These loans are secured by pledged assets including bank accounts of AED 194,352 thousand *(2013: AED 307,614 thousand)* and trade receivables of AED 792,414 thousand *(2013: AED 948,265 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 27,042 thousand *(2013: AED 28,855 thousand).*

[4] This loan is secured by aircraft engines, with a carrying value of AED 721,315 thousand *(2013: AED 756,836 thousand).*

[5] This loan is secured by aircraft engines, with a carrying value of AED 213,738 thousand *(2013: AED 218,467 thousand).*

[6] This loan is secured against aircraft components with a carrying value of AED 812,293 thousand *(2013: AED 575,249 thousand)*.

[7] This loan is secured against aircraft components with a carrying value of AED 472,613 thousand *(2013: AED 507,237 thousand)*.

[8] This loan is secured against aircraft components with a carrying value of AED 172,822 thousand.

[9] This loan is secured against aircraft engines with a carrying value of AED 253,771 thousand.

28 Interest bearing borrowings *(continued)*

[10] This loan is secured against aircraft components with a carrying value of AED 171,528 thousand.

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

[12] This loan is secured against land and buildings with a carrying value of AED 504,980 thousand.

[13] The term loan is secured through assignment of contracts with clients of value not less than the outstanding amount of loan, the assignment of the properties, all risk insurance policy taken out in relation to the building, and any legally assignable rights that may arise over the building.

[14] This loan is secured by a pledge of 71,335,605 of quoted equity securities with a fair value of AED 6,622,037 thousand *(2013: 71,335,605 shares with a value of AED 7,345,299 thousand)*.

[15] In 2013, GF entered into an infrastructure development reimbursement arrangement with Saratoga County (NY) Industrial Development Agency, which is underwritten by an investment bank and cash collateralized by GF with a AED 282,860 thousand letter of credit.

[16] These loans have been provided by non-controlling interest shareholders and are repayable subject to certain conditions being met, the availability of cash flows and approval by the board of directors.

[17] These represent loans obtained from related parties.

[18] These loans are secured by pledges of property, plant and equipment with a carrying value of AED 299,222 thousand *(2013: AED 323,194 thousand).*

[19] This loan is secured by receivables of a subsidiary of the Group with a carrying value of AED 75 million *(2013: AED 7 million)*, post-dated cheques plus direct debit systems with a carrying value of AED 20 million *(2013: AED 20 million)* and 35% of the drawn amount placed as a deposit under lien with an entity under common control (2013: 35% of the drawn amount placed as a deposit under lien with an entity under common control).

[20] The loan is secured by equity securities with a fair value of AED 669,260 thousand.

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

	2014 **AED'000**	2013 AED'000
At the beginning of the year	**41,918,382**	41,126,660
New borrowings	**13,402,441**	13,622,489
Repayments	**(13,767,511)**	(13,151,644)
Acquired through business combination	**338,866**	-
Foreign exchange fluctuations and other movements	**(603,354)**	320,877
At the end of the year	**41,288,824**	41,918,382

29 Other liabilities

	2014 **AED'000**	2013 AED'000
Advances from a related party *(see note 33(d))*	**1,068,988**	1,068,988
Decommissioning liabilities	**623,349**	536,568
Asset retirement obligation	**174,557**	148,160
Amounts due to related parties *(see note 33(d))*	**44,157**	-
Others	**1,615,979**	612,806
	3,527,030	2,366,522

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:

	2014		2013	
	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	**306,851**	**177,098**	334,326	209,887
After one year but not more than five years	**908,965**	**517,684**	994,612	698,906
After five years	**931,678**	**703,510**	521,883	440,159
Total	**2,147,494**	**1,398,292**	1,850,821	1,348,952
Less: amount representing finance charges	**(749,202)**	**-**	(501,869)	-
Present value of minimum lease payments	**1,398,292**	**1,398,292**	1,348,952	1,348,952

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

	2014 **AED'000**	2013 AED'000
Current	**177,098**	209,887
Non-current	**1,221,194**	1,139,065
	1,398,292	1,348,952

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

31 Share capital

	2014 **AED'000**	2013 AED'000
Authorised, issued and fully paid up:		
28,600,000 equity shares *(2013: 15,000,000 equity shares)* of AED 1,000 each	**28,600,000**	15,000,000

During the year, amounts received from the Shareholder in the prior year were converted to share capital *(see note 33(f))*.

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.

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 operations.

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:

	2014 AED'000	2013 AED'000
Other key management personnel		
Short term benefits	**241,451**	211,861
Post-employment benefits	**11,160**	11,686
	252,611	223,547

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

(c) Other related party transactions

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

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

	2014 **AED'000**	2013 AED'000
Revenue		
Associates	**3,124,751**	5,315,291
Entities under common control	**2,516,008**	2,363,642
Jointly controlled entities	**378,695**	376,070
Shareholder	**212,744**	234,107
	6,232,198	8,289,110
Interest income		
Entities under common control	**513,711**	520,438
Jointly controlled entities	**260,013**	257,453
Shareholder	**36,783**	39,909
Associates	**588**	2,457
	811,095	820,257
Income from provision of manpower, project management and consultancy services		
Jointly controlled entities	**329,791**	268,919
Entities under common control	**164**	154
	329,955	269,073
Purchase of goods and services		
Jointly controlled entities	**586,105**	546,805
Entities under common control	**169,742**	145,287
Associates	**145,721**	222,608
	901,568	914,700
Interest bearing borrowing repaid		
Entities under common control	**396,032**	1,129,687
Associates	**335,184**	-
Jointly controlled entities	**302,409**	423,665
	1,033,625	1,553,352
Interest bearing borrowing drawn from entities under common control	**888,215**	595,395

