Mubadala Development Company PJSC

Consolidated financial statements
31 December 2015

Principal Business Address
PO Box 45005
Abu Dhabi
United Arab Emirates

Mubadala Development Company PJSC

Consolidated financial statements

Contents ***Page***

Board of Directors' Report

The Board of Directors is pleased to present the consolidated financial statements for the year ended 31 December 2015, covering the overall performance of the Group.

During the period, Mubadala delivered major social infrastructure for the UAE and advanced the development of strategic industry sectors, in line with the economic development and diversification priorities set by its shareholder, the Government of Abu Dhabi.

Financial Highlights

Revenues year on year were AED 34.1 billion in 2015 compared with AED 32.7 billion in 2014, primarily due to higher semiconductor, information and communications technology, healthcare, real estate and infrastructure related revenue. The largest revenue contributor at approximately 54% of Group revenue was our semiconductor business, followed by aerospace and engineering services at 22% and oil and gas accounting for 13.2%.

Profit before unrealized fair value changes, impairments, net finance expense and taxes was AED 2 billion in 2015 compared to AED 4.3 billion in 2014, primarily due to a higher cost of sales of goods and services.

Profit for the year attributable to the owner of the Group was AED 1.2 billion compared to AED 1 billion in 2014 primarily due to higher income from financial investments as well as a gain arising from acquisition of IBM's microelectronics business.

Total comprehensive income attributable to the owner of the Group was AED 1.3 billion loss compared to AED 0.2 billion loss in 2014, primarily driven by a decrease in the fair value of available for sale financial assets due to global equity market volatility.

Total assets were AED 246.4 billion in 2015 compared with AED 243.6 billion in 2014.

Total liabilities increased to AED 72.4 billion from AED 68 billion in 2014.

Mubadala continues to perform a critical role for Abu Dhabi and the wider UAE, including developing and globally connecting industry sectors, establishing critical healthcare, education and business infrastructure, and taking strategic positions in a broad range of businesses and industries around the world to globally integrate key pillars of the UAE's economy.

For and on behalf of the Board of Directors,

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

Date: 21 March 2016

Deloitte & Touche (M.E.)
Al Sila Tower
Abu Dhabi Global Market Square
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax: +971 (0) 2 408 2525
www.deloitte.com/middleeast

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 2015, and the consolidated statements of comprehensive income, changes in equity and 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 their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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 judgement, 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.

Deloitte.

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 2015 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

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

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

v) notes 5, 17 and 18 to the consolidated financial statements the Group discloses shares purchased during the financial year ended 31 December 2015;

vi) note 33 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted; and

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 and its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015.

Deloitte & Touche (M.E.)

Mutasem M. Dajani
Registration No. 726
Abu Dhabi
21 March 2016

Consolidated statement of comprehensive income
for the year ended 31 December

	Notes	**2015 AED'000**	2014 AED'000
Revenue from sale of goods and services	*6*	**34,051,739**	32,661,227
Cost of sales of goods and services	*7*	**(33,043,058)**	(26,996,919)
Gross profit		**1,008,681**	5,664,308
Income from investments in equity accounted investees *(net)*	*17*	**4,982,771**	4,725,432
Government grant income		**717,715**	781,137
Dividend income	*11*	**1,240,672**	750,289
Finance income from loans		**248,813**	327,273
Bargain purchase gain on acquisition	*5(a)(iii)*	**1,909,353**	-
Other income *(net)*	*8*	**1,384,924**	2,814,488
Research and development expenses	*9*	**(3,056,243)**	(3,753,859)
Exploration costs		**(273,226)**	(661,329)
Other general and administrative expenses	*10*	**(6,127,970)**	(6,357,076)
Profit before unrealised fair value changes, impairments, net finance expense and taxes		**2,035,490**	4,290,663
Income from financial investments *(net)*	*11*	**3,447,491**	1,282,950
Increase in fair value of investment properties *(net)*	*15*	**39,051**	548,135
Impairment on property, plant and equipment	*13*	**(268,800)**	(2,225,620)
Impairment on loans and receivables	*19,21*	**(2,736,345)**	(761,704)
Impairment on intangible assets	*14*	**(838,190)**	(346,042)
(Impairment) / reversal of impairment on equity accounted investees		**(163,750)**	76,526
Profit before net finance expense and taxes		**1,514,947**	2,864,908
Finance income	*12*	**817,411**	1,076,063
Finance expense	*12*	**(2,024,489)**	(2,092,236)
Net finance expense	*12*	**(1,207,078)**	(1,016,173)
Income before income tax		**307,869**	1,848,735
Income tax benefit / (expense)	*35*	**1,103,207**	(626,599)
Profit for the year		**1,411,076**	1,222,136

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

	Notes	2015 AED'000	2014 AED'000
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods			
(Decrease) / increase in fair value of available for sale financial assets *(net)*		**(1,825,079)**	488,598
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	*8*	**(329,823)**	(743,186)
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of taxes)*		**217,900**	(318,600)
Net change in foreign currency translation reserve		**(62,671)**	(135,280)
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	*17(a, b)*	**12,935**	(141,355)
Share of movements in translation reserve of equity accounted investees	*17(a, b)*	**(364,200)**	(448,030)
		(2,350,938)	(1,297,853)
Items that will not be reclassified to profit or loss in subsequent periods			
Net movement in defined benefits plan		**(260,172)**	(164,872)
Other comprehensive loss for the year net of income tax		**(2,611,110)**	(1,462,725)
Total comprehensive loss for the year		**(1,200,034)**	(240,589)
Profit for the year		**1,411,076**	1,222,136
Profit attributable to non-controlling interests		**(247,773)**	(186,724)
Profit for the year attributable to the Owner of the Group		**1,163,303**	1,035,412
Total comprehensive loss for the year		**(1,200,034)**	(240,589)
Total comprehensive (income) / loss attributable to non-controlling interests		**(120,196)**	49,779
Total comprehensive loss for the year attributable to the Owner of the Group		**(1,320,230)**	(190,810)

The notes set out on pages 13 to 124 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	**2015 AED'000**	2014 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**86,945,834**	83,937,726
Intangible assets	*14*	**8,329,041**	6,454,036
Investment properties	*15*	**7,217,372**	6,801,051
Investments in equity accounted investees			
- associates	*17(a)*	**10,358,834**	10,280,801
- jointly controlled entities	*17(b)*	**25,333,681**	20,716,103
Financial investments	*18*	**26,084,763**	26,405,247
Loans receivable	*19*	**12,463,707**	16,429,840
Receivables and prepayments	*21*	**9,331,822**	8,596,235
Finance lease receivables	*23*	**4,754,474**	4,706,306
Deferred tax assets	*35*	**2,011,162**	1,922,959
Total non-current assets		**192,830,690**	186,250,304
Current assets			
Inventories	*20*	**7,965,617**	6,281,054
Financial investments	*18*	**2,520,808**	2,909,477
Loans receivable	*19*	**1,343,899**	2,828,388
Receivables and prepayments	*21*	**27,855,316**	18,059,990
Finance lease receivables	*23*	**333,770**	286,782
Cash and cash equivalents	*24*	**13,402,998**	25,841,953
		53,422,408	56,207,644
Assets classified as held for sale	*22*	**111,150**	1,180,578
Total current assets		**53,533,558**	57,388,222
Total assets		**246,364,248**	243,638,526

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

	Notes	**2015 AED'000**	2014 AED'000
Equity			
Share capital	*31*	**28,600,000**	28,600,000
Application for share capital	*33(f)*	**18,367,500**	-
Additional shareholder contributions	*33(e)*	**123,155,278**	141,522,778
Reserves and surplus	*32*	**1,540,461**	2,965,328
Government grants	*36(b)(i)*	**367,350**	367,350
Total equity attributable to the Owner of the Group		**172,030,589**	173,455,456
Non-controlling interests		**1,939,089**	2,212,019
Total equity		**173,969,678**	175,667,475
Non-current liabilities			
Interest bearing borrowings	*28*	**30,132,732**	34,730,072
Government grants	*36(b)(ii)*	**929,483**	1,239,315
Obligation under finance lease	*30*	**1,076,005**	1,221,194
Deferred tax liabilities	*35*	**981,612**	989,104
Financial liabilities at fair value	*27*	**1,068,808**	1,182,322
Other liabilities	*29*	**7,941,595**	3,527,030
Total non-current liabilities		**42,130,235**	42,889,037
Current liabilities			
Interest bearing borrowings	*28*	**10,330,846**	6,558,752
Government grants	*36(b)(ii)*	**316,187**	317,986
Obligation under finance lease	*30*	**130,799**	177,098
Payables and accruals	*26*	**17,812,205**	15,038,606
Amounts due to a jointly controlled entity	*17(b)*	**1,025,471**	1,147,648
Income tax payable	*35*	**171,880**	277,910
Financial liabilities at fair value	*27*	**460,869**	1,026,608
		30,248,257	24,544,608
Liabilities classified as held for sale	*22*	**16,078**	537,406
Total current liabilities		**30,264,335**	25,082,014
Total liabilities		**72,394,570**	67,971,051
Total equity and liabilities		**246,364,248**	243,638,526

These consolidated financial statements were authorised for issue by the Board of Directors on 21 March 2016 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 124 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	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 foreign currency 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)**
Additions to share capital	13,600,000	(13,600,000)	-	-	-	-	-	-	-	-	-	-	-	-
Movements in additional shareholder Contributions	-	-	-	-	-	-	-	-	-	18,367,500	-	**18,367,500**	-	**18,367,500**
Transfer to statutory reserve	-	-	122,214	-	-	-	-	(122,214)	-	-	-	-	-	-
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

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 2015	**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**
Profit for the year	-	-	-	-	-	-	-	1,163,303	**1,163,303**	-	-	**1,163,303**	247,773	**1,411,076**
Decrease in fair value of available for sale financial assets *(net)*	-	-	-	(1,825,079)	-	-	-	-	**(1,825,079)**	-	-	**(1,825,079)**	-	**(1,825,079)**
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	-	-	-	(329,823)	-	-	-	-	**(329,823)**	-	-	**(329,823)**	-	**(329,823)**
Net change in foreign currency translation reserve	-	-	-	-	64,795	-	-	-	**64,795**	-	-	**64,795**	(127,466)	**(62,671)**
Share of movements in translation reserve of equity accounted investees	-	-	-	-	(364,200)	-	-	-	**(364,200)**	-	-	**(364,200)**	-	**(364,200)**
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	-	-	-	-	-	-	12,935	-	**12,935**	-	-	**12,935**	-	**12,935**
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of taxes)*	-	-	-	-	-	-	218,011	-	**218,011**	-	-	**218,011**	(111)	**217,900**
Net movement in defined benefits plan	-	-	-	-	-	(260,172)	-	-	**(260,172)**	-	-	**(260,172)**	-	**(260,172)**
Other comprehensive (loss) / income	-	-	-	**(2,154,902)**	**(299,405)**	**(260,172)**	**230,946**	-	**(2,483,533)**	-	-	**(2,483,533)**	**(127,577)**	**(2,611,110)**
Total comprehensive (loss) / income	-	-	-	**(2,154,902)**	**(299,405)**	**(260,172)**	**230,946**	**1,163,303**	**(1,320,230)**	-	-	**(1,320,230)**	**120,196**	**(1,200,034)**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(31,946)	**(31,946)**
Application for share capital	-	**18,367,500**	-	-	-	-	-	-	-	(18,367,500)	-	-	-	-
Transfer to statutory reserve	-	-	141,108	-	-	-	-	(141,108)	-	-	-	-	-	-
Acquisition of non-controlling interest *(see note 5(a)(ii))*	-	-	-	-	-	-	-	(172,129)	**(172,129)**	-	-	**(172,129)**	(281,487)	**(453,616)**
Disposal of a subsidiary *(see note 5(b)(i))*	-	-	-	-	-	-	-	43,494	**43,494**	-	-	**43,494**	(43,494)	-
Other movements	-	-	-	-	-	-	-	23,998	**23,998**	-	-	**23,998**	(36,199)	**(12,201)**
At 31 December 2015	**28,600,000**	**18,367,500**	**1,249,747**	**3,841,698**	**143,483**	**(866,748)**	**(702,217)**	**(2,125,502)**	**1,540,461**	**123,155,278**	**367,350**	**172,030,589**	**1,939,089**	**173,969,678**

[1] Non distributable reserves

The notes set out on pages 13 to 124 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	2015 AED'000	2014 AED'000
Cash flows from operating activities			
Profit for the year		**1,411,076**	1,222,136
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**10,825,705**	8,789,584
Amortisation of intangible assets	*14*	**714,395**	578,885
Amortisation of government grants		**(717,715)**	(781,137)
Change in fair value of investment properties	*15*	**(39,051)**	(548,135)
Impairment and write-off on property, plant and equipment and intangible assets	*13,14*	**1,202,633**	2,586,332
Loss / (gain) on disposal of property, plant and equipment	*8*	**28,513**	(381,632)
Provision / (reversal of provision) for inventory obsolescence		**1,528,342**	(35,449)
Unrealised gain on financial assets at fair value through profit or loss *(net)*	*11*	**(2,726,383)**	(1,348,074)
Net change in the fair value of derivatives used as economic hedges - not designated for hedge accounting	*11*	**(721,108)**	29,606
Finance lease income	*23*	**(311,842)**	(229,186)
Impairment / (reversal of impairment) on investments in equity accounted investees		**163,750**	(76,526)
Impairment on loans and receivables		**2,736,345**	761,704
Impairment on available for sale financial assets	*11*	**-**	35,518
Gain on disposal of investment in equity accounted investees *(net)*	*17*	**(965,805)**	(81,514)
Gain on disposal of investment in subsidiaries, working interests and net assets classified as held for sale	*5(b)(i)*	**(326,731)**	(817,555)
Bargain purchase gain on acquisition	*5(a)(iii)*	**(1,909,353)**	-
Realised gain on financial assets at fair value through profit or loss *(net)*	*8*	**(211,066)**	(332,503)
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	*8*	**(329,823)**	(743,186)
Share of results of equity accounted investees			
- associates	*17(a)*	**(685,137)**	(583,563)
- jointly controlled entities	*17(b)*	**(3,003,393)**	(4,060,355)
Share of equity movements of a jointly controlled entity	*17(b)*	**(328,436)**	-
Finance income	*12*	**(800,621)**	(1,076,063)
Finance expense	*12*	**2,007,699**	2,092,236
Income tax (benefit) / expense	*35*	**(1,103,207)**	626,599
Dividend income	*11*	**(1,240,672)**	(750,289)
		5,198,115	4,877,433
Change in inventories		**(1,000,083)**	1,319,847
Change in receivables and prepayments		**(7,483,518)**	(4,415,075)
Change in payables and accruals		**3,752,551**	(447,381)
Change in other liabilities		**2,830,175**	764,368
Dividends received from financial investments		**1,076,187**	811,223
Dividends received from equity accounted investees		**2,478,520**	2,573,046
Finance lease rentals paid		**(151,917)**	(502,853)
Lease rentals received	*23*	**332,382**	217,425
Income taxes paid		**(207,814)**	(261,729)
Net cash generated from operating activities		**6,824,598**	4,936,304

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

	Notes	**2015 AED'000**	2014 AED'000
Cash flows from investing activities			
Proceeds from disposal of equity accounted investees		**300,907**	380,974
(Acquisitions) / disposal of financial investments *(net)*		**(1,376,297)**	1,504,047
Proceeds from disposal of subsidiaries, working interests and net assets classified as held for sale *(net of cash disposed)*	*5(b)(i)*	**494,797**	1,787,823
Purchase consideration on acquisition of certain assets on a business combination	*5(a)(iii)*	**(936,667)**	-
Investment in equity accounted investees		**(1,864,157)**	(1,820,165)
Redemption of preference share capital in joint venture	*17(b)*	**674,455**	-
Acquisition of property, plant and equipment		**(15,805,960)**	(20,343,166)
Acquisition of investment properties		**(173,395)**	(234,561)
Acquisition of intangible assets		**(825,701)**	(1,205,737)
Proceeds from disposal of property, plant and equipment		**323,769**	536,174
Loans recovered		**5,967,935**	7,637,823
Loans disbursed		**(4,648,950)**	(6,266,656)
Interest received		**194,406**	404,554
Net cash used in investing activities		**(17,674,858)**	(17,618,890)
Cash flows from financing activities			
Proceeds from interest bearing borrowings	*28*	**10,228,715**	13,402,441
Repayment of interest bearing borrowings	*28*	**(10,666,602)**	(13,767,511)
Proceeds from government grants		**692,811**	969,081
Additional shareholder contributions	*33(e)*	**-**	18,367,500
Interest paid		**(1,747,139)**	(1,942,002)
Acquisition of non-controlling interest		**(453,616)**	-
Dividends paid to non-controlling interest	*5(c)*	**(31,946)**	(30,179)
Change in non-controlling interest		**-**	(8,725)
Net cash (used in) / generated from financing activities		**(1,977,777)**	16,990,605
Net (decrease) / increase in cash and cash equivalents		**(12,828,037)**	4,308,019
Cash and cash equivalents at 1 January		**25,841,953**	21,688,577
Exchange fluctuation on consolidation of foreign entities		**389,082**	(154,643)
Cash and cash equivalents at 31 December	*24*	**13,402,998**	25,841,953

The notes set out on pages 13 to 124 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, UAE. 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 and defence services, and information and communications technology.

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). The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984 (as amended). The Group is currently assessing the impact of the new law and expects to be fully compliant on or before 30 June 2016.

(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 19 *Defined Benefit Plans: Employee Contributions*	The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.
Annual Improvements to IFRSs 2010 - 2012 Cycle	Makes amendments to the following standards: • IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' • IFRS 3 - Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date • IFRS 8 - Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly • IFRS 13 - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only) • IAS 16 and IAS 38 - Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount • IAS 24 - Clarify how payments to entities providing management services are to be disclosed.
Annual Improvements to IFRSs 2011 - 2013 Cycle	Makes amendments to the following standards: • IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only) • IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself • IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52 • IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

2 Basis of preparation *(continued)*

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

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

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

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to 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
Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities*: Applying the Consolidation Exception	1 January 2016
Annual improvements 2012-2014 covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
Amendments to IAS 12 *Income Taxes* relating to recognition of deferred taxes for unrealised losses	1 January 2017
Amendments to IAS 7 *Statement of Cash Flows* relating to Disclosure Initiative	1 January 2017

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.

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***
IFRS 15 *Revenue from Contracts with Customers* [1]	1 January 2018
IFRS 9 *Financial Instruments* (as revised in July 2014) [2]	1 January 2018
IFRS 16 *Leases* [3]	1 January 2019

[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.

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.

[3] IFRS 16 *Leases* specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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.

(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.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

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

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

Gain or loss on the disposal of interest in a subsidiary to an equity accounted investee, 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.

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.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Business combinations (continued)

Acquisition of interest in entities under common control *(continued)*

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.

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.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

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

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 that 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.

The Group's share of changes in net assets of equity accounted investees that are recognised directly in the investees equity are recognised in profit or loss and reflected in the net carrying value of interest in such investees.

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(s)).*

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(f), and those for investment properties are set out in note 3(m).

Revenue from sale of goods and services include income from sale of semiconductor wafers, sale of hydrocarbons, aircraft maintenance and repairs, components leasing, satellite capacity leasing revenue, supply of chilled water, supply of renewable power, service concessions, sale of land, information technology services and medical 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 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 represents the invoiced value of goods and services supplied excluding goods and services tax, less allowances for estimated sales credits and returns.

3 Significant accounting policies *(continued)*

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

(ii) Sale of semiconductor wafers (continued)

The Group estimates allowances for sales credits and returns based on historical experience and management's estimate of the level of future claims. Additionally, the Group accrues for specific items at the time their existence is known and amounts can be estimated.

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 incurred 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.

3 Significant accounting policies *(continued)*

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

(vi) Supply of chilled water (continued)

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

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

(vii) Supply of 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 conditions for revenue recognition from sale of goods in *note 3(b)(i)* have been satisfied.

(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. When it is probable that the total contract costs will exceed total contract revenue, the expected loss on a contract is recognised immediately in profit or loss.

3 Significant accounting policies *(continued)*

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

(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)*. 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) Exploration, evaluation and development expenditures

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

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

(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.

3 Significant accounting policies *(continued)*

(c) Exploration, evaluation and development expenditures *(continued)*

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

(ii) Exploration and appraisal expenditures (continued)

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.

(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, recompletion and unsuccessful development or delineation wells, is capitalised within property, plant and equipment and is depreciated upon the commencement of production as described in the accounting policy for property, plant and equipment *(see note 3(k)(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 property acquisition costs (*see note 3(c)(i)).*

Other mining rights

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

(d) Research and development costs

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

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

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

3 Significant accounting policies *(continued)*

(e) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the translation of 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 presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to presentation currency at average exchange rates.

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

(f) 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)*

(f) 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)*

(f) 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 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 categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses *(see note 3(s))* and foreign currency differences on available for sale debt instruments *(see note 3(e)(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)*

(f) 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(l))*.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, call deposits and term deposits which are readily convertible into known amount of cash and cash equivalents and are subject to an insignificant risk of changes in value. 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 an original maturity of three months or less. The carrying amount of these assets approximates fair value.

(ii) Non-derivative financial liabilities

Classification as debt or equity

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

Equity instruments

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

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(f)(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)*

(f) 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 a 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)*

(f) 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 profit or loss. 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 realisation, they are shown in the consolidated statement of comprehensive income as loss or income from financial investments.

(g) Government grants

As 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)*

(g) 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)*

(g) 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.

(h) Finance income and expenses

(i) Finance income from loans

Finance income from loans comprises interest income on loans given to third parties and equity accounted investees. Finance income from loans is recognised in 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.

(i) 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)*

(i) 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.

(j) Borrowing costs

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

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

(k) 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(g))*. 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.

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)*

(k) 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:

	Estimated useful lives
Buildings	7 - 50 years and above
Plant and office equipment	3 - 40 years
Aircraft	10 - 30 years
Aircraft materials	1 - 30 years
Distribution network	50 years and above
Computers	3 - 10 years
Others	3 - 10 years

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 recognised within "other income *(net)*" 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.

(l) Intangible assets

(i) Goodwill

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

3 Significant accounting policies *(continued)*

(l) Intangible assets *(continued)*

(i) 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. Value in use is determined with the assistance of independent valuers, as well as by internal estimates. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) which is expected to benefit from the synergies of the combination. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) 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.

(iii) Service concession arrangements

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

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

(iv) Other intangible assets

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

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vi) Business combination

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

(vii) Derecognition

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

3 Significant accounting policies *(continued)*

(l) Intangible assets *(continued)*

(viii) Amortisation

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

Possible and contingent hydrocarbons reserves acquired in a business combination are amortised on a straight-line basis over the life of the project 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:

	Estimated useful lives
Trademarks	Indefinite
Patent	7 years
Technology, license and software	2 - 10 years
Capitalised development costs	25 years
Customer contracts	3 - 15 years
Others	3 – 25 years and unit-of-production

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

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

(m) 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)*

(n) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date 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.

(o) 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)*

(p) 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.

(q) 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.

(r) 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)*

(r) 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.

(s) Impairment

Financial assets

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

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

3 Significant accounting policies *(continued)*

(s) Impairment *(continued)*

Financial assets (continued)

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 available for sale equity instruments, 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").

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.

3 Significant accounting policies *(continued)*

(s) Impairment *(continued)*

Non-financial assets (continued)

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.

After application of the equity method of accounting, management performs impairment assessment for equity accounted investees to determine whether it is necessary to recognise any additional impairment loss on the carrying values of these investments based on existence of indicators for impairments. An impairment loss is measured by comparing the recoverable amount of the investment (the higher of value in use and fair value less costs to sell) 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.

In determining the value in use of the investments, 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 from 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.

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.

(t) 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.

(u) Assets and liabilities classified as held for sale

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

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)*

(u) 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.

(v) 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 - 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, application specific integrated circuits and microelectromechanical systems.
- Industry - focused in the development of a metals-related cluster in Abu Dhabi and internationally, creating global industrial champions in priority areas such as aluminium (including securing upstream resources carbon, bauxite and alumina, key raw materials in the creation of aluminium) and mining (including base metals such as copper and zinc, and precious metals such as gold). The Industry segment 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) - 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 - 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 - 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 - focused on residential, commercial and retail real estate developments and investments and luxury hotels both in Abu Dhabi and internationally. Also engaged in developing, owning and operating concession based infrastructure, educational and other facilities.
- Mubadala Capital - 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 - responsible for the creation of specialist, world-class healthcare facilities to build regional capability and stimulate the overall development of the sector to address the region's most pressing healthcare needs.
- 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.

Notes to the consolidated financial statements *(continued)*

4 Operating segments *(continued)*

In order to maximise portfolio synergies and asset management, Mubadala manages its internal business units and positions 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 units), “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-15 AED’000	Industry 31-Dec-15 AED’000	Technology and Industry 31-Dec-15 AED’000	Aerospace and Defence Services 31-Dec-15 AED’000	Information and Communications Technology 31-Dec-15 AED’000	Aerospace and Engineering Services 31-Dec-15 AED’000	Oil & Gas and Energy 31-Dec-15 AED’000	Renewable Energy 31-Dec-15 AED’000	Energy 31-Dec-15 AED’000	Real Estate and Infrastructure 31-Dec-15 AED’000	Mubadala Capital 31-Dec-15 AED’000	Healthcare 31-Dec-15 AED’000	Emerging sectors 31-Dec-15 AED’000	Corporate 31-Dec-15 AED’000	Consolidated 31-Dec-15 AED’000
Revenues from external customers	18,421,007	1,178,173	19,599,180	5,804,968	1,754,513	7,559,481	4,493,429	477,696	4,971,125	804,109	-	1,112,617	1,916,726	5,227	34,051,739
Finance (expense) / income *(net)*	(163,776)	(123,005)	(286,781)	(207,068)	(206,664)	(413,732)	(267,459)	(69,067)	(336,526)	197,989	(99,871)	330	98,448	(268,487)	(1,207,078)
Total assets	79,158,707	28,211,370	107,370,077	14,358,272	14,127,798	28,486,070	11,217,757	7,977,665	19,195,422	28,547,509	35,345,209	5,608,532	69,501,250	21,811,429	246,364,248
Total liabilities	18,913,205	3,886,197	22,799,402	5,637,600	6,005,461	11,643,061	4,757,056	2,780,135	7,537,191	5,678,223	1,330,336	230,890	7,239,449	23,175,467	72,394,570
Investments in equity accounted investees	558,129	13,938,805	14,496,934	4,435,506	2,980,213	7,415,719	316,852	910,650	1,227,502	7,295,008	3,415,505	-	10,710,513	1,841,847	35,692,515
Depreciation and amortisation	8,330,587	114,573	8,445,160	586,942	435,505	1,022,447	1,729,390	119,300	1,848,690	79,152	1,112	83,853	164,117	59,686	11,540,100
Additions to non-current assets [1]	14,613,355	1,770,543	16,383,898	394,062	520,042	914,104	1,523,438	344,729	1,868,167	291,057	300,683	124,153	715,893	106,824	19,988,886
Share of results of equity accounted investees	(463,200)	1,015,680	552,480	374,773	291,126	665,899	1,077,171	1,158	1,078,329	691,241	423,176	-	1,114,417	277,405	3,688,530
Profit / (loss) for the year attributable to the Owner of the Group	(4,894,301)	1,165,610	(3,728,691)	966,427	730,098	1,696,525	629,895	64,199	694,094	994,205	2,358,617	33,387	3,386,209	(884,834)	1,163,303
Total comprehensive income / (loss) attributable to the Owner of the Group [2]	(4,774,596)	1,116,094	(3,658,502)	718,763	948,077	1,666,840	650,035	(44,390)	605,645	996,273	(69,018)	25,450	952,705	(886,918)	(1,320,230)
Total comprehensive income / (loss) attributable to the Owner of the Group excluding impairments and fair value movements on investment properties and financial investments [2]	(4,496,412)	1,168,783	(3,327,629)	1,629,796	739,657	2,369,453	1,119,926	35,381	1,155,307	1,245,814	1,867,383	37,615	3,150,812	(1,046,857)	2,301,086

[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-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	16,765	672	245,782	(170,364)	(1,016,173)
Total assets	70,575,000	24,214,249	94,789,249	13,760,186	15,033,886	28,794,072	12,700,233	7,031,025	19,731,258	27,915,371	40,425,004	3,959,355	72,299,730	28,024,217	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	3,840,520	740,993	10,913,289	16,161,285	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]	18,286,578	132,824	18,419,402	1,007,837	852,168	1,860,005	2,356,808	413,003	2,769,811	392,450	154,645	126,406	673,501	72,869	23,795,588
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	2,987,110	(5,718)	4,650,474	(793,233)	1,035,412
Total comprehensive income / (loss) attributable to the Owner of the Group [2]	(5,844,211)	2,425,276	(3,418,935)	(274,130)	793,930	519,800	(182,321)	(495,610)	(677,931)	1,672,073	2,517,588	(5,718)	4,183,943	(797,687)	(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	1,408,576	798,518	(7,380)	2,199,714	(1,222,731)	1,679,734

[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:

	2015	2014
	AED'000	AED'000
Total comprehensive loss attributable to the Owner of the Group	**(1,320,230)**	(190,810)
Impairment losses on available for sale financial assets *(see note 11)*	**-**	35,518
Impairment losses on property, plant and equipment *(net)(see note 13)*	**268,800**	2,225,620
Impairment losses on intangible assets *(see note 14)*	**838,190**	346,042
Net change in the fair value of derivatives used as economic hedges - not designated for hedge accounting	**(326,269)**	29,606
Increase in fair value of investment properties *(net) (see note 15)*	**(39,051)**	(548,135)
Impairment / (reversal of impairment) on equity accounted investees	**163,750**	(76,526)
Impairment losses on loans and receivables	**2,736,345**	761,704
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net) (see note 8)*	**(329,823)**	(743,186)
Foreign exchange loss / (gain)	**16,790**	(149,145)
Foreign exchange impact on deferred tax *(see note 35)*	**301,602**	623,918
Loss / (gain) on disposal of property, plant and equipment *(see note 8)*	**28,513**	(381,632)
Non-controlling interest on derivatives used as economic hedges	**30,371**	22,465
Realised gain on financial assets at fair value through profit or loss *(net) (see note 8)*	**(211,066)**	(332,503)
Unrealised gain on financial assets at fair value through profit or loss *(net)*	**(2,340,369)**	(1,348,074)
Movements in other comprehensive income – attributable to Owner of the Group	**2,483,533**	1,226,222
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	**2,301,086**	1,679,734

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 2015 Revenue AED'000	**As of 31 Dec 2015 Non-current assets [1] AED'000**	For the year ended 31 Dec 2014 Revenue AED'000	As of 31 Dec 2014 Non-current assets [1] AED'000
United Arab Emirates *(country of domicile)*	**5,788,309**	**22,483,292**	5,606,392	23,011,945
United States of America	**9,046,289**	**45,323,422**	4,467,618	36,212,345
Singapore	**5,873,231**	**7,470,675**	9,000,527	8,221,312
Taiwan	**1,571,829**	**-**	1,892,640	-
Thailand	**1,417,934**	**1,745,486**	1,613,191	1,876,853
United Kingdom	**1,277,554**	**1,910,664**	1,050,526	2,181,377
State of Qatar	**1,205,735**	**3,611,007**	1,976,821	3,830,028
Switzerland	**1,162,550**	**3,021,303**	1,231,033	3,785,600
Germany	**992,624**	**11,426,372**	919,029	13,693,666
China	**784,203**	**-**	412,179	-
Indonesia	**621,091**	**1,113,301**	497,693	1,311,946
Ireland	**532,356**	**29,889**	540,634	30,173
Malaysia	**390,858**	**609,295**	191,964	639,042
Bahrain	**384,499**	**356,273**	448,596	366,249
Finland	**328,659**	**155,321**	389,992	171,528
Columbia	**785**	**1,466,607**	-	-
Others	**2,673,233**	**1,769,340**	2,422,392	1,860,749
	34,051,739	**102,492,247**	32,661,227	97,192,813

[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:

	2015 AED'000	2014 AED'000
Technology	**4,561,425**	7,474,691

5 Subsidiaries

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

Subsidiaries	Domicile	Ownership interest 2015	2014	Principal business activities
GlobalFoundries Inc. ("GF")	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 [1]	Singapore	**100%**	100%	Involved in exploration, development and production of hydrocarbons
Take off Top Luxco SA[2]	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
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") [3]	UAE	**33.2%**	33.2%	Supply of chilled water
Nile Acquisition Holding Company Limited ("NAHCL") [4]	Cayman Islands	**66.2%**	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
AAV Limited	Cayman Islands	**100%**	-	Involved in the business of owning companies in Colombia that have acquired concessions, licenses and titles for the mining of gold and other precious metals

5 Subsidiaries *(continued)*

[1] Subsidiary of Beta Investment Company LLC.

[2] Holding Company of SR Technics Group.

[3] 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 82 percent *(2014: 86 percent)* with the remaining 18 percent *(2014: 14 percent)* attributed to the non-controlling interest holders. During the year, Tabreed bought back mandatory convertable bonds of AED 1,000,000 thousand resulting in reduction of effective controlling equity interest to 82 percent *(2014: 86 percent)* with the remaining 18 percent *(2014: 14 percent)* attributed to the non-controlling interest holders.

[4] Holding company of equity accounted investee, DH Publishing Limited *(see also note 5(a)(ii))*.

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries

During the year, the Group 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. A purchase price allocation exercise to arrive at the fair values of the underlying assets and liabilities of the company has been finalised.