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

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

	2014 AED'000	2013 AED'000
Loans given		
Jointly controlled entities	**5,655,893**	4,799,358
Associates	**-**	97,256
	5,655,893	4,896,614
Loans recovered		
Jointly controlled entities	**6,081,518**	7,041,736
Interest expense		
Entities under common control	**270,512**	209,212
Jointly controlled entities	**187,400**	263,001
Associates	**9,555**	-
	467,467	472,213
Loans received from a jointly controlled entity	**-**	166,858
Sale and leaseback from an entity under common control	**363,030**	213,063
Assets transferred on finance lease to a jointly controlled entity	**-**	711,825
Shareholder reimbursements for recoverable projects	**2,153,152**	5,928,151
Sale of a subsidiary to a jointly controlled entity	**1,050,000**	-
Cash calls paid to jointly controlled entities for joint operations	**1,313,333**	1,565,204
Other miscellaneous transactions		
Jointly controlled entities	**1,531,746**	1,050,392
Entities under common control	**69,156**	127,822
Associates	**7,564**	4,293
Shareholder	**-**	9,615
	1,608,466	1,192,122

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

(d) Related party balances

	2014 AED'000	2013 AED'000
Amounts due to related parties [1] *(see notes 26 and 29)*		
Entities under common control	**555,443**	209,563
Jointly controlled entities	**102,183**	299,725
Associates	**92,598**	111,849
Shareholder	**55,754**	2,488
Others	**-**	42,000
	805,978	665,625
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
Unearned revenue from an associate *(see note 26)*	**352,211**	-
Amounts due from related parties *(see note 21)*		
Shareholder	**2,198,569**	1,195,955
Associates	**1,110,559**	1,153,064
Entities under common control	**933,318**	1,201,870
Jointly controlled entities	**286,169**	257,603
	4,528,615	3,808,492
Loan and deposits from the shareholder *(see note 26)*	**688,066**	1,172,323
Deposits with entities under common control *(see note 24)*	**9,149,160**	2,775,972
Deposits with equity accounted investees	**30,000**	30,000
Loans to related parties		
Jointly controlled entities	**12,944,375**	13,316,823
Entities under common control	**186,417**	-
Associates	**5,853**	218,841
	13,136,645	13,535,664
Financial investment in shares of an entity under common control	**466,986**	1,272,668
Financial investment in warrants of an associate	**-**	495,004

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

(d) Related party balances *(continued)*

	2014 **AED'000**	2013 AED'000
Debt securities of an associate	**-**	95,005
Preferred securities of a jointly controlled entity	**939,940**	-
Service concession receivables *(see note 21)*		
Entities under common control	**6,311,904**	6,675,379
Shareholder	**534,247**	586,268
	6,846,151	7,261,647
Interest bearing borrowings		
Entities under common control	**5,609,846**	5,089,099
Jointly controlled entities	**3,032,736**	3,297,779
Associates	**27,860**	30,928
	8,670,442	8,417,806

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

(e) Additional shareholder contributions

	2014 **AED'000**	2013 AED'000
At the beginning of the year	**123,155,278** [1]	120,315,476
Cash contributions	**18,367,500** [2]	7,038,426
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)
At the end of the year	**141,522,778**	123,155,278

[1] Additional shareholder contributions represent interest free loans from the Shareholder. As per the terms of the agreements for the amounts received from 2008 to 2013, 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.

[2] During the year, an amount of AED 18,367,500 thousand was received from the Shareholder. The legal agreement with respect to this funding is still in process. The management believes that the terms of the agreement would be similar to the additional shareholder contribution received in earlier years.

(f) Application for share capital

Application for share capital represents amounts received from the Shareholder in the prior year, against which shares were issued during the current year *(see note 31).*

34 Commitments and contingent liabilities

Commitments and contingencies

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

	2014 AED'000	2013 AED'000
Capital commitments		
Commitments for acquisition of property, plant and equipment	**14,425,662**	8,493,195
Commitments for equity investments	**4,301,631**	3,115,786
Unfunded loan commitments	**22,009**	874,814
Contingent liabilities [1]	**9,404,783**	8,828,644
	28,154,085	21,312,439

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

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:

	2014 AED'000	2013 AED'000
Capital commitments		
Commitments for acquisition of property, plant and equipment	**9,207,568**	5,744,069
Commitment to provide loans	**5,948,395**	1,580,017
Operating lease commitments	**2,468,508**	232,693
Commitments for equity investments in joint ventures	-	198,798
Contingent liabilities	**6,433,724**	486,049
	24,058,195	8,241,626

Exploration commitments

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

	2014 AED'000	2013 AED'000
Due in less than one year	**355,590**	577,171
Later than one year but not later than five years	**51,433**	120,814
At 31 December	**407,023**	697,985

A subsidiary of the Group has production bonus commitments that range from AED 67,225 thousand *(2013: AED 84,858 thousand)* to AED 298,655 thousand *(2013: AED 340,166 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.

34 Commitments and contingent liabilities *(continued)*

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

	2014 **AED'000**	2013 AED'000
Within one year	**526,280**	575,172
After one year but not more than five years	**1,664,263**	1,386,935
After five years	**2,198,305**	1,638,525
Total	**4,388,848**	3,600,632

35 Income tax

	2014 **AED'000**	2013 AED'000
Income tax recognised in profit or loss:		
Current tax expense		
On taxable profit of the year	**(211,140)**	(276,279)
Adjustment in respect of prior years' current tax	**(15,615)**	29,961
	(226,755)	(246,318)
Deferred tax (expense) / credit		
Origination and reversal of temporary differences	**308,711**	309,182
Reduction in tax rate	**405,922**	-
Impact of tax losses and tax credits carry forwards	**(444,978)**	550,375
Deferred tax adjustment on depreciation, depletion and amortisation	**(45,581)**	(147,827)
Foreign exchange difference	**(623,918)**	194,823
Others	**-**	15,933
Net deferred tax (expense) / credit	**(399,844)**	922,486
Income tax (expense) / credit recognised in profit or loss	**(626,599)**	676,168

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, GlobalFoundries Inc. and Mubadala Petroleum (SE Asia) Limited.

35 Income tax *(continued)*

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

	2014 AED'000	2013 AED'000
Income from continuing operations *(before income tax)*	**1,848,735**	1,017,538
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(337,338)**	108,796
Effect of income that is exempt from taxation	**164,138**	196,599
Effect of expenses that are not deductible in determining taxable profit	**(585,120)**	(332,231)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**(578,625)**	(151,485)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	**100,753**	561,389
Effect on deferred tax balances due to the change in tax rate	**405,871**	-
Effect of tax credits	**244,391**	236,496
Others	**(25,054)**	26,643
	(610,984)	646,207
Adjustments recognised in the current year in relation to the current tax of prior years	**(15,615)**	29,961
Income tax (expense) / credit recognised in profit or loss	**(626,599)**	676,168

Current tax liabilities

	2014 AED'000	2013 AED'000
Income tax payable	**277,910**	245,942

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

	2014 AED'000	2013 AED'000
Deferred tax assets	**1,922,959**	2,194,411
Deferred tax liabilities	**(989,104)**	(1,041,187)
Net deferred tax assets	**933,855**	1,153,224

35 Income tax *(continued)*

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

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

	2014 **AED'000**	2013 AED'000
At the beginning of the year	**1,153,224**	236,124
Tax (expense) / credit to profit or loss	**(399,844)**	922,486
Foreign currency adjustments	**47,313**	6,656
Other adjustments	**133,162**	(12,042)
At the end of the year	**933,855**	1,153,224

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 2014 amounted to AED 16,895,019 thousand *(2013: AED 10,682,606 thousand)* and are available for offset against future taxable income. These losses, allowances and cost pools have expiry periods up to unlimited carry forward period. The Group has not recognised a deferred tax of AED 5,539,815 thousand *(2013: AED 2,821,787 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 2014, 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 *(2013: AED nil)*.

35 Income tax *(continued)*

Recognised deferred tax assets and liabilities are attributable to:

	Assets		**Liabilities**		**Net**	
	2014	2013	**2014**	2013	**2014**	2013
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Property, plant and equipment	**49,052**	195	**(2,399,515)**	(1,394,571)	**(2,350,463)**	(1,394,376)
Intangible assets	**-**	-	**(637,214)**	(815,466)	**(637,214)**	(815,466)
Derivatives	**43,939**	-	**(19)**	(34,363)	**43,920**	(34,363)
Other assets	**56,451**	601	**(23,591)**	(2,903)	**32,860**	(2,302)
Other liabilities	**69,963**	-	**(29,665)**	(146,691)	**40,298**	(146,691)
Payables and accruals	**383,962**	323,510	**-**	7	**383,962**	323,517
Tax losses recognised	**3,230,264**	3,038,655	**(2,906)**	3,115	**3,227,358**	3,041,770
Others	**208,238**	184,265	**(15,104)**	(3,130)	**193,134**	181,135
Tax assets / (liabilities)	**4,041,869**	3,547,226	**(3,108,014)**	(2,394,002)	**933,855**	1,153,224

Income tax recognised in other comprehensive income:

	2014			2013		
	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	**488,598**	**-**	**488,598**	3,226,612	-	3,226,612
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets	**(743,186)**	**-**	**(743,186)**	(17,624)	-	(17,624)
Effective portion of changes in fair value of cash flow hedges and other reserves	**(410,030)**	**91,430**	**(318,600)**	258,406	9,315	267,721
Net change in translation reserve	**(135,280)**	**-**	**(135,280)**	86,363	-	86,363
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	**(141,355)**	**-**	**(141,355)**	248,413	-	248,413
Share of movements in translation reserve of equity accounted investees	**(448,030)**	**-**	**(448,030)**	50,752	-	50,752
Net movement in defined benefits plan	**(206,607)**	**41,735**	**(164,872)**	27,767	(5,609)	22,158
	(1,595,890)	**133,165**	**(1,462,725)**	3,880,689	3,706	3,884,395