The following table summarises the consideration for the acquisition and management's assessment of the fair value of the assets acquired and liabilities assumed at the acquisition date:

	2015 AED'000
Property, plant and equipment	**94,430**
Intangible assets	**1,359,069**
Receivables and prepayments	**39,045**
Financial investments	**7,778**
Net current assets (A)	**1,500,322**
Payables and accruals	**(30,922)**
Net non-current assets (B)	**(30,922)**
Fair value of net assets acquired (A) + (B)	**1,469,400**
Less: Purchase consideration	**(1,469,400)**
Goodwill	**-**

Furthermore, the Group acquired 80 percent in a real estate company, as partial repayment of loan provided to a third party. Subsequently, the Group acquired another 20 percent in that company increasing its total shareholding to 100 percent. At the date of finalisation of these consolidated financial statements, a preliminary purchase price allocation exercise to arrive at the fair values of the underlying assets and liabilities of the company has been completed.

5 Subsidiaries *(continued)*

(a) Acquisition of subsidiaries *(continued)*

(i) Acquisition of subsidiaries *(continued)*

Had the acquisition of these subsidiaries occurred on 1 January 2015, management estimates that impact on the Group's consolidated revenue and profit would not be significant for the year ended 31 December 2015, as the gold mining business has not commenced production.

(ii) Acquisition of non-controlling interest in NAHCL

During the year, the Group increased its shareholding in NAHCL from 45.5 percent to 66.2 percent. As the transaction did not change the Group's control over the subsidiary, the increase in ownership interest has been accounted for as an equity transaction with non-controlling interest.

(iii) Acquisition of International Business Machines Corporation ("IBM")'s Microelectronics Division ("MD")

On 1 July 2015, GF, a subsidiary, acquired certain assets and operations of the IBM's MD business ("the Acquisition"). The Acquistion qualifies as a business combination under IFRS 3 *Business Combinations (2008)*. Contemporaneously with the Acquisition, GF entered into various agreements with IBM including a technology cooperation agreement ("TCA"), various transition services agreements ("TSA") and a three-year packaging agreement ("Packaging Agreement") (the "Agreements"). It was concluded that the Acquisition together with the Agreements (the "MD Transaction") represents a multiple element transaction. As part of the MD Transaction, IBM agreed to pay AED 5,510,250 thousand in cash to GF in three payments. The present value of these payments is AED 5,463,597 thousand which has been allocated on a fair value basis to the elements identified in the MD transaction. Of the AED 5,510,250 thousand payment, approximately AED 5,164,111 thousand has been allocated to the TCA between IBM and GF, AED 90,735 thousand has been allocated to the TSAs, AED 297,186 thousand has been allocated to the Packaging Agreement and AED 93,035 thousand allocated to the business combination.

At closing, IBM paid GF AED 2,755,125 thousand offset by AED 832,533 thousand for the estimated value at the time of close of certain assets and working capital, which is subject to a post-closing working capital adjustment for which information continues to be gathered by the parties. IBM will make the remaining payments of AED 1,836,750 thousand and AED 918,375 thousand in 2016 and 2017, respectively. GF also received title to a significant portfolio of over 11,000 of IBM's patents, which consists of patents applicable to the MD business and other advanced technologies.

The Group has made an assessment of the fair value of the assets acquired and liabilities assumed in the acquisition, which resulted in a bargain purchase gain of approximately AED 1,909,353 thousand. The Group believes it was able to acquire the IBM's MD for less than the fair value of its net assets because the division had been incurring significant losses and had been seeking a buyer for its chip-making division since 2013. IBM needed to identify a potential buyer that could continue the operations in the United States and supply IBM with advanced and customised wafer chips necessary for IBM's server business.

The following table summarises the consideration for the Acquisition and management's assessment of the fair value of the assets acquired and liabilities assumed at the acquisition date:

5 Subsidiaries *(continued)*

(a) Acquisition of subsidiaries *(continued)*

(iii) Acquisition of International Business Machines Corporation ("IBM")'s Microelectronics Division ("MD") *(continued)*

	2015 **AED'000**
Property, plant and equipment	**1,885,130**
Patents	**1,044,009**
Other intangibles	**470,208**
Inventories	**1,690,181**
Accounts receivable	**766,252**
Receivable from IBM	**93,035**
Other assets	**44,082**
Total assets (A)	**5,992,897**
Accounts payable	**(697,054)**
Asset retirement obligations	**(1,022,702)**
Deferred revenue	**(211,961)**
Deferred tax liability	**(1,102,384)**
Other liabilities	**(112,776)**
Total liabilities (B)	**(3,146,877)**
Fair value of net assets acquired (A) + (B)	**2,846,020**
Less: Purchase consideration	**(936,667)**
Bargain purchase gain	**1,909,353**

In connection with the Acquisition, a deferred tax liability ("DTL") was established for the temporary difference between the fair value of the assets acquired and liabilities assumed less the respective tax bases. This DTL allowed the Group to recognise additional previously unrecognised deferred tax assets in the United States. Accordingly, an income tax benefit of approximately AED 1,086,221 thousand was recognised during the year 2015.

In connection with the Acquisition, IBM will retain all existing and future liabilities related to the United States environmental laws affecting the acquired sites.

Acquisition related costs are not included as a component of consideration transferred, but are accounted for as expenses in the periods in which the costs are incurred. The Group incurred AED 18,614 thousand of acquisition related costs, which are included in general and administrative expenses in profit or loss.

The revenue included in the consolidated statement of comprehensive income of the year ended 31 December 2015 since 1 July 2015 contributed by the MD was AED 3,268,926 thousand. MD also contributed net loss of AED 350,577 thousand over the same period.

Had the acquisition of MD business occurred on 1 January 2015, management estimates that the Group's consolidated revenue from sale of goods and services would have been AED 38,716,581 thousand and the Group's consolidated profit for the year would have been AED 922,210 thousand. The Group's net loss include an income tax benefit amounting to AED 1,086,221 thousand which represents the recognition of the Group's deferred tax asset discussed above.

5 Subsidiaries *(continued)*

(b) Disposals

(i) Disposal of subsidiaries

During the year, the Group transferred the control of three wholly owned subsidiaries and a jointly controlled entity *(see note 17(b))* to Emirates Defence Industries Company PJSC ("EDIC"), a jointly controlled entity of the Group. The Group also transferred three wholly owned subsidiaries to outside parties. The subsidiaries were classified as held for sale as at 31 December 2014.

Furthermore, the Group disposed of 16 percent shareholding stake in one of its subsidiaries. Following the disposal, the Group's remaining shareholding interest of 74 percent was transferred to an investment in a jointly controlled entity *(see note 17(b))*.

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

	2015 **AED'000**
Cash and cash equivalents	**429,452**
Current assets	**233,634**
Current liabilities	**(389,608)**
Net current assets (A)	**273,478**
Non-current assets	**1,216,051**
Non-current liabilities	**(531,269)**
Non-controlling interest	**(43,494)**
Net non-current assets (B)	**641,288**
Carrying value of the net assets disposed (A) + (B)	**914,766**
Sale consideration [1]	**1,417,854**
Gross gain on disposal of subsidiaries	**503,088**
Eliminated intercompany gain of disposal of subsidiaries *(see note 17 (b))*	**(176,357)**
Gain on disposal of subsidiaries *(see note 8)*	**326,731**

[1] Sale consideration includes AED 543,572 thousand which will be settled through issuance of zero-coupon mandatory convertible notes *(see note 33(c))*, AED 137,552 thousand remaining investment in a jointly controlled entity and AED 254,835 thousand loan to a jointly controlled entity.

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	
		2015	2014	**2015 AED'000**	2014 AED'000	**2015 AED'000**	2014 AED'000
NAHCL	Cayman Islands	**33.8%**	54.5%	**91,291**	36,157	**482,445**	806,515
Tabreed	UAE	**18%**	14%	**54,699**	54,559	**784,276**	801,729

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	
	2015 AED'000	2014 AED'000	**2015 AED'000**	2014 AED'000
Current assets	**-**	-	**941,893**	1,187,777
Non-current assets	**1,234,419**	1,783,338	**7,290,931**	7,146,986
Current liabilities	**-**	-	**865,373**	860,237
Non-current liabilities	**1,175,614**	1,175,520	**3,141,685**	2,543,933
Revenue	**-**	-	**1,171,850**	1,130,612
Profit or loss	**55,724**	30,186	**348,011**	328,182
Total comprehensive income	**55,724**	30,186	**363,137**	319,262
Cash flow from operating activities	**143,557**	-	**604,931**	549,415
Cash flow from / (used in) investing activities	**-**	-	**9,195**	(445,672)
Cash flow used in financing activities	**-**	-	**(585,938)**	(608,867)
Net cash flow	**143,557**	-	**28,188**	(505,124)
Dividends paid to non-controlling interests	**-**	-	**31,946**	30,179

6 Revenue from sale of goods and services

	2015 AED'000	2014 AED'000
Sale of semiconductor wafers	**18,421,007**	15,981,463
Aircraft maintenance and repairs, components leasing and sales	**5,710,653**	6,180,017
Sale of hydrocarbons	**4,491,642**	5,480,167
Satellite capacity leasing revenue	**1,253,494**	1,248,570
Medical services	**1,107,778**	855,784
Revenue from supply of chilled water	**780,537**	732,981
Revenue from information technology services	**434,649**	422,240
Revenue from supply of renewable energy	**322,402**	322,816
Finance lease income	**311,842**	229,188
Others	**1,217,735**	1,208,001
	34,051,739	32,661,227

7 Cost of sales of goods and services

	2015 AED'000	2014 AED'000
Depreciation of property, plant and equipment	**9,973,655**	7,924,970
Raw material	**6,726,170**	6,482,770
Staff costs	**5,526,505**	5,591,691
Maintenance	**2,179,271**	1,827,908
Amortisation of intangible assets	**267,082**	122,143
Others	**8,370,375**	5,047,437
	33,043,058	26,996,919

8 Other income *(net)*

	2015 AED'000	2014 AED'000
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets *(net)*	**329,823**	743,186
Realised gain on financial assets at fair value through profit or loss *(net)*	**211,066**	332,503
Gain on disposal of subsidiaries classified as held for sale *(see note 5(b)(i))*	**326,731**	785,131
(Loss) / gain on disposal of property, plant and equipment *(net)*	**(28,513)**	381,632
Others	**545,817**	572,036
	1,384,924	2,814,488

9 Research and development expenses

	2015 AED'000	2014 AED'000
Staff costs	**1,321,853**	1,165,128
Depreciation of property, plant and equipment	**395,393**	391,011
Material costs	**372,513**	688,712
Joint development agreement fees	**220,410**	220,410
Amortisation of intangible assets	**185,387**	206,875
Maintenance costs	**121,601**	278,461
Others	**439,086**	803,262
	3,056,243	3,753,859

10 Other general and administrative expenses

	2015 AED'000	2014 AED'000
Staff costs	**3,274,628**	3,226,534
Office expenses	**906,803**	866,270
Depreciation of property, plant and equipment	**456,657**	473,603
Maintenance and repair expenses	**373,520**	398,418
Amortisation of intangible assets	**254,660**	230,490
Others	**861,702**	1,161,761
	6,127,970	6,357,076

11 Income from financial investments *(net)*

	2015 AED'000	2014 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)*	**2,726,383**	1,348,074
Net change in the fair value of derivatives used as economic hedges – not designated for hedge accounting	**721,108**	(29,606)
	3,447,491	1,318,468
Available for sale financial assets		
Impairment losses	**-**	(35,518)
	3,447,491	1,282,950

Dividend income from financial assets at fair value through profit or loss was AED 254,915 thousand *(2014: AED 296,651 thousand)*, dividend income from available for sale financial assets was AED 677,976 thousand *(2014: AED 453,638 thousand)*.

12 Finance income and expense

	2015 AED'000	2014 AED'000
Finance income		
Interest income	**817,411**	926,918
Net foreign exchange gain	**-**	149,145
	817,411	1,076,063
Finance expense		
Borrowing costs [1]	**(2,007,699)**	(2,092,236)
Net foreign exchange loss	**(16,790)**	-
	(2,024,489)	(2,092,236)
Net finance expense	**(1,207,078)**	(1,016,173)

[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 2015 is AED 402,692 thousand *(2014: AED 487,919 thousand)*.

Notes to the consolidated financial statements *(continued)*

13 Property, plant and equipment

	Land and Buildings [1,2] AED'000	Oil and gas assets AED'000	Plant and office equipment AED'000	Aircraft and aircraft materials 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 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 [3]	1,436,044	213,869 [3]	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 *(see note 14)*	(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 a 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
At 1 January 2015	**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**
Additions	**253,998** [3]	**1,367,470**	**196,317** [3]	**213,281**	**49,730**	**108,273**	**11,732,550**	**111,670**	**14,033,289**
Acquisition through business combinations	**356,997**	**-**	**1,434,105**	**-**	**1,670**	**-**	**186,270**	**518**	**1,979,560**
Disposals	**(33,642)**	**-**	**(1,244,954)**	**(151,795)**	**(65,584)**	**-**	**(527,989)**	**(439)**	**(2,024,403)**
Transfers to intangible assets *(see note 14)*	**-**	**-**	**-**	**-**	**(14,103)**	**-**	**(73,666)**	**(11,904)**	**(99,673)**
Transfer to investment properties *(see note 15)*	**-**	**-**	**-**	**-**	**-**	**-**	**(100,852)**	**-**	**(100,852)**
Divestment of stake in subsidiary	**(569,997)**	**-**	**(386)**	**-**	**(130)**	**-**	**-**	**-**	**(570,513)**
Transfer to inventories	**-**	**-**	**-**	**-**	**-**	**-**	**(522,642)**	**-**	**(522,642)**
Transfer to assets classified as held for sale	**(269,223)**	**-**	**(5,121)**	**-**	**-**	**-**	**-**	**(536)**	**(274,880)**
Transfer to finance lease receivables *(see note 23)*	**-**	**-**	**-**	**-**	**-**	**-**	**(22,895)**	**-**	**(22,895)**
Other transfers	**5,204,209**	**416,978**	**15,901,955**	**(185)**	**203,271**	**9,586**	**(21,594,677)**	**(143,987)**	**(2,850)**
Write-off	**(49,689)**	**-**	**(7,900)**	**(33)**	**(18,246)**	**-**	**(20,254)**	**-**	**(96,122)**
Effect of movement in foreign exchange rates	**(24,370)**	**-**	**(129,579)**	**(10,900)**	**(571)**	**-**	**1,373**	**(220)**	**(164,267)**
At 31 December 2015	**22,605,813**	**20,826,302**	**69,641,771**	**5,486,998**	**1,677,824**	**1,504,654**	**11,946,046**	**54,171**	**133,743,579**

Notes to the consolidated financial statements *(continued)*

13 Property, plant and equipment *(continued)*

	Land and Buildings [1,2] AED'000	Oil and gas assets AED'000	Plant and office equipment AED'000	Aircraft and aircraft materials 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									
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 [4]	-	(1,884,872)	(26,909)	-	-	(46,433)	(267,406)	-	(2,225,620)
Transfers (from) / to intangible assets *(see note 14)*	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 capitalised	-	(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)
At 1 January 2015	**(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)**
Charge for the year *(see notes 7, 9 and 10)*	**(1,236,007)**	**(1,634,364)**	**(7,317,348)**	**(420,521)**	**(175,142)**	**(41,431)**	**-**	**(892)**	**(10,825,705)**
Disposals	**33,801**	**-**	**1,176,515**	**39,168**	**65,289**	**-**	**356,968**	**379**	**1,672,120**
Impairment / (reversal of impairment) [4]	**19,177**	**(261,002)**	**972**	**-**	**-**	**(449)**	**(27,498)**	**-**	**(268,800)**
Transfer to assets classified as held for sale	**199,021**	**-**	**4,666**	**-**	**-**	**-**	**-**	**521**	**204,208**
Divestment of stake in subsidiary	**27,907**	**-**	**301**	**-**	**130**	**-**	**-**	**-**	**28,338**
Depreciation capitalized	**-**	**(29,248)**	**(591)**	**-**	**(1,079)**	**-**	**-**	**-**	**(30,918)**
Write-off	**27,107**	**-**	**5,784**	**-**	**11,980**	**-**	**-**	**-**	**44,871**
Other transfers	**(34,204)**	**(231,762)**	**(861)**	**-**	**165**	**-**	**265,924**	**-**	**(738)**
Effect of movement in foreign exchange rates	**21,648**	**(8)**	**17,492**	**11,030**	**522**	**-**	**114**	**182**	**50,980**
At 31 December 2015	**(5,091,322)**	**(13,920,426)**	**(23,721,853)**	**(1,613,831)**	**(1,262,001)**	**(170,167)**	**(1,005,698)**	**(12,447)**	**(46,797,745)**
Carrying amounts									
At 1 January 2014	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
At 31 December 2015	**17,514,491**	**6,905,876**	**45,919,918**	**3,873,167**	**415,823**	**1,334,487**	**10,940,348**	**41,724**	**86,945,834**

13 Property, plant and equipment *(continued)*

[1] 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)(ii))*.

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

[3] The Group recorded additional receivable of AED 1,094,853 thousand *(2014: AED 574,565 thousand)* in receivables and prepayments, which includes AED 852,035 thousand *(2014: AED 494,178 thousand)* for investment tax credits and AED 242,818 thousand *(2014: AED 80,387 thousand)* for employment tax credits. These amounts represent tax credits earned by one of the Group's subsidiaries based on when the related assets were placed in service and headcount conditions were satisfied. 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 cost of sales.

[4] Impairment in the current year primarily arises from oil and gas assets. It includes a provision for impairment recognised for joint operations in Middle East and South East Asia region as the carrying amounts were higher than the recoverable amounts. The recoverable amounts of the CGUs (the oil and gas fields that produce hydrocarbons) were estimated based on their value in use, which was determined with the assistance of internal experts and estimates by discounting the future cash flows from the continuing use of the units and using 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 and are adjusted for quality, transportation fees and regional price differences; and
- a post-tax discount rate of 7.5 - 14 percent *(2014: 7.5 - 14 percent)* was applied in determining the recoverable amount of the respective units.

Property, plant and equipment having carrying value of AED 9,849,486 thousand has been pledged as security *(2014: AED 6,359,510 thousand)*.

Property, plant and equipment having carrying value of AED 1,015,409 thousand *(2014: AED 1,208,405 thousand)* are held under finance lease.

Notes to the consolidated financial statements *(continued)*

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	Other mining rights AED'000	Goodwill AED'000	Technology, licence and software AED'000	Customer contracts AED'000	Exploration and evaluation assets AED'000	Patents AED'000	Others AED'000	Total AED'000
Cost												
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 [3]	-	360,562	-	96,593	1,481,769
Acquisition through business combinations	-	-	-	-	-	173,526	-	-	-	-	-	173,526
Disposals	-	-	-	-	-	-	(159,104)	-	-	-	-	(159,104)
Write off	-	-	-	-	-	-	-	-	(14,670)	-	(18)	(14,688)
Transfers (to) / from property, plant and equipment *(see note 13)*	-	-	-	-	-	-	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
At 1 January 2015	**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**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**439,101** [3]	**-**	**28,177**	**-**	**141,727**	**609,005**
Acquisition through business combinations *(see note 5(a))*	**-**	**-**	**-**	**-**	**1,359,069**	**-**	**-**	**470,208**	**-**	**1,044,009**	**-**	**2,873,286**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(31,434)**	**-**	**-**	**-**	**-**	**(31,434)**
Write off	**(264,492)**	**-**	**-**	**-**	**-**	**-**	**(34)**	**-**	**(602,952)**	**-**	**-**	**(867,478)**
Transfers to property, plant and equipment *(see note 13)*	**-**	**-**	**-**	**-**	**-**	**-**	**49,286**	**-**	**-**	**-**	**50,387**	**99,673**
Other transfers	**-**	**-**	**-**	**-**	**-**	**(85,710)**	**-**	**-**	**-**	**-**	**-**	**(85,710)**
Effect of movement in foreign exchange rates	**-**	**(8,228)**	**-**	**-**	**-**	**(29,390)**	**(3,828)**	**(6,585)**	**5**	**(2,462)**	**(323)**	**(50,811)**
At 31 December 2015	**62,814**	**2,395,804**	**2,337,952**	**1,117,984**	**1,359,069**	**971,577**	**3,503,047**	**1,024,218**	**917,521**	**1,041,547**	**1,632,599**	**16,364,132**

Notes to the consolidated financial statements *(continued)*

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	Other mining rights AED'000	Goodwill AED'000	Technology, licence and software AED'000	Customer contracts AED'000	Exploration and evaluation assets AED'000	Patents AED'000	Others AED'000	Total AED'000
Accumulated amortisation and impairment												
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 *(see note 13)*	-	-	-	-	-	-	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)
At 1 January 2015	**(320,041)**	**(567,860)**	**(2,120,703)**	**(997,292)**	**-**	**(577,850)**	**(1,272,845)**	**(246,200)**	**(558,559)**	**-**	**(702,215)**	**(7,363,565)**
Charge for the year [1]	**(7,265)**	**-**	**(40,824)**	**(16,913)**	**-**	**-**	**(450,925)**	**(63,879)**	**-**	**(69,815)**	**(64,774)**	**(714,395)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**22,536**	**-**	**-**	**-**	**-**	**22,536**
Impairment [2]	**-**	**(645,516)**	**(88,363)**	**(53,067)**	**-**	**(13,592)**	**-**	**(47,307)**	**-**	**-**	**9,655**	**(838,190)**
Write off	**264,492**	**-**	**-**	**-**	**-**	**-**	**35**	**-**	**558,559**	**-**	**-**	**823,086**
Other transfers	**-**	**-**	**-**	**-**	**-**	**-**	**166**	**-**	**-**	**-**	**-**	**166**
Effect of movement in foreign exchange rates	**-**	**21,211**	**(2)**	**-**	**-**	**-**	**(5,389)**	**11,246**	**-**	**-**	**8,205**	**35,271**
At 31 December 2015	**(62,814)**	**(1,192,165)**	**(2,249,892)**	**(1,067,272)**	**-**	**(591,442)**	**(1,706,422)**	**(346,140)**	**-**	**(69,815)**	**(749,129)**	**(8,035,091)**
Carrying amounts												
At 1 January 2014	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
At 31 December 2015	**-**	**1,203,639**	**88,060**	**50,712**	**1,359,069**	**380,135**	**1,796,625**	**678,078**	**917,521**	**971,732**	**883,470**	**8,329,041**

14 Intangible assets *(continued)*

[1] Charge for the year was allocated to cost of sales of goods and services at AED 267,082 thousand *(2014: AED 122,143 thousand)*, other general and administrative expenses at AED 254,660 thousand *(2014: AED 230,490 thousand)*, research and development expenses at AED 185,387 thousand *(2014: AED 206,875 thousand)*, and exploration costs at AED 7,266 thousand *(2014: AED 19,377 thousand).*

Trademarks

[2] The carrying value of AED 1,203,639 thousand *(2014: AED 1,836,172 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 645,516 thousand *(2014: AED 149,942 thousand)* was recognised during the year. The underlying assumptions, which were determined based on external sources, are a royalty rate of 1.8 percent *(2014: 2.3 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 7.8 percent *(2014: 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)* were used.

Oil and gas reserves

During the year, a provision for impairment charge amounting to AED 141,430 thousands *(2014: nil)* was recognized in a subsidiary as the carrying value was higher than the recoverable amount.

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. 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 Brent future prices *(2014: Brent future prices)* for the year and are adjusted for quality, transportation fees and regional price differences; and
- a post-tax discount rate of 9.2 percent *(2014: 10 - 14 percent)* was applied in determining the recoverable amount of the respective units.

Goodwill

Intangible assets include goodwill amounting to AED 317,842 thousand *(2014: AED 317,842 thousand)*, arising from acquisition of one of Group's subsidiary. During the year ended 31 December 2015, management performed impairment review for goodwill allocated to certain CGUs based on forecasted 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 10 percent *(2014: 11.5 percent)*, operational efficiency of 3 percent *(2014: nil)* and a negative 2 - 3 percent *(2014: negative 2 percent)* growth rate was used to extrapolate the cash flows. Based on the results of the goodwill impairment assessment, 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.

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.

15 Investment properties

	2015 **AED'000**	2014 AED'000
Investment properties	**6,854,835**	6,562,450
Investment properties under development	**362,537**	238,601
	7,217,372	6,801,051

Movement in investment properties is as follows:

	2015 **AED'000**	2014 AED'000
At the beginning of the year	**6,562,450**	6,007,684
Additions	**36,488**	135,307
Acquisitions through business combinations	**299,390**	-
Transfers to finance lease receivables	**-**	(93,289)
Transfers from property, plant and equipment *(see note 13)*	**-**	348,986
Transfers to property, plant and equipment *(see note 13)*	**-**	(361,764)
Transfers to inventories	**(20,507)**	-
Increase in fair value *(net)*	**28,051**	525,526
Effect of movement in foreign exchange rates	**(51,037)**	-
At the end of the year	**6,854,835**	6,562,450

Movement in investment properties under development is as follows:

	2015 **AED'000**	2014 AED'000
At the beginning of the year	**238,601**	-
Additions	**157,868**	88,738
Transfers from property, plant and equipment *(see note 13)*	**100,852**	127,254
Transfers to inventories	**(145,784)**	-
Increase in fair value *(net)*	**11,000**	22,609
At the end of the year	**362,537**	238,601

15 Investment properties *(continued)*

Investment properties primarily include Abu Dhabi Global Market ("ADGM") Square Development, Rihan Heights, 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 39,051 thousand of valuation gains *(net) (2014: AED 548,135 thousand of valuation gains (net))* which represent unrealised movements on investment properties and investment properties under development.

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.

In relation to the ADGM Square Development, the fair value of the investment property at 31 December 2015 was AED 4,172,186 thousand *(31 December 2014: AED 4,187,698 thousand)*. The decrease in the investment property balance during the year primarily relates to a reallocation of infrastructure works costs within the Al Maryah Island development.

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.

Investment properties at Rihan Heights represent certain purchased units, which based on the intended commercial use, have been classified as investment property. At 31 December 2015, 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 2015 and 31 December 2014 amounts to AED 1,372,519 thousand.

15 Investment properties *(continued)*

Masdar City investment properties comprise of the Masdar City land and a few commercial buildings. 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 2015, the fair value of the investment properties amounts to AED 905,750 thousand *(31 December 2014: AED 841,082 thousand)* and the investment properties under development amounts to AED 218,674 thousand *(31 December 2014: 111,270 thousand*).

The cash flows from the assets are discounted using discount rates ranging from 7 - 10 percent *(2014: 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 *(2014: 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 5,544,706 thousand *(2014: AED 5,560,217 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 *(2014: AED 1,500 per square metre)* for office space and AED 105 thousand per apartment *(2014: AED 89 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 762,446 thousand *(2014: AED 744,338 thousand)* or 13.8% increase in the valuation *(2014: 13.4% increase in the valuation)*, whilst an increase in the capitalisation / discount rate by 10% would result in a AED 541,555 thousand *(2014: AED 542,084 thousand)* or 9.8% decrease in the valuation *(2014: 9.7% decrease in the valuation)*; and
- An increase in the rental rates by 10% would result in a AED 373,773 thousand *(2014: AED 492,410 thousand)* or 6.7% increase in the valuation *(2014: 8.9% increase in the valuation)*, whilst a decrease in the rental rates by 10% would result in a AED 294,460 thousand *(2014: AED 429,542 thousand)* or 5.3% decrease in the valuation *(2014: 7.7% 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:

Contract area	Held by	Description	Group's working interest 2015 %	2014 %
Concession blocks in Oman				
Block 33	Liwa Energy Limited	Production stage	**15**	15
Block 62	Sixteenth Investment Company LLC	Exploration and appraisal stage	**-**	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
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
Concession blocks in Indonesia				
Sebuku PSC	Pearl Oil (Sebuku) Ltd.	Production stage	**70**	70
Kerapu PSC	Pearl Oil (Tachylyte) Limited	Exploration stage	**-**	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**	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
G11/48	MP G11 (Thailand) Limited	Exploration stage	**67.5**	67.5
Concession blocks in Vietnam				
07/03 PSC	Pearl Oil (Ophiolite) Limited	Exploration stage	**21.25**	25
04/02 PSC	Pearl Oil (Tephrite) Limited	Exploration stage	**90**	90
135/136 PSC	Pearl Oil (Vung May) Limited	Exploration stage	**20**	20
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
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)*

	2015 AED'000	2014 AED'000
Share of results of jointly controlled entities	**3,003,393**	4,060,355
Share of results of associates	**685,137**	583,563
Gain on disposal of investment in equity accounted investees *(net)*	**965,805**	81,514
Share of equity movements of a jointly controlled entity	**328,436**	-
	4,982,771	4,725,432

(a) Investments in associates

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

Associates	Domicile	Economic ownership interest % 2015	2014	Principal business activity
Aldar Properties PJSC ("Aldar")	UAE	**29.73**	29.73	Development, sales, investment, construction and associated services for real estate
Emirates Integrated Telecommunications Company PJSC ("Du")	UAE	**20.06**	20.06	Provision of telecommunication services

Fair values of investments in listed associates	2015 AED'000	2014 AED'000
Aldar	**5,423,542**	6,194,994
Du	**4,635,896**	4,623,963
AdvancedMicroDevices,Inc. ("AMD")	**1,496,109**	1,391,850
SMN Power Holding Company S.A.O.G.	**435,153**	388,090
Abu Dhabi Ship Building PJSC ("ADSB")	**245,656**	160,947

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:

	2015 AED'000	2014 AED'000
At the beginning of the year	**10,645,644**	10,685,241
Additions	**10,596**	560,076
Share of results	**685,137**	583,563
Disposals	**(4,800)**	(216,941)
Dividends received	**(666,027)**	(517,566)
Share of movements in hedging and other reserves	**11,914**	10,858
Share of movements in translation reserves	**-**	(329)
Transferred to jointly controlled entities	**-**	(482)
Transfer to an entity under common control	**-**	(465,745)
Intercompany loss eliminated	**36,568**	31,669
Other movements	**(156)**	(24,700)
	10,718,876	10,645,644
Accumulated impairment	**(360,042)**	(364,843)
At the end of the year	**10,358,834**	10,280,801

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 2015 AED'000	Du 2015 AED'000
Current assets	**15,972,973**	**8,292,029**
Non-current assets	**20,167,703**	**9,648,341**
Current liabilities	**10,030,702**	**5,488,720**
Non-current liabilities	**6,110,185**	**4,632,994**
Revenue	**4,585,540**	**12,337,048**
Profit from continuing operations	**2,559,867**	**1,941,353**
Other comprehensive income	**26,873**	**4,279**
Total comprehensive income	**2,586,740**	**1,945,632**
Dividends received by the Group	**210,552**	**396,128**

17 Investments in equity accounted investees *(continued)*

(a) Investments in associates *(continued)*

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 2015 AED'000	**Du 2015 AED'000**
Net assets	**19,999,789**	**7,818,656**
Ownership %	**29.73%**	**20.06%**
Group's share of net assets on basis of ownership interest	**5,945,937**	**1,568,422**
Reconciling items		
Goodwill, intangible assets and net tangible assets fair value adjustments arising from purchase price allocation	**243,485**	**1,497,541**
Amortisation of purchase price allocation	**(23,073)**	**(343,330)**
Other adjustments	**(1,068)**	**(49,491)**
Carrying amount	**6,165,281**	**2,673,142**
Fair value of investment	**5,423,542**	**4,635,896**

	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

17 Investments in equity accounted investees *(continued)*

(a) Investments in associates *(continued)*

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 %	29.73%	20.06%
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

Aggregate information of associates that are not individually material:

	2015 AED'000	2014 AED'000
Group's share of profit or loss from continuing operations	**(369,994)**	(503,446)
Group's share of other comprehensive income or loss	**9,846**	9,106
Group's share of total comprehensive income or loss	**(360,148)**	(494,340)
Total carrying amount of Group's share of individually immaterial associates	**1,520,411**	1,893,134

17 Investments in equity accounted investees *(continued)*

(b) Investments in jointly controlled entities

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

Jointly controlled entities	**Domicile**	**Economic ownership interest %** **2015**	2014	**Principal business activity**
Emirates Defence Industries Company ("EDIC") [1]	UAE	**60**	-	Integrated national defense manufacturing and services platform, providing world-class facilities, technology and support services
Advanced Military Maintenance Repair and Overhaul Center LLC ("AMMROC") [1]	UAE	**-**	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) ("MGEC")	USA	**50**	50	Commercial finance business, asset management and investment activities across multiple geographies
Matsa Holding 2 S.L.U. ("Matsa") [3]	Spain	**50**	-	Operation of mining concessions in Spain relating to the extraction and processing of copper, lead, zinc and silver
PSA Fundo De Investimento EM Participacoes ("FIP")	Brazil	**47.3**	-	Engaged in port operations and shipping of iron ore

[1] As part of the framework agreement signed on 18 December 2014 between the Group and EDIC, the Group has transferred its interest in AMMROC, which is held within the Aerospace and Defence Services segment, to EDIC. This transaction has resulted in the recognition of a gain of AED 943,971 thousand which is recognised in the consolidated statement of comprehensive income.

	2015 **AED'000**
Consideration transferred [2]	**5,012,963**
Carrying value of the net assets disposed	**(2,653,036)**
Gross gain on disposal	**2,359,927**
Elimination of gain relating to continuing investment in EDIC *(refer to the movement below)*	**(1,415,956)**
Net gain on disposal	**943,971**

[2] Sale consideration will be settled through issuance of zero-coupon mandatory convertible notes *(see note 33(c))*.

Furthermore, during the year the Group has disposed its stake in one of its jointly controlled entities for a consideration of AED 175,000 thousand. Gain on disposal of AED 14,899 thousand has been recognised in the consolidated statement of comprehensive income.

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

17 Investments in equity accounted investees *(continued)*

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

[3] During the year, the Group acquired 50 percent ownership in a mining company, which operates mining concessions in Spain relating to the extraction and processing of copper, lead, zinc and silver.

At the date of finalisation of these consolidated financial statements, the purchase price allocation exercise to arrive at the fair values of the underlying assets and liabilities of this company has not been finalised. Thus, assets and liabilities have been recorded at their book values and no bargain purchase gain or goodwill has been recognised on the acquisition.