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 [12]	**Carrying amount as at 31 Dec 2014 AED '000**	Carrying amount as at 31 Dec 2013 AED '000	Currently classified as [11]
Future economic benefits certain					
Madinat Zayed [1]	2008	26,909,776	**-**	-	PPE
Arzanah land	2006	13,302,119	**1,944,109**	1,944,109	Inventory
Healthpoint	2006	179,486	**-**	-	PPE
Military City	2009	12,242,393	**-**	-	PPE
Al Maryah Island – ADGM Square Development [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	**462,146**	455,735	Inventory
Al Maryah Island [2]	2006	697,864	**61,860**	61,394	PPE
New Fish Market	2006	484,448	**15,706**	17,342	IP
New Headquarter	2004	102,675	**-**	-	PPE
Parking lot - New Headquarter	2009	70,000	**-**	-	PPE
Hai Al Dawoody	2009	1,076	**-**	-	PPE
Hamran	2009	1,076	**-**	-	PPE
Masdar City Land: [6]					
Own use [7]	2008	2,795,822	**-**	-	PPE
Commercial use [8]	2008	537,968	**206,951**	83,069	IP
Future economic benefits uncertain / no future economic benefits [3]					
Jabel Al Dhannah [10]	2009	10,956,700	**-**	-	N/A
Masdar City Land (remaining portion) [5]	2008	57,116,558	**-**	-	N/A
Madinat Zayed [1]	2008	116,202,049	**-**	-	N/A
Masdar Institute of Science and Technology [9]	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
Plot P52 Abu Dhabi Island [2]	2014	622,323	**-**	-	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	2007	23,079,801	**-**	-	N/A
Others	2004-2009	61,965,983	**-**	-	N/A

[1] Madinat Zayed land has been identified and used for the purpose of construction and operation of a solar power station which would generate revenue by selling electricity to the national grid. One plant of 100 MW has been constructed and became operational in 2014. This occupies a land area of 26,909,776 square feet and is classified as property, plant and equipment at nominal value. There is currently no agreement or commitment to construct any further solar power stations on this site and as a result the unutilised area of land covering 116,202,049 square feet has been classified as future economic benefits uncertain.

36 Government grants *(continued)*

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

(i) Land (continued)

[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 ADGM Square Development 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 Plots P48 and P52 on Abu Dhabi Island for the purpose of constructing bridges between Al 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 by 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 Group's subsidiary 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 contributions *(see note 33(e))*.

[6] The overall masterplan of Masdar City has been updated. Some of the land areas originally allocated to certain projects have been divided into a number of newly allocated plots and, where there is certainty of use, classified as future economic benefit certain, with the remainder being classified under future economic benefits uncertain.

During the year, lease agreements have been signed for a total land area of 1,007,607 square feet. Based on management assessment of the terms of these agreements, these were classified as finance leases. The carrying value of the finance lease receivable is AED 145,437 thousand *(see note 23)*.

[7] 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 ADFEC and Mubadala Group to carry out its operations.

36 Government grants *(continued)*

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

(i) Land (continued)

[8] These plots of land of Masdar City have been recognised as investment property based on their commercial use. During the year, a lease agreement has been signed for an area of 305,512 square feet and the design of a building commenced. This portion of the land is held as investment property at a value of AED 97,900 thousand.

[9] 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 ADFEC from the underlying land and accordingly this parcel of land has been classified in the no future economic benefits category.

[10] 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 ADFEC gets clear guidance from Government and accordingly, has been classified under future economic benefit uncertain category.

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

[12] 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 2014 the Group had an outstanding commitment to invest an additional AED 10,636 thousand *(2013: AED 15,793 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:

	2014 AED'000	2013 AED'000
At the beginning of the year	**1,885,565**	2,182,716
Additions	**482,666**	447,690
Amortised during the year	**(787,604)**	(718,667)
Other movements	**(23,326)**	(26,174)
At the end of the year	**1,557,301**	1,885,565
Disclosed as:		
Current	**317,986**	316,892
Non-current	**1,239,315**	1,568,673
	1,557,301	1,885,565

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 *(see 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.

	2014 AED'000	2013 AED'000
Defined benefit (liability) / assets arising from defined benefits pension plan	**(174,495)**	5,472
Pension liabilities arising from other employee benefits	**(21,281)**	(26,562)
	(195,776)	(21,090)

37 Employee benefits *(continued)*

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

	Defined benefit pension plans 2014 AED'000	**Other employee benefits 2014 AED'000**	Defined benefit pension plans 2013 AED'000	Other employee benefits 2013 AED'000
Present value of defined benefit obligation	**(3,655,167)**	**(21,281)**	(3,583,882)	(26,562)
Fair value of plan assets	**3,480,672**	-	3,691,593	-
Funded status	**(174,495)**	**(21,281)**	107,711	(26,562)
Unrecognised asset due to asset ceiling	-	-	(102,239)	-
	(174,495)	**(21,281)**	5,472	(26,562)

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

	2014 AED'000	2013 AED'000
At the beginning of the year	**3,583,882**	3,540,350
Foreign exchange difference	**(402,633)**	100,025
Net current service cost	**67,984**	69,315
Interest cost	**75,787**	67,654
Contribution by plan participants	**51,031**	48,472
Benefits paid	**(185,131)**	(121,930)
Loss / (gain) due to experience	**18,693**	(29,137)
Loss / (gain) due to financial assumptions	**446,334**	(90,867)
Past service costs	**(780)**	-
At the end of the year	**3,655,167**	3,583,882

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

	2014 AED'000	2013 AED'000
At the beginning of the year	**3,691,593**	3,506,087
Foreign exchange difference	**(391,446)**	105,003
Employer contributions	**79,195**	83,441
Employee contributions	**51,031**	48,472
Net benefits paid	**(185,131)**	(121,930)
Actual administration expenses paid	**(3,026)**	(3,326)
Interest income on plan assets	**79,637**	68,244
Return on plan assets (excluding amount included in interest income)	**158,819**	5,602
At the end of the year	**3,480,672**	3,691,593

37 Employee benefits *(continued)*

Plan assets consist of the following:

	2014	2013
	AED'000	AED'000
Bonds	**1,361,244**	1,499,108
Equity securities	**745,942**	833,521
Investment in property	**703,517**	743,950
Other	**669,969**	615,014
	3,480,672	3,691,593

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:

	2014	2013
Discount rate	**1.30%**	2.25%
Future salary incrasese	**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 3.4% (increase by 3.6%).
- 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 2.3% for General Pension Scheme and 2.6% for Management Insurance Scheme (decrease by 2.3% for General Pension Scheme and 2.6% for Management Insurance Scheme).

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)*

	2014 **AED'000**	2013 AED'000
Service costs	**67,204**	69,315
Net interest income	**(1,414)**	(591)
Administration expenses	**3,026**	3,326
Net periodic employee benefit cost	**68,816**	72,050

The Group's incorporated loss from the defined benefit plans is AED 68,816 thousand in 2014 *(2013: loss of AED 72,050 thousand)*; the cost related to defined contribution employee benefit schemes amounted to AED 4,420 thousand *(2013: AED 3,965 thousand)*. All employee benefit costs are included in personnel costs. The expected contributions to defined benefit plans for 2014 amount to AED 77,623 thousand.

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

	2014 **AED'000**	2013 AED'000
Defined benefit obligation (loss) / gain due to change in financial assumptions	**(446,334)**	90,867
Defined benefit obligation (loss) / gain due to experience	**(18,693)**	29,137
Return on plan assets excluding amount included in interest income	**158,819**	5,602
Change in irrecoverable surplus, effect of asset ceiling	**99,601**	(97,839)
Total remeasurements recognised in the other comprehensive (loss) / income	**(206,607)**	27,767

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

	2014 **AED'000**	2013 AED'000
Assets / (liabilities) at the beginning of the year	**5,472**	(34,263)
Net periodic employee benefit cost	**(68,816)**	(72,050)
Remeasurements recognised in the other comprehensive income	**(206,607)**	27,767
Employer contributions	**79,195**	83,441
Foreign exchange difference	**16,261**	577
(Liabilities) / assets at the end of the year	**(174,495)**	5,472

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.

(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, investment securities and other financial assets.

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 43 percent *(2013: 51 percent)* of the receivables and 66 percent *(2013: 58 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 Group 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)*.

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(a) Credit risk *(continued)*

Exposure to credit risk

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

	2014 AED'000	2013 AED'000
Financial investments at fair value through profit or loss		
Convertible and other bonds issued by related parties	**-**	95,005
Other convertible bonds	**1,133,816**	578,180
Other bonds	**118,966**	630,690
Derivative assets	**293,817**	132,560
Other derivative assets	**14,186**	88,518
Receivables and prepayments		
Service concession receivables	**6,846,151**	7,261,647
Due from related parties	**4,510,250**	3,808,492
Other receivables	**2,759,028**	3,085,097
Trade receivables	**3,513,782**	3,117,565
Restricted and long term deposits	**6,382,946**	1,305,525
Receivable against sale of land	**543,133**	789,831
Contract work in progress	**394,078**	303,504
Loans receivable	**19,258,228**	23,063,858
Other assets	**91,990**	128,385
Finance lease receivables	**4,993,088**	2,281,767
Cash at bank	**25,836,356**	21,683,935
	76,689,815	68,354,559

For movement in service concession receivables, refer to *note 21.*

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

	2014		2013	
	Gross AED'000	**Impairment AED'000**	Gross AED'000	Impairment AED'000
Neither past due nor impaired	**10,979,006**	**-**	13,306,310	-
Not past due but impaired	**8,976,098**	**(1,158,460)**	10,087,411	(939,418)
Past due 0 – 120 days	**57,450**	**(1,847)**	159,750	(11,847)
Past due 121 – 180 days	**-**	**-**	18,368	-
Past due above 180 days	**432,038**	**(26,057)**	563,521	(120,237)
	20,444,592	**(1,186,364)**	24,135,360	(1,071,502)

Approximately 47 percent *(2013: 44 percent)* of loans neither past due nor impaired are loans receivable from related parties.