The following table summarises the consideration for the acquisition and book value of the assets acquired and liabilities assumed at the acquisition date:

	2015 AED'000
Property, plant and equipment	**3,121,223**
Intangible assets	**135,614**
Deferred tax assets	**135,844**
Inventories	**70,211**
Receivables and prepayments	**659,797**
Cash and cash equivalents	**23,068**
Total assets (A)	**4,145,757**
Payables and accruals	**(435,571)**
Deferred tax liability	**(267,783)**
Interest bearing borrowings	**(683,643)**
Total liabilities (B)	**(1,386,997)**
Carrying value of net assets acquired (A) + (B)	**2,758,760**
Group's share in carrying value of net assets acquired	**1,379,380**
Less: purchase consideration [4]	**(2,475,939)**
Excess of purchase consideration over carrying value of net assets acquired	**(1,096,559)**

[4] Purchase consideration includes an interest-bearing loan of AED 924,987 thousand given by the Group to Matsa with an equal contribution from the other shareholder.

17 Investments in equity accounted investees *(continued)*

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

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

	2015 AED'000	2014 AED'000
At the beginning of the year	**19,782,408**	16,832,447
Additions and acquisitions	**8,987,949**	2,315,811
Eliminated intercompany gain on disposals *(see note 5(b)(i) and 17(b))*	**(1,592,313)**	-
Share of results	**3,003,393**	4,060,355
Disposals	**(2,928,255)**	(113,923)
Dividends received	**(1,924,903)**	(2,044,961)
Share of movements in translation reserves	**(364,200)**	(447,701)
Share of movements in hedging and other reserves	**1,021**	(152,213)
Share of equity movements of a jointly controlled entity	**328,436**	-
Transfer from associates	**-**	482
Exchange fluctuation	**57,303**	85,420
Intercompany income eliminated	**(84,289)**	(108,952)
Transfer upon acquisition of controlling stake	**-**	(130,458)
Redemption of preference share	**(674,455)**	-
Other transfers	**15,268**	(494,516)
Other movements	**-**	(19,383)
	24,607,363	19,782,408
Accumulated impairment	**(299,153)**	(213,953)
At the end of the year	**24,308,210**	19,568,455
***Disclosed as*:**		
Investment in jointly controlled entities	**25,333,681**	20,716,103
Amounts due to a jointly controlled entity [1]	**(1,025,471)**	(1,147,648)
	24,308,210	19,568,455

[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 1,483,481 thousand *(2014: AED 1,094,676 thousand)* and cumulative unrecognised share of losses amounted to AED 3,587,902 thousand *(2014: AED 2,104,421 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)*

	Matsa 2015 AED'000	FIP 2015 AED'000	EDIC 2015 AED'000	DEL 2015 AED'000	EGA 2015 AED'000	MGEC 2015 AED'000
Current assets	826,168	483,778	720,096	4,248,792	10,478,368	5,114,117
Non-current assets	3,234,711	16,937,573	5,428,816	11,116,213	43,932,215	12,385
Current liabilities	677,638	521,283	371,827	2,716,748	2,510,750	1,464,940
Non-current liabilities	2,525,056	13,994,711	3,466	11,984,617	30,837,899	-
Revenue	287,232	2,785	555,875	7,717,671	18,699,260	1,126,452
Profit or loss from continuing operations	(21,484)	294,287	64,646	2,173,775	1,888,858	555,183
Other comprehensive income / (loss)	(25,716)	-	-	-	11,472	-
Total comprehensive income / (loss)	(47,200)	294,287	64,646	2,173,775	1,900,331	555,183
Cash and cash equivalents	15,198	-	485,099	1,109,052	4,025,346	495,860
Current financial liabilities (excluding trade and other payables and provisions)	354,147	431,720	82,400	1,387,286	216,252	1,334,894
Non-current financial liabilities (excluding trade and other payables and provisions)	2,179,207	13,314,041	-	11,710,923	30,556,916	-
Depreciation	63,770	1,300	9,106	390,129	2,345,825	2,513
Amortisation	20,500	-	40,148	1,565	31,800	-
Interest income	14	20,294	2,907	4,364	50,101	983,635
Interest expense	15,722	44,504	703	289,832	824,617	389,034
Income tax expense	1,646	607,670	-	-	6,369	4,612
Dividends received by the Group	-	-	-	2,906,473	-	-

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:

	Matsa 2015 AED'000	FIP 2015 AED'000	EDIC 2015 AED'000	DEL 2015 AED'000	EGA 2015 AED'000	MGEC 2015 AED'000
Net assets	858,185	2,905,357	5,773,619	663,640	21,061,934	3,661,562
Ownership %	50%	47%	60%	51%	50%	50%
Group's share of net assets on basis of ownership interest	429,093	1,373,798	3,464,171	338,456	10,530,967	1,830,781
Reconciling items						
Increase to net asset carrying values (purchase price allocation adjustments)	1,088,110 [1]	-	-	-	624,286	-
Adjustments to harmonise accounting policies of equity accounted investees to the Group	-	-	-	(110,928)	-	-
Contribution by the Group	-	-	616,839	-	-	-
Other adjustments	-	86,572	-	-	253,420	11,068
Carrying amount	1,517,203	1,460,370	4,081,010	227,528	11,408,673	1,841,849

[1] Increase to net asset carrying values is based on provisional purchase price allocation exercise.

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 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 / (benefit)	-	-	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 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				
Increase to net asset carrying values (purchase price allocation adjustments)	-	-	700,117	-
Adjustments to harmonise accounting policies of equity accounted investees to the Group	-	(110,928)	-	-
Other adjustments	(58,991)	-	252,399	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)*

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

	2015 AED'000	2014 AED'000
Group's share of profit or loss from continuing operations	**570,150**	280,254
Group's share of other comprehensive income or loss *(net)*	**(356,017)**	(591,036)
Group's share of total comprehensive income or loss *(net)*	**214,133**	(310,782)
Total carrying amount of share of individually immaterial jointly controlled entities	**4,745,575**	4,755,004

18 Financial investments

	2015 AED'000	2014 AED'000
Fair value through profit or loss financial assets		
Financial assets designated at FVTPL		
Quoted investments		
Equity securities	**8,439,838**	8,228,379
Unquoted investments		
Convertible bonds [1]	**1,460,758**	1,133,817
Equity securities	**2,297,293**	1,288,827
Investment funds	**7,735,971**	7,307,796
Derivative assets	**97,072**	248,689
	20,030,932	18,207,508
Financial assets held for trading		
Quoted investments		
Equity securities	**2,103,153**	2,540,815
Debt securities other than convertible bonds	**338,803**	118,966
Derivative assets	**62,492**	45,128
	2,504,448	2,704,909
Total of fair value through profit or loss financial assets	**22,535,380**	20,912,417
Available for sale financial assets		
Quoted investments		
Equity securities	**6,009,116**	8,356,534
Unquoted investments		
Equity securities	**59,526**	31,587
Total of available for sale financial assets	**6,068,642**	8,388,121
Other financial assets		
Derivative assets	**1,549**	14,186
Financial investments	**28,605,571**	29,314,724
***Disclosed as*:**		
Current portion	**2,520,808**	2,909,477
Non-current portion	**26,084,763**	26,405,247
	28,605,571	29,314,724

During the year, the Group purchased shares amounting to AED 4,670,239 thousand.

[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 6.2 percent *(2014: 6.3 percent)*, exit cap rates of 4.8 percent *(2014: 5.2 percent)*, and rent growth rates from 3.5 percent to 5.3 percent *(2014: 4.5 - 5 percent)*.

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, except for certain quoted equity securities which fair value is based on a valuation technique based on unobservable inputs due to lack of an active market *(see note 38(d))*. 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 estimated future cash flow 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.

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

	2015 AED'000	2014 AED'000
Loans to jointly controlled entities	**11,509,387**	13,374,781
Loans to entities under common control	**166,572**	186,417
Loans to associates	**32,572**	5,853
Loans to related parties	**11,708,531**	13,567,051
Loans to third parties	**5,579,696**	6,877,541
	17,288,227	20,444,592
Less: allowance for impairment	**(3,480,621)**	(1,186,364)
	13,807,606	19,258,228
***Disclosed as*:**		
Current portion	**1,343,899**	2,828,388
Non-current portion	**12,463,707**	16,429,840
	13,807,606	19,258,228

19 Loans receivable *(continued)*

As of 31 December 2015, the fair value of the real estate held as collateral against the loans is AED 1,992 million *(31 December 2014: AED 2,013 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 4,549,014 thousand *(2014: AED 4,522,003 thousand),* which carry interest at LIBOR plus margin and are repayable on demand. Partial repayment took place in December 2015 and cash reinvested in the joint venture.

Loans given to a joint venture, in the amount of AED 924,987 thousand with 5% interest per annum. The loan was given during the current year with a five year maturity.

Loans given to a joint venture, in the amount of AED 2,910,695 thousand *(2014: 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 473,961 thousand *(2014: AED 4,000,166 thousand)* which carry interest at LIBOR plus margin and fixed interest and these loans mature from 2016 to 2021.

Loans given to a joint venture, in the amount of AED 364,694 thousand *(2014: AED 298,274 thousand)*. The loan carries a fixed interest rate of 4% and repayments paid quarterly over eight years.

Loans given to a joint venture, in the amount of AED 283,530 thousand *(2014: AED 285,403 thousand)* which carry fixed and variable interest (at EIBOR plus margin) and are due in 2016.

Loans given to a joint venture, in the total amount of AED 280,304 thousand *(2014: AED 280,304 thousand)* which carry Interest at 12.5% and is repayable on maturity in 2022.

Loan given to a joint venture, in the amount of AED 262,881 thousand as an interest free shareholder loan which is payable at the discretion of the investee.

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 shareholding interests in certain gold mining and real estate companies of AED 1,634,634 thousand *(2014: in a combination of cash, preferred equity securities and shareholding interest in a company of AED 1,770,441 thousand) (see notes 5(a)(i) and 41)*. Based on current information and events it is probable that the Group will not be able to collect all outstanding amounts due according to the contractual terms of the loan agreement. Accordingly, an impairment of AED 2,306,065 thousand *(2014: AED 229,594 thousand)* has been recognised in the statement of comprehensive income, as the difference between the loan's carrying amount and the present value of estimated future cash flows of the collaterals held.

Loans given to third parties include commercial loans amounting to AED 1,084,619 thousand *(2014: AED 1,075,478 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 *(2014: AED 808,781 thousand),* which carries fixed interest and repayable subject to certain conditions being met, not earlier than 2017.

20 Inventories

	2015 **AED'000**	2014 AED'000
Work in progress	**4,502,645**	2,636,450
Land held for sale *(see note 36(a)(i))*	**2,942,940**	2,406,255
Raw material and consumables	**774,452**	556,532
Drilling materials	**680,509**	635,987
Maintenance spares	**488,637**	227,149
Building held for sale [1]	**300,760**	72,104
Others	**441,894**	384,455
	10,131,837	6,918,932
Less: provision for obsolescence	**(2,166,220)**	(637,878)
	7,965,617	6,281,054

[1] Ongoing construction of one of the Group's development work in progress, in addition to transfers from investment properties under development during the current year due to change in business plan.

21 Receivables and prepayments

	2015 **AED'000**	2014 AED'000
Non-current portion		
Service concession receivables [1]	**5,497,883**	5,912,169
Restricted and long term deposits [2]	**1,534,056**	794,823
Receivable against sale of land	**207,176**	418,982
Amounts due from related parties *(see note 33(d))*	**-**	16,906
Other long term receivables and advances	**2,092,707**	1,453,355
	9,331,822	8,596,235
Current portion		
Restricted and long term deposits [2]	**10,885,204**	5,588,123
Amounts due from related parties *(see note 33(d))*	**6,731,764**	4,511,709
Trade receivables	**3,623,347**	4,195,897
Prepaid expenses	**1,009,462**	794,629
Service concession receivables [1]	**954,019**	933,982
Contract work in progress	**375,441**	353,663
Receivable against sale of land	**352,722**	124,151
Receivables against government grants *(see note 36(b))*	**268,467**	282,373
Other receivables	**4,578,517**	1,954,594
	28,778,943	18,739,121
Less: allowance for impairment	**(923,627)**	(679,131)
	27,855,316	18,059,990

21 Receivables and prepayments *(continued)*

[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:

	2015 AED'000	2014 AED'000
At the beginning of the year	**6,846,151**	7,261,647
Effective interest on receivables	**525,939**	565,079
Attributable profits	**30,391**	26,968
Costs incurred during the year	**20,660**	14,093
Less: availability charges received	**(971,239)**	(1,021,636)
At the end of the year	**6,451,902**	6,846,151
Disclosed as:		
Non-current portion	**5,497,883**	5,912,169
Current portion	**954,019**	933,982
	6,451,902	6,846,151

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

22 Assets and liabilities classified as held for sale

	2015 AED'000	2014 AED'000
Assets classified as held for sale	**111,150**	1,180,578 [1]
Liabilities classified as held for sale	**16,078**	537,406 [1]

[1] During the year, the Group transferred the control of three wholly owned subsidiaries to EDIC (as part of the framework agreement signed on 18 December 2014 between the Group and EDIC), and transferred another three wholly owned subsidiaries to other parties. These subsidiaries were classified as held for sale as at 31 December 2014 since the requirements of *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations* were met.

23 Finance lease receivables

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

	2015 AED'000	2014 AED'000
At the beginning of the year	**4,993,088**	2,281,767
Additions	**92,801**	-
Transfers from investment properties under development	**-**	138,669
Transfers from inventories	**-**	1,280,421
Transfers from property, plant and equipment *(see note 13)*	**22,895** [1]	1,280,470 [1]
Finance lease income	**311,842**	229,186
Lease rentals received	**(332,382)**	(217,425)
At the end of the year	**5,088,244**	4,993,088

[1]Gain recognised on disposal of the property, plant and equipment item on a finance lease agreement is nil *(2014: AED 246,478 thousand)*.

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

	2015		2014	
	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	**344,856**	**333,770**	295,990	286,782
After one year but not more than five years	**1,438,262**	**1,189,166**	1,359,418	1,121,293
After five years	**11,091,515**	**3,565,308**	11,293,070	3,585,013
Total	**12,874,633**	**5,088,244**	12,948,478	4,993,088
Less: unearned finance income	**(7,786,389)**	**-**	(7,955,390)	-
Present value of minimum lease payments	**5,088,244**	**5,088,244**	4,993,088	4,993,088

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

	2015 AED'000	2014 AED'000
Current	**333,770**	286,782
Non-current	**4,754,474**	4,706,306
	5,088,244	4,993,088

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 - 9 percent *(2014: 4 - 9 percent)* per annum. 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

	2015 AED'000	2014 AED'000
Bank balances:		
- deposit accounts	**9,232,191**	18,605,417
- call and current accounts	**4,164,380**	7,230,939
Cash in hand	**6,427**	5,597
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**13,402,998**	25,841,953

Bank balances are placed with commercial banks and are short-term in nature. Deposit and call accounts earn interest at prevailing market rates. Bank balances include AED 6,071,460 thousand *(2014: AED 9,149,160 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 arrangements

Operating lease receivables are primarily within the Industry, Real Estate and Infrastructure, and Aerospace and Engineering Services segments. The maturity profile of the non-cancellable operating lease receivables is as follows:

	2015 AED'000	2014 AED'000
Within one year	**783,842**	846,792
After one year but not more than five years	**2,808,875**	3,361,656
After five years	**4,989,984**	3,743,448
	8,582,701	7,951,896

26 Payables and accruals

	2015 AED'000	2014 AED'000
Accrued expenses	**3,919,478**	4,233,802
Trade payables	**2,822,201**	3,288,496
Unearned revenue - TCA *(see note 5(a)(iii))*	**2,318,166**	-
Other unearned revenue	**790,962**	1,313,228
Amounts due to related parties *(see note 33(d))*	**786,249**	1,114,032
Deposit from the Shareholder [1] *(see note 33(d))*	**693,270**	688,066
Provision for staff terminal benefits	**276,487**	235,657
Other provisions	**246,091**	233,611
Advances from related parties *(see note 33(d))*	**748,000**	73,869
Other payables	**5,211,301**	3,857,845
	17,812,205	15,038,606

[1] Deposit from the Shareholder has original maturity of less than three months and at the reporting date carries an annual effective interest rate of 0.74 percent *(2014: 0.76 percent).*

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

	2015 AED'000	2014 AED'000
Derivatives designated and effective as hedging instruments carried at fair value [1]		
Interest rate swaps	**344,603**	439,075
Foreign exchange forward contracts	**7,773**	250,790
	352,376	689,865
Financial liabilities designated at fair value through profit or loss		
Interest rate / cross currency swaps	**838,012**	857,928
Foreign exchange forward contracts	**15,722**	99,209
Equity options	**3,355**	12,043
	857,089	969,180
Financial liabilities held for trading		
Equity options	**15,421**	1,156
Equity swaps	**9,369**	129,793
Exchange traded securities [2]	**295,422**	418,936
	320,212	549,885
Fair value of financial liabilities	**1,529,677**	2,208,930
Disclosed as:		
Current portion	**460,869**	1,026,608
Non-current portion	**1,068,808**	1,182,322
	1,529,677	2,208,930

[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 contracts

The Group uses foreign currency forward contracts to hedge certain forecasted expenses and future cash flow for capital expenditures denominated in foreign currencies, primarily the Euro, Singapore Dollar and Yen, to mitigate the risks associated with changes in foreign currency exchange rates.