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(a) Credit risk *(continued)*

Exposure to credit risk (continued)

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

	2014		2013	
	Gross AED'000	**Impairment AED'000**	Gross AED'000	Impairment AED'000
Not past due	**53,290,195**	**(153,694)**	42,521,816	(152,833)
Past due 0 – 120 days	**3,422,792**	**(60,593)**	1,500,519	(28,739)
Past due 121 – 180 days	**272,368**	**(7,136)**	672,937	(15,458)
Past due above 180 days	**1,085,956**	**(418,301)**	1,077,396	(284,937)
	58,071,311	**(639,724)**	45,772,668	(481,967)

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 is as follows:

	2014 AED'000	2013 AED'000
At the beginning of the year	**1,553,469**	332,488
Provision during the year	**592,001**	1,276,061
Effect of exchange rate difference	**(15,305)**	14,874
Written off during the year	**(304,077)**	(69,954)
At the end of the year	**1,826,088**	1,553,469

(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)*

Risk management framework *(continued)*

(b) Liquidity risk (continued)

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

	Notes	2014 Carrying value AED'000	2014 Contractual cash flows AED'000	2014 1year or less AED'000	2014 1-5 years AED'000	2014 More than 5 years AED'000	2013 Carrying value AED'000	2013 Contractual cash flows AED'000	2013 1 year or less AED'000	2013 1-5 years AED'000	2013 More than 5 years AED'000
Non - derivative financial liabilities											
Payables and accruals	*26*	**12,347,570**	**(12,412,110)**	**(12,412,110)**	**-**	**-**	12,692,597	(12,692,597)	(12,692,597)	-	-
Interest bearing borrowings	*28*	**41,288,824**	**(48,102,932)**	**(6,719,473)**	**(25,154,694)**	**(16,228,765)**	41,918,382	(48,665,439)	(9,959,486)	(18,339,065)	(20,366,888)
Obligation under finance lease	*30*	**1,398,292**	**(2,147,494)**	**(306,851)**	**(908,965)**	**(931,678)**	1,348,952	(1,850,821)	(334,326)	(994,612)	(521,883)
Amounts due to equity accounted investees	*17*	**1,147,648**	**(1,147,648)**	**(1,147,648)**	**-**	**-**	1,302,780	(1,302,780)	(1,302,780)	-	-
Other liabilities	*29*	**1,240,682**	**(1,576,630)**	**-**	**(409,065)**	**(1,167,565)**	200,830	(221,899)	-	(221,899)	-
Derivative financial liabilities											
Derivatives designated and effective as hedging instruments carried at fair value											
Interest rate swaps	27	**439,075**	**(628,175)**	**(142,145)**	**(359,090)**	**(126,940)**	489,371	(516,994)	(120,050)	(308,544)	(88,400)
Foreign exchange forward contracts	27	**250,790**	**(250,790)**	**(250,790)**	**-**	**-**	19,088	(19,088)	(19,088)	-	-
Financial liabilities designated at fair value through profit or loss											
Interest rate swaps	27	**857,928**	**(3,298,722)**	**(231,788)**	**(748,700)**	**(2,318,234)**	618,499	(1,547,881)	(111,400)	(337,354)	(1,099,127)
Foreign exchange forward contracts	27	**99,209**	**(99,210)**	**(80,650)**	**(18,560)**	**-**	38,904	(353,879)	(22,071)	(331,808)	-
Equity options	27	**12,043**	**(12,043)**	**(12,043)**	**-**	**-**	-	-	-	-	-
Financial liabilities held for trading											
Equity options	27	**1,156**	**(1,156)**	**(1,156)**	**-**	**-**	33,021	(845)	(845)	-	-
Equity swaps	27	**129,793**	**(129,793)**	**(129,793)**	**-**	**-**	42,092	(42,092)	(42,092)	-	-
Exchange traded securities	27	**418,936**	**(418,936)**	**(418,936)**	**-**	**-**	42,638	(74,814)	(74,814)	-	-
		59,631,946	**(70,225,639)**	**(21,853,383)**	**(27,599,074)**	**(20,773,182)**	58,747,154	(67,289,129)	(24,679,549)	(20,533,282)	(22,076,298)

The total undrawn borrowing facilities as at the reporting date is AED 7,056,864 thousand *(2013: AED 10,454,671 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)*

Risk management framework *(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 Group 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 is as follows, based on notional amounts:

	2014			
	EUR'000	**GBP'000**	**CHF'000**	**SGD'000**
Fair value through profit or loss financial assets	**256,650**	**89,924**	**-**	**-**
Available for sale financial assets	**24**	**-**	**-**	**-**
Trade and other receivables	**58,467**	**20,412**	**45,404**	**287,449**
Loans receivable	**197,325**	**232,608**	**-**	**-**
Cash and cash equivalents	**100,181**	**33,940**	**50,239**	**18,545**
Other assets	**5,162**	**-**	**70**	**-**
Trade and other payables	**(191,902)**	**(12,457)**	**(117,290)**	**(98,781)**
Interest bearing borrowings	**(646,644)**	**(290,952)**	**(3,739)**	**-**
Obligations under finance lease	**(129,370)**	**-**	**(590)**	**(95,435)**
Financial liabilities at fair value	**(44,591)**	**(11,450)**	**(3,243)**	**-**
Other liabilities	**-**	**-**	**(2,222)**	**-**
Net exposure	**(394,698)**	**62,025**	**(31,371)**	**111,778**

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(c) Market risk *(continued)*

Currency risk *(continued)*

	2013			
	EUR'000	GBP'000	CHF'000	SGD'000
Fair value through profit or loss financial assets	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 lease	(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)

The following significant exchange rates were applied during the year:

	2014			
	EUR – AED	**GBP – AED**	**CHF – AED**	**SGD - AED**
Closing rate	**4.4651**	**5.7161**	**3.7140**	**2.7793**
Average rate	**4.8812**	**6.0521**	**4.0182**	**2.8993**

	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

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(c) Market risk *(continued)*

Currency risk *(continued)*

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 2013.