Interest rate swaps

The Group also has obligation to pay interest at variable rates (LIBOR + margin and EIBOR + margin) in connection with some borrowing transactions. To hedge variability in interest rates, the Group entered into economic hedges by acquiring interest rate swaps.

27 Financial liabilities at fair value *(continued)*

[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, 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.

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 flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.

28 Interest bearing borrowings

	2015	2014
	AED'000	AED'000
Unsecured bank loans	**6,235,760**	3,583,269
Unsecured corporate bonds	**2,752,886**	-
Secured bank loans	**975,510**	2,259,019
Unsecured loans	**312,245**	629,989
Others	**54,445**	86,475
Current portion	**10,330,846**	6,558,752
Secured bank loans	**11,031,746**	11,005,187
Unsecured bank loans	**8,443,188**	9,782,850
Unsecured corporate bonds	**8,058,659**	10,834,947
Unsecured loans	**2,267,485**	2,787,359
Others	**331,654**	319,729
Non-current portion	**30,132,732**	34,730,072

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	Repayment period	**31 Dec 2015 Carrying Amount AED '000**	31 Dec 2014 Carrying Amount AED '000
Current						
Secured bank loan [1]	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2016	**122,797**	113,897
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2016	**49,237**	49,391
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2016	**16,412**	16,464
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2016	**57,006**	56,902
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2016	**104,348**	104,156
Secured bank loan [2]	National Central District Cooling Company PJSC	USD / AED / OMR	LIBOR / EIBOR + margin / Fixed coupon	2016	**189,021**	152,734
Secured bank loan [15]	Strata Manufacturing PJSC	USD	LIBOR + margin	2016	**56,319**	-
Secured bank loan [3]	SR Technics	CHF / EUR / USD	LIBOR + margin	2016	**22,759**	18,169
Secured bank loan [4, 17]	Sanad Aero 1 Limited	USD	LIBOR + margin	2016	**67,014**	56,902
Secured bank loan [5, 17]	Sanad Aero Solutions Investment LLC	USD	LIBOR + margin	2016	**21,043**	25,120
Secured bank loan [6, 17]	Sanad Aero Ireland 1 Limited	USD	LIBOR + margin	2016	**59,572**	57,533
Secured bank loan [7, 17]	Sanad Aero II Limited	USD	LIBOR + margin	2016	**49,273**	39,162
Secured bank loan [8, 17]	Sanad Aero Ireland 2 Limited	USD	LIBOR + margin	2016	**11,278**	10,834
Secured bank loan [9]	Sanad Aero Ireland 3 Limited	USD	LIBOR + margin	2016	**16,113**	14,224
Secured bank loan [10]	Sanad Aero Ireland 4 Limited	USD	LIBOR + margin	2016	**14,585**	12,900
Secured bank loan [11]	Abu Dhabi Future Energy Company PJSC (London Array)	GBP	LIBOR + margin	2016	**82,922**	84,749
Secured bank loan	Khazna Data Centers LLC	AED	EIBOR + margin		**-**	24,154
Secured bank loan [12]	Injazat Data Systems LLC	AED	EIBOR + margin	2016	**27,373**	25,859
Secured bank loan	Sigma Investment Company (BVI) (PTC) Limited (GE margin loan)	USD	LIBOR + margin		**-**	1,345,869
Secured bank loan [16]	Abu Dhabi Finance PJSC (Private)	USD	EIBOR + margin	2016	**8,438**	50,000
Secured bond [13]	GlobalFoundries Inc.	USD	LIBOR + margin	2016	**19,445**	16,475
Unsecured bank loan	Mubadala Development Company PJSC – Revolving credit facility	USD	LIBOR + margin	2016	**3,489,825**	1,414,298
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2016	**295,080**	269,704
Unsecured bank loan	Global Foundries - Atradius term loan	USD	LIBOR + margin	2016	**334,204**	307,770
Unsecured bank loan	Global Foundries - EXIM guaranteed loan	USD	LIBOR + margin	2016	**211,057**	323,213
Unsecured bank loan	Global Foundries - EXIM term loan	USD	Fixed coupon	2016	**606,439**	600,026
Unsecured loan	Global Foundries - Senior notes	USD	Fixed coupon		**-**	356,752
Unsecured loan [14, 17]	Manhal Development Company PJSC (Sorbonne University)	AED	Fixed coupon	2016	**15,193**	14,700
Unsecured loan [14, 17]	Al Maqsed Development Company PJSC (Zayed University)	AED	Fixed coupon	2016	**19,000**	17,750
Unsecured loan [14, 17]	Al Hikma Development Company PJSC (UAE University)	AED	Fixed coupon	2016	**24,010**	22,731
Unsecured loan [17]	Dolphin Investment Company LLC	USD	LIBOR + margin / Fixed coupon	2016	**250,646**	214,827
Unsecured loan [17]	The Specialist Diabetes Treatment and Research Centre LLC	AED	Fixed coupon	2016	**3,396**	3,229
Unsecured deposits	Abu Dhabi Finance PJSC (private)	AED	EIBOR + margin	2016	**35,000**	70,000
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2016	USD	Fixed coupon	2016	**2,752,886**	-
Unsecured commercial paper	MDC - GMTN B.V. - Commercial Paper	USD / GBP	Fixed coupon	2016	**1,299,155**	668,258
Current total					**10,330,846**	6,558,752

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	Repayment period	**31 Dec 2015 Carrying amount AED '000**	31 Dec 2014 Carrying amount AED '000
Non-current						
Secured bank loan [1]	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2017-2022	**777,128**	899,925
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2017-2028	**571,310**	620,547
Secured bank loan [1]	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2017-2028	**190,437**	206,849
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2017-2019	**985,143**	1,046,508
Secured bank loan [1]	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2017-2019	**1,803,260**	1,915,587
Secured bank loan [3]	SR Technics	CHF / EUR / USD	LIBOR + margin	2017-2018	**635,159**	728,074
Secured bank loan [4, 17]	Sanad Aero 1 Limited	USD	LIBOR + margin	2017-2022	**483,489**	413,939
Secured bank loan [5, 17]	Sanad Aero Solutions Investments LLC	USD	LIBOR + margin	2017-2018	**28,839**	67,361
Secured bank loan [6, 17]	Sanad Aero Ireland 1 Limited	USD	LIBOR + margin	2017-2024	**282,336**	341,908
Secured bank loan [7, 17]	Sanad Aero II Limited	USD	LIBOR + margin	2017-2029	**435,537**	330,728
Secured bank loan [8, 17]	Sanad Aero Ireland 2 Limited	USD	LIBOR + margin	2017-2024	**96,832**	108,110
Secured bank loan [9]	Sanad Aero Ireland 3 Limited	USD	LIBOR + margin	2017-2023	**170,429**	186,543
Secured bank loan [10]	Sanad Aero Ireland 4 Limited	USD	LIBOR + margin	2017-2022	**105,450**	120,035
Secured bank loan [15]	Strata Manufacturing PJSC	USD	LIBOR + margin	2017-2022	**286,255**	342,271
Secured bank loan [2]	National Central District Cooling Company PJSC	USD / AED / OMR	LIBOR / EIBOR + margin / Fixed coupon	2017-2024	**2,808,286**	2,020,872
Secured bank loan [11]	Abu Dhabi Future Energy Company PJSC (London Array)	GBP	LIBOR + margin	2017-2025	**1,022,253**	1,167,179
Secured bank loan	Khazna Data Centers LLC	AED	EIBOR + margin		**-**	153,338
Secured bank loan [12]	Injazat Data Systems LLC	AED	EIBOR + margin	2017-2024	**283,040**	310,413
Secured bank loan [16]	Abu Dhabi Finance PJSC (private)	AED	EIBOR + margin	2017-2020	**66,563**	25,000
Secured bond [13]	GlobalFoundries Inc.	USD	LIBOR + margin	2017-2022	**149,714**	172,789
Secured loan [17, 18]	Fifty Seventh Investment Company (Trafigura Ventures)	USD	LIBOR + margin	2018	**146,940**	146,940
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2017-2022	**2,373,137**	2,668,217
Unsecured bank loan	Mubadala Treasury Holding Company LLC - EIB term loan	EUR	EURIBOR + margin	2019	**938,320**	1,050,113
Unsecured bank loan	Mubadala Treasury Holding Company LLC - EIB term loan	EUR	EURIBOR + margin	2020	**1,196,921**	1,339,525
Unsecured bank loan	Global Foundries - Atradius term loan	USD	LIBOR + margin	2017-2019	**1,025,427**	1,343,285
Unsecured bank loan	Global Foundries - EXIM guaranteed loan	USD	LIBOR + margin	2017	**775**	211,219
Unsecured bank loan	Global Foundries - EXIM term loan	USD	Fixed coupon	2017-2019	**2,908,608**	3,170,491
Unsecured loan [17]	Dolphin Investment Company LLC	USD	LIBOR + margin / Fixed coupon	2017-2021	**2,151,564**	2,402,210
Unsecured loan [17]	The Specialist Diabetes Treatment and Research Centre LLC	AED	Fixed coupon	2017-2020	**21,235**	24,631
Unsecured loan [14, 17]	Manhal Development Company PJSC (Sorbonne University)	AED	Fixed coupon		**-**	30,072
Unsecured loan [14, 17]	Al Maqsed Development Company PJSC (Zayed University)	AED	Fixed coupon	2017	**6,175**	33,000
Unsecured loan [14, 17]	Al Hikma Development Company PJSC (UAE University)	AED	Fixed coupon	2017-2020	**88,511**	110,097
Unsecured loan [17]	Aerospace Investment Company	USD	Fixed coupon		**-**	187,349
Unsecured deposits [17]	Abu Dhabi Finance PJSC (private)	AED	EIBOR + margin	2017-2020	**35,000**	-
Unsecured corporate bond	MDC - GMTN B.V. - JPY Private Placement	JPY	Fixed coupon	2031	**455,445**	458,191
Unsecured corporate bond	MDC - GMTN B.V. - EUR Private Placement	EUR	Fixed coupon	2018	**318,493**	356,224
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2016	USD	Fixed coupon		**-**	2,745,507
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2019	USD	Fixed coupon	2019	**1,828,193**	1,826,082
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2021	USD	Fixed coupon	2021	**2,741,954**	2,739,964
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2022	USD	Fixed coupon	2022	**2,714,574**	2,708,979
Non-current total					**30,132,732**	34,730,072
Total					**40,463,578**	41,288,824

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 plant and equipment with a carrying value of AED 4,411,438 thousand *(2014: AED 772,000 thousand)* and trade debtors. In addition, the loans are also secured by pledges of fixed deposits. During the prior 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 214,157 thousand *(2014: AED 194,352 thousand)* and trade receivables of AED 749,362 thousand *(2014: AED 792,414 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 25,102 thousand *(2014: AED 27,042 thousand)*.

[4] This loan is secured by aircraft engines, with a carrying value of AED 853,121 thousand *(2014: AED 721,315 thousand)*.

[5] This loan is secured by aircraft engines, with a carrying value of AED 161,610 thousand *(2014: AED 213,738 thousand)*.

[6] This loan is secured against aircraft components with a carrying value of AED 516,820 thousand *(2014: AED 812,293 thousand)*.

[7] This loan is secured against aircraft components with a carrying value of AED 622,929 thousand *(2014: AED 472,613 thousand)*.

[8] This loan is secured against aircraft components with a carrying value of AED 158,315 thousand *(2014: AED 172,822 thousand)*.

[9] This loan is secured against aircraft engines with a carrying value of AED 246,512 thousand *(2014: AED 253,771 thousand)*.

28 Interest bearing borrowings *(continued)*

[10] This loan is secured against aircraft components with a carrying value of AED 155,321 thousand *(2014: 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 through assignment of contracts with clients of value not less than the outstanding amount of loan, the assignment of the building having a carrying value of AED 354,253 thousand as at 31 December 2015 *(2014: AED 369,526 thousand)*, all risk insurance policy taken out in relation to the building; and any legally assignable rights that may arise over the building.

[13] 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 collateralised by GF with a AED 282,860 thousand letter of credit.

[14] 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.

[15] These loans are secured by pledges of property, plant and equipment with a carrying value of AED 449,157 thousand *(2014: AED 299,222 thousand).*

[16] This loan is secured by receivables with a carrying value of AED 75 million *(2014: AED 75 million)*, post-dated cheques plus direct debit systems with a carrying value of AED 8 million *(2014: AED 20 million)* and 20% of the drawn amount placed as a deposit under lien with an entity under common control (2014: 35% of the drawn amount placed as a deposit under lien with an entity under common control).

[17] These represent loans obtained from related parties.

[18] This loan is secured by equity securities with a fair value of AED 1,045,424 thousand *(2014: AED 669,260 thousand).*

Movement in interest bearing borrowings during the year is as follows:

	2015 **AED'000**	2014 AED'000
At the beginning of the year	**41,288,824**	41,918,382
New borrowings	**10,228,715**	13,402,441
Repayments	**(10,666,602)**	(13,767,511)
Acquired through business combination	**77,190**	338,866
Disposal upon losing control in a subsidiary	**(177,493)**	-
Foreign exchange fluctuations and other movements	**(287,056)**	(603,354)
At the end of the year	**40,463,578**	41,288,824

29 Other liabilities

	2015 AED'000	2014 AED'000
Advances from related parties *(see note 33(d))*	**2,177,988**	1,068,988
Unearned revenue - TCA *(see note 5(a)(iii))*	**1,558,225**	-
Asset retirement obligation	**1,180,886**	174,557
Decommissioning liabilities	**794,997**	623,349
Amounts due to related parties *(see note 33(d))*	**161,624**	44,157
Others	**2,067,875**	1,615,979
	7,941,595	3,527,030

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:

	2015		2014	
	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	**244,207**	**130,799**	306,851	177,098
After one year but not more than five years	**834,423**	**486,532**	908,965	517,684
After five years	**768,471**	**589,473**	931,678	703,510
Total	**1,847,101**	**1,206,804**	2,147,494	1,398,292
Less: future finance charges	**(640,297)**	**-**	(749,202)	-
Present value of minimum lease payments	**1,206,804**	**1,206,804**	1,398,292	1,398,292

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

	2015 AED'000	2014 AED'000
Current	**130,799**	177,098
Non-current	**1,076,005**	1,221,194
	1,206,804	1,398,292

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

31 Share capital

	2015 AED'000	2014 AED'000
Authorised, issued and fully paid up:		
28,600,000 equity shares *(2014: 28,600,000 equity shares)* of AED 1,000 each	**28,600,000**	28,600,000

32 Reserves

Statutory reserve

As required by the UAE Federal Law No. 2 of 2015 and the Articles of Association of the Company, 10 percent of the Group's net profit is 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:

	2015	2014
	AED'000	AED'000
Other key management personnel		
Short term benefits	**193,608**	226,374
Post-employment benefits	**34,524**	11,160
	228,132	237,534

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:

	2015	2014
	AED'000	AED'000
Revenue		
Associates	**4,196,386**	3,124,751
Entities under common control	**2,091,943**	2,516,008
Jointly controlled entities	**495,031**	378,695
Shareholder	**239,932**	212,744
	7,023,292	6,232,198
Interest income		
Entities under common control	**493,129**	513,711
Jointly controlled entities	**161,235**	260,013
Shareholder	**33,374**	36,783
Associates	**527**	588
	688,265	811,095
Income from provision of manpower, project management and consultancy services		
Jointly controlled entities	**229,678**	329,791
Entities under common control	**-**	164
	229,678	329,955
Purchase of goods and services		
Jointly controlled entities	**651,178**	586,105
Entities under common control	**216,915**	169,742
Associates	**102,352**	145,721
	970,445	901,568
Interest bearing borrowings repaid		
Jointly controlled entities	**511,810**	302,409
Entities under common control	**439,505**	396,032
Associates	**-**	335,184
	951,315	1,033,625
Interest bearing borrowings drawn from entities under common control	**727,268**	888,215

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

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

	2015 AED'000	2014 AED'000
Loans given		
Jointly controlled entities	**3,795,654**	5,655,893
Associates	**34,181**	-
	3,829,835	5,655,893
Loans recovered		
Jointly controlled entities	**5,622,870**	6,081,518
Associates	**1,837**	-
	5,624,707	6,081,518
Interest expense		
Entities under common control	**290,428**	270,512
Jointly controlled entities	**163,804**	187,400
Associates	**-**	9,555
	454,232	467,467
Sale and leaseback from an entity under common control	**-**	363,030
Assets transferred from an associate	**108,000**	-
Shareholder reimbursements for recoverable projects	**922,115**	2,153,152
Sale of subsidiaries		
Jointly controlled entities *(see note 5(b)(i))*	**543,572**	1,050,000
Associates *(see note 5(b)(i))*	**466,018**	-
Entities under common control	**-**	435,430
	1,009,590	1,485,430
Sale of a jointly controlled entity to a jointly controlled entity *(see note 17(b))*	**5,012,963**	-
Cash calls paid to jointly controlled entities for joint operations	**1,563,095**	1,313,333
Other miscellaneous transactions		
Jointly controlled entities	**395,952**	1,531,746
Entities under common control	**48,011**	69,156
Associates	**12,515**	7,564
	456,478	1,608,466

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

(d) Related party balances

	2015 AED'000	2014 AED'000
Amounts due to related parties [1] *(see notes 26 and 29)*		
Entities under common control	**332,655**	152,124
Jointly controlled entities	**523,034**	102,183
Associates	**44,832**	92,598
Shareholder	**38,326**	55,754
	938,847	402,659
Advances from related parties		
Shareholder *(see notes 26 and 29)*	**1,857,000**	-
Entity under common control *(see note 29)*	**1,068,988**	1,068,988
Associates *(see note 26)*	**-**	73,869
	2,925,988	1,142,857
Unearned revenue		
Entity under common control	**9,026**	403,319
Associates	**-**	352,211
	9,026	755,530
Amounts due from related parties *(see note 21)*		
Shareholder	**4,207,171**	2,198,569
Entities under common control	**988,134**	933,318
Associates	**828,217**	1,110,559
Jointly controlled entities	**708,242**	286,169
	6,731,764	4,528,615
Deposit from the Shareholder *(see note 26)*	**693,270**	688,066
Bank balances with entities under common control *(see note 24)*	**6,071,460**	9,149,160
Deposits with equity accounted investees	**-**	30,000
Loans to related parties		
Jointly controlled entities	**11,078,982**	12,944,375
Entities under common control	**166,572**	186,417
Associates	**32,572**	5,853
	11,278,126	13,136,645
Financial investment in shares of an entity under common control	**-**	466,986

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

(d) ***Related party balances*** *(continued)*

	2015 AED'000	2014 AED'000
Preferred securities of a jointly controlled entity	**2,130,935**	939,940
Service concession receivables *(see note 21)*		
Entities under common control	**5,976,276**	6,311,904
Shareholder	**475,626**	534,247
	6,451,902	6,846,151
Interest bearing borrowings		
Entities under common control	**5,877,257**	5,609,846
Jointly controlled entities	**2,555,099**	3,032,736
Associates	**24,631**	27,860
	8,456,987	8,670,442
Finance lease receivables		
Entities under common control	**2,493,383**	2,527,292
Jointly controlled entities	**793,859**	759,622
	3,287,242	3,286,914

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

(e) ***Additional shareholder contributions*** [1]

	2015 AED'000	2014 AED'000
At the beginning of the year	**141,522,778**	123,155,278
Cash contributions	**-**	18,367,500
Reduction against application for share capital *(see note 33(f))*	**(18,367,500)**	-
At the end of the year	**123,155,278**	141,522,778

[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.

(f) ***Application for share capital***

As per the instructions received from the Shareholder for the amount of AED 18,367,500 thousand received during the prior year, the Company is in the process of issuing share capital. Accordingly, this amount has been classified as application for share capital *(see note 33(e)).*

34 Commitments and contingent liabilities

Commitments and contingencies

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

	2015 AED'000	2014 AED'000
Capital commitments		
Commitments for equity investments	**11,510,561**	4,301,631
Commitments for acquisition of property, plant and equipment	**9,548,172**	14,425,662
Unfunded loan commitments	**15,014**	22,009
Contingent liabilities [1]	**2,028,443**	9,404,783
	23,102,190	28,154,085

Operating lease commitments

The operating lease commitments of the Group are as follows:

	2015 AED'000	2014 AED'000
Within one year	**626,981**	526,280
After one year but not more than five years	**1,972,020**	1,664,263
After five years	**1,880,331**	2,198,305
Total	**4,479,332**	4,388,848

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:

	2015 AED'000	2014 AED'000
Capital commitments		
Commitments for acquisition of property, plant and equipment	**10,341,236**	9,207,568
Commitment to provide loans	**3,197,096**	5,948,395
Operating lease commitments	**595,295**	2,468,508
Contingent liabilities [1]	**3,928,530**	6,433,724
	18,062,157	24,058,195

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

34 Commitments and contingent liabilities *(continued)*

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

	2015 AED'000	2014 AED'000
Due in less than one year	**299,726**	355,590
Later than one year but not later than five years	**138,425**	51,433
At 31 December	**438,151**	407,023

A subsidiary of the Group has production bonus commitments that range from AED 63,552 thousand *(2014: AED 67,225 thousand)* to AED 267,431 thousand *(2014: AED 298,655 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.

35 Income tax

	2015 AED'000	2014 AED'000
Income tax recognised in profit or loss:		
Current tax expense		
On taxable profit of the year	**(98,008)**	(211,140)
Adjustment in respect of prior years' current tax	**3,582**	(15,615)
	(94,426)	(226,755)
Deferred tax benefit / (expense)		
Origination and reversal of temporary differences	**1,258,806**	308,711
Reduction in tax rate	**8,556**	405,922
Impact of tax losses and tax credits carry forwards	**78,411**	(444,978)
Deferred tax adjustment on depreciation, depletion and amortisation	**153,462**	(45,581)
Foreign exchange difference	**(301,602)**	(623,918)
Net deferred tax benefit / (expense)	**1,197,633**	(399,844)
Income tax benefit / (expense) recognised in profit or loss	**1,103,207**	(626,599)

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, GF 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:

	2015 AED'000	2014 AED'000
Income from continuing operations *(before income tax)*	**307,869**	1,848,735
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(26,520)**	(337,338)
Effect of income that is exempt from taxation	**142,269**	164,138
Effect of expenses that are not deductible in determining taxable profit	**(330,126)**	(585,120)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**1,300,667**	(578,625)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	**(42,802)**	100,753
Effect on deferred tax balances due to the change in tax rate	**8,556**	405,922
Effect of tax credits	**117,951**	244,391
Others	**(70,370)**	(25,105)
	1,099,625	(610,984)
Adjustments recognised in the current year in relation to the current tax of prior years	**3,582**	(15,615)
Income tax benefit / (expense) recognised in profit or loss	**1,103,207**	(626,599)

Current tax liabilities

	2015 AED'000	2014 AED'000
Income tax payable	**171,880**	277,910

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

	2015 AED'000	2014 AED'000
Deferred tax assets	**2,011,162**	1,922,959
Deferred tax liabilities	**(981,612)**	(989,104)
Net deferred tax assets	**1,029,550**	933,855

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:

	2015	2014
	AED'000	AED'000
At the beginning of the year	**933,855**	1,153,224
Tax benefit / (expense) to profit or loss	**1,197,633**	(399,844)
Fair value adjustments arising from business combinations	**(1,091,038)**	-
Foreign currency adjustments	**(2,738)**	47,313
Other adjustments	**(8,162)**	133,162
At the end of the year	**1,029,550**	933,855

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 2015 amounted to AED 20,233,399 thousand *(2014: AED 16,895,019 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 6,671,358 thousand *(2014: AED 5,539,815 thousand)* in relation to these losses as it is not probable that these 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 2015, 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 *(2014: AED nil)*.

Notes to the consolidated financial statements *(continued)*

35 Income tax *(continued)*

Recognised deferred tax assets and liabilities are attributable to:

	Assets		**Liabilities**		**Net**	
	2015 AED'000	2014 AED'000	**2015 AED'000**	2014 AED'000	**2015 AED'000**	2014 AED'000
Property, plant and equipment	**46,187**	49,052	**(5,236,711)**	(2,399,515)	**(5,190,524)**	(2,350,463)
Intangible assets	**-**	-	**(360,086)**	(637,214)	**(360,086)**	(637,214)
Fair value through profit or loss investments	**-**	-	**(11,344)**	-	**(11,344)**	-
Derivatives	**-**	43,939	**(3,221)**	(19)	**(3,221)**	43,920
Other assets	**7,048**	56,451	**(18,010)**	(23,591)	**(10,962)**	32,860
Other liabilities	**112,773**	69,963	**(11,344)**	(29,665)	**101,429**	40,298
Payables and accruals	**723,804**	383,962	**-**	-	**723,804**	383,962
Tax losses recognised	**4,928,771**	3,230,264	**(39,964)**	(2,906)	**4,888,807**	3,227,358
Others	**937,306**	208,238	**(45,659)**	(15,104)	**891,647**	193,134
Tax assets / (liabilities)	**6,755,889**	4,041,869	**(5,726,339)**	(3,108,014)	**1,029,550**	933,855

Income tax recognised in other comprehensive income:

	2015			2014		
	Before tax AED'000	**Tax (expense) / benefit AED'000**	**Net of tax AED'000**	Before tax AED'000	Tax benefit AED'000	Net of tax AED'000
Net change in fair value of available for sale financial assets	**(1,825,079)**	**-**	**(1,825,079)**	488,598	-	488,598
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets	**(329,823)**	**-**	**(329,823)**	(743,186)	-	(743,186)
Effective portion of changes in fair value of cash flow hedges and other reserves	**265,066**	**(47,166)**	**217,900**	(410,030)	91,430	(318,600)
Net change in translation reserve	**(62,671)**	**-**	**(62,671)**	(135,280)	-	(135,280)
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	**12,935**	**-**	**12,935**	(141,355)	-	(141,355)
Share of movements in translation reserve of equity accounted investees	**(364,200)**	**-**	**(364,200)**	(448,030)	-	(448,030)
Net movement in defined benefits plan	**(327,260)**	**67,088**	**(260,172)**	(206,607)	41,735	(164,872)
	(2,631,032)	**19,922**	**(2,611,110)**	(1,595,890)	133,165	(1,462,725)

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 [13]	**Carrying amount as at 31 Dec 2015 AED '000**	Carrying amount as at 31 Dec 2014 AED '000	Currently classified as [12]
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	4,115,157	**508,086**	462,146	Inventory
Al Maryah Island [2]	2006	697,864	**31,222**	61,860	PPE
New Fish Market	2006	484,448	**14,182**	15,706	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	2,283,359	**-**	-	PPE
Commercial use [8]	2008	537,986	**206,951**	206,951	IP
Phase 1 - remaining portion [9]	2008	6,020,669	**385,935**	-	Inventory
Phases 2 & 5 [9]	2008	25,833,105	**104,810**	-	Inventory
Future economic benefits uncertain / no future economic benefits [3]					
Jabel Al Dhannah [11]	2009	10,956,700	**-**	-	N/A
Masdar City Phase 1 - Recreational Plots	2008	490,739	**-**	-	N/A
Masdar City Land (remaining portion) [5]	2008	23,776,104	**-**	-	N/A
Madinat Zayed [1]	2008	116,202,049	**-**	-	N/A
Masdar Institute of Science and Technology [10]	2008	356,813	**-**	-	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	2013	131,014	**-**	-	N/A
Plot P52 Abu Dhabi Island	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	61,244,799	**-**	-	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. Currently 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 Al Maryah Island, out of the total unsold land area of 11,579,133 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 Al Maryah Island. Accordingly, these plots of land with a land area of 4,115,157 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. Al Maryah Island includes approximately five million square feet of land earmarked for roads and waterfront for common public use.

The 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 of Abu Dhabi. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of these parcels of land, and therefore, such properties have not been 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.

[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.

Lease agreements have been signed for a total land area of 2,246,213 square feet and the these agreements have been classified as finance leases based on assessment by management of the terms of the agreements. The carrying value of the finance lease receivable is AED 316,000 thousand *(2014: AED 145,437 thousand)*.

[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 the 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 305,509 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 *(2014: AED 97,900 thousand)*.

[9] A detailed masterplan has been approved for Phases 1, 2 and 5 of Masdar City, for which it is ADFEC's responsibility to complete the infrastructure development. These plots with an area of 31,853,774 square feet, that are not being used by ADFEC or Mubadala to carry out their operations or being used for commercial use, are carried as Inventory at an amount of AED 490,745 thousand *(2014: nil)*.

[10] 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.

[11] 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 the Government of Abu Dhabi and accordingly, has been classified under future economic benefit uncertain category.

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

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

(ii) 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 2015 the Group had an outstanding commitment to invest an additional AED 6,715 thousand *(2014: AED 10,636 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:

	2015 **AED'000**	2014 AED'000
At the beginning of the year	**1,557,301**	1,885,565
Additions	**496,753**	482,666
Amortised during the year	**(798,248)**	(787,604)
Other movements	**(10,136)**	(23,326)
At the end of the year	**1,245,670**	1,557,301
Disclosed as:		
Current	**316,187**	317,986
Non-current	**929,483**	1,239,315
	1,245,670	1,557,301

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 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.

	2015 **AED'000**	2014 AED'000
Defined benefit liability arising from defined benefits pension plan	**(469,985)**	(174,495)
Pension liabilities arising from other employee benefits	**(18,838)**	(21,281)
	(488,823)	(195,776)

37 Employee benefits *(continued)*

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

	Defined benefit pension plans 2015 AED'000	**Other employee benefits 2015 AED'000**	Defined benefit pension plans 2014 AED'000	Other employee benefits 2014 AED'000
Present value of defined benefit obligation	**(3,789,793)**	**(18,838)**	(3,655,167)	(21,281)
Fair value of plan assets	**3,319,808**	**-**	3,480,672	-
Funded status	**(469,985)**	**(18,838)**	(174,495)	(21,281)
Unrecognised asset due to asset ceiling	**-**	**-**	-	-
	(469,985)	**(18,838)**	(174,495)	(21,281)

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

	2015 AED'000	2014 AED'000
At the beginning of the year	**3,655,167**	3,583,882
Foreign exchange difference	**(56,052)**	(402,633)
Net current service cost	**76,289**	67,984
Interest cost	**47,457**	75,787
Contribution by plan participants	**47,086**	51,031
Benefits paid	**(142,572)**	(185,131)
(Gain) / loss due to experience	**(35,272)**	18,693
Loss due to financial assumptions	**298,639**	446,334
Past service costs	**(24,717)**	(780)
Settlements	**(76,232)**	-
At the end of the year	**3,789,793**	3,655,167

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

	2015 AED'000	2014 AED'000
At the beginning of the year	**3,480,672**	3,691,593
Foreign exchange difference	**(41,001)**	(391,446)
Employer contributions	**76,358**	79,195
Employee contributions	**47,086**	51,031
Net benefits paid	**(142,572)**	(185,131)
Actual administration expenses paid	**(3,199)**	(3,026)
Interest income on plan assets	**45,939**	79,637
Return on plan assets (excluding amount included in interest income)	**(67,243)**	158,819
Settlements	**(76,232)**	-
At the end of the year	**3,319,808**	3,480,672

37 Employee benefits *(continued)*

Plan assets consist of the following:

	2015 AED'000	2014 AED'000
Bonds	**961,590**	1,361,244
Investment in property	**749,551**	703,517
Equity securities	**709,148**	745,942
Other	**899,519**	669,969
	3,319,808	3,480,672

Pension plan assets do not include any shares of that Group's subsidiary.

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:

	2015	2014
Discount rate	**0.70%**	1.30%
Future salary increases	**1.25%**	1.25%
Future pension increases	**0.00%**	0.00%

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

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

- If the discount rate is 0.25% higher (lower), the defined benefit obligation would decrease by 3.6% (increase by 3.8%) for General Pension Scheme. If the discount rate is 0.25% higher (lower), the defined benefit obligation would decrease by 3.5% (increase by 3.8%) for Management Insurance Scheme.
- 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 2.6% for General Pension Scheme and 2.8% for Management Insurance Scheme (decrease by 2.6% General Pension Scheme and 2.8% 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)*

	2015 AED'000	2014 AED'000
Service costs	**51,573**	67,204
Net interest expense / (income)	**1,517**	(1,414)
Administration expenses	**3,199**	3,026
Net periodic employee benefit cost	**56,289**	68,816

The Group's incorporated loss from the defined benefit plans is AED 56,289 thousand *(2014: loss of AED 68,816 thousand)*; the cost related to defined contribution employee benefit schemes amounted to AED 3,822 thousand *(2014: AED 4,420 thousand)*. All employee benefit costs are included in personnel costs. The expected contributions to defined benefit plans for 2016 amount to AED 69,269 thousand.