31 December 2014	**Equity AED'000**	**Profit / (loss) AED'000**
EUR	**(11)**	**64,620**
GBP	**-**	**(76,573)**
CHF	**-**	**11,651**
SGD	**-**	**(31,067)**

31 December 2013	Equity AED'000	Profit AED'000
EUR	(71)	91,906
GBP	-	38,921
CHF	-	35,749
SGD	-	24,280

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.

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(c) Market risk *(continued)*

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.

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

	2014 AED'000	2013 AED'000
Fixed rate instruments		
Financial assets	**36,787,081**	30,212,784
Financial liabilities	**(21,865,155)**	(22,929,817)
	14,921,926	7,282,967
Variable rate instruments		
Financial assets	**13,767,614**	14,146,499
Financial liabilities	**(23,440,571)**	(21,030,444)
	(9,672,957)	(6,883,945)

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 ("100bp") 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 2013.

	Profit / (loss)	
	100bp Increase	**100bp Decrease**
31 December 2014		
In thousands of AED		
Variable rate instruments	**30,884**	**(30,884)**
31 December 2013		
In thousands of AED		
Variable rate instruments	55,506	(55,506)

38 Financial instruments *(continued)*

Risk management framework *(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 actively monitors commodity price risks and enters into commodity swaps and other available contracts to mitigate such risks. The Group does not enter into physical commodity contracts other than to meet the Group's expected usage and sale requirements; 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 2014		
Effect of change in equity portfolio of the Group	**(585,798)**	**(393,900)**
31 December 2013		
Effect of change in equity portfolio of the Group	(559,400)	(449,132)

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 2014		
Effect of change in equity portfolio of the Group	**585,798**	**393,900**
31 December 2013		
Effect of change in equity portfolio of the Group	559,400	449,132

(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).

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(d) *Fair value (continued)*

As at 31 December 2014

	Carrying amount AED'000	Fair value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Financial assets measured at fair value					
Financial assets designated at FVTPL					
Quoted investments					
Equity securities	**8,228,379**	**8,228,379**	**8,228,379**	**-**	**-**
Un-quoted investments					
Convertible bonds	**1,133,817**	**1,133,817**	**-**	**-**	**1,133,817**
Equity securities	**551,025**	**551,025**	**-**	**-**	**551,025**
Investments funds	**8,045,598**	**8,045,598**	**58,136**	**2,750,288**	**5,237,174**
Derivative assets	**248,689**	**248,689**	**-**	**248,689**	**-**
Financial assets held for trading (FVTPL)					
Quoted investments					
Equity securities	**2,540,815**	**2,540,815**	**2,540,815**	**-**	**-**
Debt securities other than convertible bonds	**118,966**	**118,966**	**96,507**	**22,459**	**-**
Derivative assets	**45,128**	**45,128**	**-**	**45,128**	**-**
Available for sale financial assets					
Quoted investments					
Equity securities	**8,356,534**	**8,356,534**	**8,356,534**	**-**	**-**
Un-quoted investments					
Equity securities [1]	**31,587**				
Other financial assets					
Derivative assets	**14,186**	**14,186**	**-**	**14,186**	**-**
	29,314,724				
Financial assets not measured at fair value					
Receivables and prepayments	**25,002,279**	**25,002,279**	**-**	**-**	**25,002,279**
Loans receivable	**19,258,228**	**19,258,228**	**-**	**-**	**19,258,228**
Finance lease receivables	**4,993,088**	**4,993,088**	**-**	**-**	**4,993,088**
Other assets	**144,168**	**144,168**	**-**	**-**	**144,168**
Cash and cash equivalents	**25,841,953**	**25,841,953**	**-**	**-**	**25,841,953**
	75,239,716				
Financial liabilities measured at fair value					
Derivatives designated and effective as hedging instruments carried at fair value					
Interest rate swaps	**439,075**	**439,075**	**-**	**439,075**	**-**
Foreign exchange forward contracts	**250,790**	**250,790**	**-**	**250,790**	**-**
Financial liabilities designated at fair value through profit or loss					
Interest rate swaps	**857,928**	**857,928**	**-**	**857,928**	**-**
Foreign exchange forward contracts	**99,209**	**99,209**	**-**	**99,209**	**-**
Equity options	**12,043**	**12,043**	**-**	**12,043**	**-**
Financial liabilities held for trading					
Equity options	**1,156**	**1,156**	**-**	**1,156**	**-**
Equity swaps	**129,793**	**129,793**	**-**	**129,793**	**-**
Exchange traded securities	**418,936**	**418,936**	**418,936**	**-**	**-**
	2,208,930				
Financial liabilities not measured at fair value					
Payable and accruals	**12,347,570**	**12,347,570**	**-**	**-**	**12,347,570**
Obligation under finance lease	**1,398,292**	**1,398,292**	**-**	**-**	**1,398,292**
Amounts due to equity accounted investees	**1,147,648**	**1,147,648**	**-**	**-**	**1,147,648**
Other liabilities	**1,240,682**	**1,240,682**	**-**	**-**	**1,240,682**
Interest bearing borrowings	**41,288,824**	**42,319,360**	**11,050,068**	**-**	**31,269,292**
	57,423,016				

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(d) Fair value (continued)

As at 31 December 2013

	Carrying amount AED'000	Fair value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 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					
Convertible bonds	578,180	578,180	-	-	578,180
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 financial assets					
Quoted investments					
Equity securities	9,011,925	9,011,925	9,011,925	-	-
Un-quoted investments					
Equity securities [1]	32,656				
Other financial assets					
Derivative assets	88,518	88,518	-	88,518	-
	27,676,748				
Financial assets not measured at fair value					
Receivables and prepayments	19,671,661	19,671,661	-	-	19,671,661
Loans receivable	23,063,858	23,063,858	-	-	23,063,858
Finance lease receivables	2,281,767	2,281,767	-	-	2,281,767
Other assets	128,385	128,385	-	-	128,385
Cash and cash equivalents	21,688,577	21,688,577	-	-	21,688,577
	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				
Financial liabilities not measured at fair value					
Payable and accruals	12,692,597	12,692,597	-	-	12,692,597
Obligation under finance lease	1,348,952	1,348,952	-	-	1,348,952
Amounts due to equity accounted investees	1,302,780	1,302,780	-	-	1,302,780
Other liabilities	200,830	200,830	-	-	200,830
Interest bearing borrowings	41,918,382	42,882,153	12,852,185	-	30,029,968
	57,463,541				

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

38 Financial instruments *(continued)*

Risk management framework *(continued)*

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

There were no transfers between Level 1 and 2 during the year.

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

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
Financial assets designated at FVTPL - Unquoted convertible bonds	Combination of market and income approach	Discount rate of 6.3 percent, exit cap rates of 5.2 percent and rent growth rates of 4.5 – 5 percent, 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
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)*

Risk management framework *(continued)*

(d) Fair value *(continued)*

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

	2014			2013		
	Convertible bonds AED'000	**Equity securities AED'000**	**Investments funds AED'000**	Convertible bonds AED'000	Equity securities AED'000	Investments funds AED'000
At the beginning of the year	**578,180**	**551,025**	**5,368,185**	578,180	551,025	2,843,881
Additions during the year	**-**	**-**	**1,662,852**	-	-	1,960,095
Increase in fair value recognised in profit or loss *(net)* [1]	**555,637**	**-**	**649,166**	-	-	710,322
Disposals during the year [2]	**-**	**-**	**(554,478)**	-	-	(146,113)
Transfer out of Level 3 to Level 2 [3]	**-**	**-**	**(1,888,551)**	-	-	-
At the end of the year	**1,133,817**	**551,025**	**5,237,174**	578,180	551,025	5,368,185

[1] Includes increase in fair value recognised in profit or loss, attributable to assets held at the reporting date, amounts to AED 1,956,092 thousand *(2013: AED 700,936 thousand)*. The total net increase in fair value was recorded in 'Income from financial investments *(net)*' in the consolidated statement of comprehensive income.

[2] Disposals include the disposal of a financial asset at fair value through profit or loss resulted in gain of AED nil *(2013: AED nil)*.

[3] During the year, management changed the valuation method of one of its investment funds from obtaining the net assets value provided by the fund manager to a valuation technique based on inputs from quoted bid prices in an active market.

(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.

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(e) Capital management *(continued)*

	2014 AED'000	2013 AED'000
Interest bearing borrowings *(see note 28)*	**41,288,824**	41,918,382
Obligation under finance lease *(see note 30)*	**1,398,292**	1,348,952
Less: cash and cash equivalents *(see note 24)*	**(25,841,953)**	(21,688,577)
Net debt	**16,845,163**	21,578,757
Total capital	**175,667,475**	157,544,977
Total capital and net debt	**192,512,638**	179,123,734
Gearing ratio	**9%**	12%

39 Significant accounting estimates and judgments

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

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

The management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and has determined that no adjustment is necessary. Refer to *note 3(l)* for details of the estimated useful lives of property, plant and equipment.

39 Significant accounting estimates and judgments *(continued)*

a) Significant accounting estimates *(continued)*

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.

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 judgments

Possibility of future economic benefits from land received as government grants

Refer to *notes 3(h) and 36* for a description of judgments and estimates 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 judgments relating to cost estimation and the timing of these costs *(see note 29)*.

39 Significant accounting estimates and judgments *(continued)*

b) Significant judgments *(continued)*

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 judgments 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.

40 Service concession arrangements *(continued)*

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 transactions which are not reflected in the consolidated statement of cash flows:

One of the loans given to a third party was partially settled in kind through the transfer of preferred equity securities to the Group of AED 1,554,972 thousand and the transfer of shareholding interest in a company of AED 215,469 thousand *(see notes 5(a)(ii) and 19)*.

Mubadala has exercised the warrants it earlier held in AMD and acquired shares amounting to AED 478,290 thousand on the exercise date, thereby increasing its legal ownership in AMD from 15 - 18.3 percent.

Prior year

During the prior year, the Group entered into the following non-cash transactions 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 prior year 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 had converted its remaining portion of Aldar mandatory convertible bonds in the notional amount of AED 693,876 thousand.

The Group had 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 and 23)*.

One of the loans was partially repaid in the form of securities for an amount of AED 1,102,000 thousand.

42 Comparative figures

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

43 Subsequent events

Subsequent to year end, the Group has acquired 100 percent ownership in certain gold mining companies, which own mineral rights in Colombia, as partial repayment of loan provided to a third party.