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

	2015 AED'000	2014 AED'000
Defined benefit obligation loss due to change in financial assumptions	**(298,639)**	(446,334)
Defined benefit obligation gain / (loss) due to experience	**35,272**	(18,693)
Return on plan assets excluding amount included in interest income	**(67,243)**	158,819
Change in irrecoverable surplus, effect of asset ceiling	**3,350**	99,601
Total remeasurements recognised in the other comprehensive loss	**(327,260)**	(206,607)

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

	2015 AED'000	2014 AED'000
(Liabilities) / assets at the beginning of the year	**(174,495)**	5,472
Net periodic employee benefit cost	**(56,289)**	(68,816)
Remeasurements recognised in the other comprehensive income	**(327,260)**	(206,607)
Employer contributions	**76,358**	79,195
Foreign exchange difference	**11,701**	16,261
Liabilities at the end of the year	**(469,985)**	(174,495)

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 36 percent *(2014: 43 percent)* of the receivables and 68 percent *(2014: 66 percent)* of loans receivables are from related parties which are 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:

	2015	2014
	AED'000	AED'000
Financial investments at fair value through profit or loss		
Convertible bonds	**1,460,758**	1,133,816
Debt securities other than convertible bonds	**338,803**	118,966
Derivative assets	**159,564**	293,817
Other derivative assets	**1,549**	14,186
Receivables		
Service concession receivables	**6,451,902**	6,846,151
Due from related parties	**6,731,674**	4,510,250
Other receivables	**5,024,246**	2,851,018
Trade receivables	**2,644,929**	3,513,782
Restricted and long term deposits	**12,419,260**	6,382,946
Receivable against sale of land	**559,898**	543,133
Contract work in progress	**415,857**	394,078
Loans receivable	**13,807,606**	19,258,228
Finance lease receivables	**5,088,244**	4,993,088
Cash at bank	**13,396,571**	25,836,356
	68,500,861	76,689,815

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:

	2015		2014	
	Gross	**Impairment**	Gross	Impairment
	AED'000	**AED'000**	AED'000	AED'000
Neither past due nor impaired	**9,716,580**	**-**	10,979,006	-
Not past due but impaired	**7,437,244**	**(3,464,996)**	8,976,098	(1,158,460)
Past due 0 – 120 days	**32,740**	**(1,288)**	57,450	(1,847)
Past due 121 – 180 days	**-**	**-**	-	-
Past due above 180 days	**101,663**	**(14,337)**	432,038	(26,057)
	17,288,227	**(3,480,621)**	20,444,592	(1,186,364)

Approximately 76 percent *(2014: 47 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:

	2015		2014	
	Gross AED'000	**Impairment AED'000**	Gross AED'000	Impairment AED'000
Not past due	**48,849,668**	**-**	52,204,413	-
Not past due but impaired	**393,122**	**(251,306)**	1,085,782	(153,694)
Past due 0 – 120 days	**4,591,780**	**(34,299)**	3,422,792	(60,593)
Past due 121 – 180 days	**271,955**	**(26,524)**	272,368	(7,136)
Past due above 180 days	**1,469,868**	**(571,009)**	1,085,956	(418,301)
	55,576,393	**(883,138)**	58,071,311	(639,724)

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:

	2015		2014	
	Impairment on loans receivables AED'000	**Impairment on receivables AED'000**	Impairment on loans receivables AED'000	Impairment on receivables AED'000
At the beginning of the year	**1,186,364**	**639,724**	1,071,502	481,967
Provision during the year	**2,309,207**	**303,006**	268,414	323,587
Effect of exchange rate difference	**(11,021)**	**(2,104)**	(104)	(15,201)
Written-off during the year	**(3,929)**	**(57,488)**	(153,448)	(150,629)
At the end of the year	**3,480,621**	**883,138**	1,186,364	639,724

(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.

Notes to the consolidated financial statements *(continued)*

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:

		2015					2014				
	Notes	**Carrying value AED'000**	**Contractual cash flows AED'000**	**1 year or less AED'000**	**1-5 years AED'000**	**More than 5 years AED'000**	Carrying value AED'000	Contractual cash flows AED'000	1 year or less AED'000	1-5 years AED'000	More than 5 years AED'000
Non - derivative financial liabilities											
Payables and accruals	*26*	**8,370,574**	**(8,751,518)**	**(8,751,518)**	**-**	**-**	12,347,570	(12,412,110)	(12,412,110)	-	-
Interest bearing borrowings	*28*	**40,463,578**	**(42,995,705)**	**(11,134,492)**	**(20,611,734)**	**(11,249,479)**	41,288,824	(48,102,932)	(6,719,473)	(25,154,694)	(16,228,765)
Obligation under finance lease	*30*	**1,206,804**	**(1,847,101)**	**(244,207)**	**(834,423)**	**(768,471)**	1,398,292	(2,147,494)	(306,851)	(908,965)	(931,678)
Amounts due to a jointly controlled entity	*17*	**1,025,471**	**(1,025,471)**	**(1,025,471)**	**-**	**-**	1,147,648	(1,147,648)	(1,147,648)	-	-
Other liabilities	*29*	**2,846,960**	**(2,886,944)**	**-**	**(1,992,048)**	**(894,896)**	1,240,682	(1,576,630)	-	(409,065)	(1,167,565)
Derivative financial liabilities											
Derivatives designated and effective as hedging instruments carried at fair value											
Interest rate swaps	27	**344,603**	**(550,283)**	**(116,757)**	**(310,460)**	**(123,066)**	439,075	(628,175)	(142,145)	(359,090)	(126,940)
Foreign exchange forward contracts	27	**7,773**	**(7,773)**	**(7,773)**	**-**	**-**	250,790	(250,790)	(250,790)	-	-
Financial liabilities designated at fair value through profit or loss											
Interest rate / cross currency swaps	27	**838,012**	**(2,925,459)**	**(187,892)**	**(1,704,884)**	**(1,032,683)**	857,928	(3,298,722)	(231,788)	(748,700)	(2,318,234)
Foreign exchange forward contracts	27	**15,722**	**(15,722)**	**(15,722)**	**-**	**-**	99,209	(99,210)	(80,650)	(18,560)	-
Equity options	27	**3,355**	**(3,355)**	**(3,355)**	**-**	**-**	12,043	(12,043)	(12,043)	-	-
Financial liabilities held for trading											
Equity options	27	**15,421**	**(15,421)**	**(15,421)**	**-**	**-**	1,156	(1,156)	(1,156)	-	-
Equity swaps	27	**9,369**	**(9,369)**	**(9,369)**	**-**	**-**	129,793	(129,793)	(129,793)	-	-
Exchange traded securities	27	**295,422**	**(295,422)**	**(295,422)**	**-**	**-**	418,936	(418,936)	(418,936)	-	-
		55,443,064	**(61,329,543)**	**(21,807,399)**	**(25,453,549)**	**(14,068,595)**	59,631,946	(70,225,639)	(21,853,383)	(27,599,074)	(20,773,182)

The total undrawn borrowing facilities as at the reporting date is AED 4,984,072 thousand *(2014: AED 6,623,737 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)*

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

The maturity profile of the financial assets is as follows:

		2015					2014				
	Notes	**Carrying value AED'000**	**Contractual cash flows AED'000**	**1 year or less AED'000**	**1-5 years AED'000**	**More than 5 years AED'000**	Carrying value AED'000	Contractual cash flows AED'000	1 year or less AED'000	1-5 years AED'000	More than 5 years AED'000
Financial assets											
Receivables and prepayments	*21*	**34,252,251**	**45,186,678**	**25,941,176**	**6,898,491**	**12,347,011**	25,094,269	46,468,006	25,119,708	6,830,227	14,518,071
Loans receivable	*19*	**13,807,606**	**14,352,781**	**1,427,219**	**6,977,878**	**5,947,684**	19,258,228	19,574,626	2,627,910	7,152,369	9,794,347
Finance lease receivables	*23*	**5,088,244**	**11,744,817**	**337,322**	**1,387,320**	**10,020,175**	4,993,088	12,948,478	295,990	1,359,417	11,293,071
Cash and cash equivalents	*24*	**13,402,998**	**13,402,998**	**13,402,998**	**-**	**-**	25,841,953	25,841,953	25,841,953	-	-
Financial assets at fair value through profit or loss	*18*	**22,535,380**	**22,542,631**	**6,524,184**	**16,018,447**	**-**	20,912,417	20,912,416	4,288,975	16,623,441	-
Available for sale financial assets	*18*	**6,068,642**	**6,068,642**	**4,659,655**	**1,380,966**	**28,021**	8,388,121	8,388,121	5,513,737	2,874,384	-
Other financial assets	*18*	**1,549**	**1,549**	**1,549**	**-**	**-**	14,186	25,361	25,361	-	-
		95,156,670	**113,300,096**	**52,294,103**	**32,663,102**	**28,342,891**	104,502,262	134,158,961	63,713,634	34,839,838	35,605,489

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:

	2015			
	EUR'000	**GBP'000**	**CHF'000**	**SGD'000**
Fair value through profit or loss financial assets	**81,093**	**121,868**	**-**	**-**
Available for sale financial assets	**26**	**-**	**-**	**-**
Trade and other receivables	**51,700**	**22,210**	**36,875**	**42,729**
Loans receivable	**180,262**	**157,414**	**-**	**-**
Cash and cash equivalents	**75,150**	**115,402**	**49,802**	**31,809**
Trade and other payables	**(51,695)**	**(22,141)**	**(103,676)**	**(29)**
Interest bearing borrowings	**(642,967)**	**(204,191)**	**(5,428)**	**-**
Obligations under finance lease	**(114,340)**	**-**	**(2,422)**	**(98,400)**
Financial liabilities at fair value	**-**	**(7,234)**	**(915)**	**-**
Other liabilities	**-**	**-**	**(308)**	**-**
Net exposure	**(420,771)**	**183,328**	**(26,072)**	**(23,891)**

38 Financial instruments *(continued)*

Risk management framework *(continued)*

(c) Market risk *(continued)*

Currency risk *(continued)*

Exposure to currency risk (continued)

	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

The following significant exchange rates were applied during the year:

	2015			
	EUR – AED	**GBP – AED**	**CHF – AED**	**SGD - AED**
Closing rate	**3.9897**	**5.4124**	**3.6650**	**2.5893**
Average rate	**4.0780**	**5.6145**	**3.8219**	**2.6735**

	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

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 2014.

31 December 2015	**Equity AED'000**	**Profit / (loss) AED'000**
EUR	**(10)**	**68,199**
GBP	**-**	**(99,048)**
CHF	**-**	**9,556**
SGD	**-**	**6,186**

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

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 swaps.

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

	2015	2014
	AED'000	AED'000
Fixed rate instruments		
Financial assets	**28,242,649**	36,787,081
Financial liabilities	**(21,319,688)**	(21,865,155)
	6,922,961	14,921,926
Variable rate instruments		
Financial assets	**8,729,172**	13,767,614
Financial liabilities	**(19,715,181)**	(23,440,571)
	(10,986,009)	(9,672,957)

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 2014.

	Profit / (loss)	
	100bp Increase	**100bp Decrease**
31 December 2015		
In thousands of AED		
Variable rate instruments	**12,029**	**(12,029)**
31 December 2014		
In thousands of AED		
Variable rate instruments	30,884	(30,884)

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 2015		
Effect of change in equity portfolio of the Group	**(698,340)**	**(300,046)**
31 December 2014		
Effect of change in equity portfolio of the Group	(585,798)	(393,900)

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 2015		
Effect of change in equity portfolio of the Group	**698,340**	**300,046**
31 December 2014		
Effect of change in equity portfolio of the Group	585,798	393,900

(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 2015

	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	**8,439,838**	**8,439,838**	**6,770,798**	**-**	**1,669,040**
Un-quoted investments					
Convertible bonds	**1,460,758**	**1,460,758**	**-**	**-**	**1,460,758**
Equity securities	**2,297,293**	**2,297,293**	**-**	**-**	**2,297,293**
Investment funds	**7,735,971**	**7,735,971**	**-**	**2,633,381**	**5,102,590**
Derivative assets	**97,072**	**97,072**	**-**	**97,072**	**-**
Financial assets held for trading					
Quoted investments					
Equity securities	**2,103,153**	**2,103,153**	**2,103,153**	**-**	**-**
Debt securities other than convertible bonds	**338,803**	**338,803**	**338,803**	**-**	**-**
Derivative assets	**62,492**	**62,492**	**-**	**62,492**	**-**
Available for sale financial assets					
Quoted investments					
Equity securities	**6,009,116**	**6,009,116**	**6,009,116**	**-**	**-**
Un-quoted investments					
Equity securities [1]	**59,526**				
Other financial assets					
Derivative assets	**1,549**	**1,549**	**-**	**1,549**	**-**
	28,605,571				
Financial assets not measured at fair value					
Receivables and prepayments	**34,252,251**	**34,252,251**	**-**	**-**	**34,252,251**
Loans receivable	**13,807,606**	**13,807,606**	**-**	**-**	**13,807,606**
Finance lease receivables	**5,088,244**	**5,088,244**	**-**	**-**	**5,088,244**
Cash and cash equivalents	**13,402,998**	**13,402,998**	**13,402,998**	**-**	**-**
	66,551,099				
Financial liabilities measured at fair value					
Derivatives designated and effective as hedging instruments carried at fair value					
Interest rate swaps	**344,603**	**344,603**	**-**	**344,603**	**-**
Foreign exchange forward contracts	**7,773**	**7,773**	**-**	**7,773**	**-**
Financial liabilities designated at fair value through profit or loss					
Interest rate / cross currency swaps	**838,012**	**838,012**	**-**	**838,012**	**-**
Foreign exchange forward contracts	**15,722**	**15,722**	**-**	**15,722**	**-**
Equity options	**3,355**	**3,355**	**-**	**3,355**	**-**
Financial liabilities held for trading					
Equity options	**15,421**	**15,421**	**-**	**15,421**	**-**
Equity swaps	**9,369**	**9,369**	**-**	**9,369**	**-**
Exchange traded securities	**295,422**	**295,422**	**295,422**	**-**	**-**
	1,529,677				
Financial liabilities not measured at fair value					
Payable and accruals	**8,370,574**	**8,370,574**	**-**	**-**	**8,370,574**
Obligation under finance lease	**1,206,804**	**1,206,804**	**-**	**-**	**1,206,804**
Amounts due to a jointly controlled entity	**1,025,471**	**1,025,471**	**-**	**-**	**1,025,471**
Other liabilities	**2,846,960**	**2,846,960**	**-**	**-**	**2,846,960**
Interest bearing borrowings	**40,463,578**	**41,143,653**	**10,717,682**	**-**	**30,425,971**
	53,913,387				

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	1,288,827	1,288,827	-	-	1,288,827
Investment funds	7,307,796	7,307,796	58,136	2,750,288	4,499,372
Derivative assets	248,689	248,689	-	248,689	-
Financial assets held for trading					
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	25,094,269	25,094,269	-	-	25,094,269
Loans receivable	19,258,228	19,258,228	-	-	19,258,228
Finance lease receivables	4,993,088	4,993,088	-	-	4,993,088
Cash and cash equivalents	25,841,953	25,841,953	25,841,953	-	-
	75,187,538				
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 / cross currency 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 a jointly controlled entity	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				

[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 shows 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	Information on recent market transactions, EBITDA exit multiple of 12, 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 6.2 percent, exit cap rates of 4.8 percent and rent growth rates of 3.5 percent to 5.3 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. Value is based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates	N/A
Debt securities other than convertible bonds held for trading	Market approach	N/A
Financial assets held for trading (FVTPL) - Quoted equity securities	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 / cross currency swaps and foreign exchange forward contracts designated for hedging	Net present value of estimated cashflows, based on forward interest rates (from observable yield curves at the end of the reporting period)	N/A
Interest rate / cross currency swaps and foreign exchange forward contracts designated at FVTPL	Net present value of estimated cashflows, based on forward interest rates (from observable yield curves at the end of the reporting period)	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:

	2015			2014		
	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	**1,133,817**	**1,288,827**	**4,499,372**	578,180	748,042	5,171,168
Additions during the year	**-**	**1,127,661**	**1,348,064**	-	838,217	824,635
Increase / (decrease) in fair value recognised in profit or loss *(net)* [1]	**326,941**	**1,094,587**	**387,472**	555,637	(297,432)	946,598
Disposals during the year	**-**	**(9,956)**	**(1,132,318)**	-	-	(554,478)
Transfer out of Level 3 to Level 2	**-**	**-**	**-**	-	-	(1,888,551)
Transfer out of Level 1 to Level 3 [2]	**-**	**465,214**	**-**	-	-	-
At the end of the year	**1,460,758**	**3,966,333**	**5,102,590**	1,133,817	1,288,827	4,499,372

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

[2] During the year, management changed the valuation method of one of its investments in equity securities from quoted prices to a valuation technique based on unobservable inputs, due to lack of an active market for that securities.

(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. 2 of 2015 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)*

	2015	2014
	AED'000	AED'000
Interest bearing borrowings *(see note 28)*	**40,463,578**	41,288,824
Obligation under finance lease *(see note 30)*	**1,206,804**	1,398,292
Less: cash and cash equivalents *(see note 24)*	**(13,402,998)**	(25,841,953)
Net debt	**28,267,384**	16,845,163
Total capital	**173,969,678**	175,667,475
Total capital and net debt	**202,237,062**	192,512,638
Gearing ratio	**14%**	9%

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(s))*. 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(k)* 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(g) 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.

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 minimal 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.

40 Service concession arrangements

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

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

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

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

41 Significant non-cash transactions

Current year

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

A loan given to a third party was partially settled in kind through the transfer of shareholding interest in certain gold mining and real estate companies of AED 1,634,634 thousand *(see note 19)*.

The Group transferred the control of three wholly owned subsidiaries and a jointly controlled entity *(see not 17(b))* to EDIC amounting to AED 3,964,222 thousand.

Prior year

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

A loan 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 note 19)*.

Mubadala had 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 to 18.3 percent.

42 Comparative figures

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