

# **Mubadala Development Company PJSC**

UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2018

# Mubadala Development Company PJSC

---

## REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2018

<b>Contents</b>	<b>Page</b>
Report on review of interim condensed consolidated financial statements	1
Interim consolidated statement of comprehensive income	2 - 3
Interim consolidated statement of financial position	4 - 5
Interim consolidated statement of changes in equity	6 - 7
Interim consolidated statement of cash flows	8 - 9
Notes to the interim condensed consolidated financial statements	10 – 33

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF**

**MUBADALA DEVELOPMENT COMPANY PJSC**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDER OF MUBADALA DEVELOPMENT COMPANY PJSC ("MUBADALA")**

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Mubadala Development Company PJSC ("Mubadala" or "the Company") and its subsidiaries (together the "Group"), as at 30 June 2018, comprising of the interim consolidated statement of financial position as at 30 June 2018 and the related interim consolidated statements of comprehensive income for six month period then ended, changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:  
Anthony O'Sullivan  
Partner  
Ernst & Young  
Registration No 687

9 September 2018  
Abu Dhabi

# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2018 (Unaudited)

	<i>Notes</i>	<i>Six-month period ended 2018 AED'000</i>	<i>Six-month period ended 2017 AED'000</i>
<b>CONTINUING OPERATIONS</b>			
Revenue	8	<b>66,709,818</b>	16,138,958
Cost of sales	9	<b>(59,864,799)</b>	(15,058,600)
<b>Gross profit</b>		<b>6,845,019</b>	1,080,358
Share of results of associates and joint ventures		<b>1,742,807</b>	1,875,568
Government grant income		<b>221,718</b>	267,070
Dividend income from equity securities		<b>704,577</b>	770,968
Other income / (loss) ( <i>net</i> )		<b>1,031,374</b>	(231,750)
Research and development expenses		<b>(1,953,222)</b>	(1,819,844)
Exploration costs		<b>(101,489)</b>	(28,050)
General and administrative expenses		<b>(6,258,510)</b>	(2,664,255)
<b>Profit / (loss) before unrealised fair value changes, impairments, net finance expense and taxes</b>		<b>2,232,274</b>	(749,935)
Unrealised fair value gains from financial investments ( <i>net</i> )		<b>3,140,259</b>	617,655
Decrease in fair value of investment properties ( <i>net</i> )		<b>(2,645)</b>	(2,646)
Impairment of loans and receivables ( <i>net</i> )		<b>(26,262)</b>	(15,824)
Impairment of intangible assets		<b>(266)</b>	-
Impairment of property, plant and equipment		<b>(578)</b>	-
Impairment of investments in associates and joint ventures		<b>(106,000)</b>	(68,425)
<b>Profit / (loss) before net finance expense and taxes</b>		<b>5,236,782</b>	(219,175)
Finance income		<b>667,171</b>	489,625
Finance expense		<b>(1,226,295)</b>	(907,036)
Net foreign exchange losses		<b>(105,461)</b>	(169,299)
<b>Net finance expense</b>		<b>(664,585)</b>	(586,710)
<b>Profit / (loss) before income tax</b>		<b>4,572,197</b>	(805,885)
Income tax (expense) / benefit		<b>(778,005)</b>	267,217
<b>Profit / (loss) for the period from continuing operations</b>		<b>3,794,192</b>	(538,668)
<b>DISCONTINUED OPERATIONS</b>			
Profit for the period from discontinued operations	7	<b>-</b>	1,217,675
<b>Profit for the period</b>		<b>3,794,192</b>	679,007

# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued For the six-month period ended 30 June 2018 (Unaudited)

	<i>Notes</i>	<b><i>Six-month period ended 2018 AED'000</i></b>	<b><i>Six-month period ended 2017 AED'000</i></b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods</i>			
Exchange difference on translation of foreign operations		(354,883)	63,752
Net losses arising on hedge of net investments	15	(409,137)	-
Effective portion of changes in fair values of cash flow hedges and other reserves ( <i>net of tax</i> )		39,656	199,569
Increase in fair value of available-for-sale financial assets ( <i>net</i> )		-	458,325
Reserves recycled from equity to profit or loss on disposal of a subsidiary		-	377,143
Share of other comprehensive income / (loss) of associates and joint ventures		<u>220,964</u>	<u>(41,059)</u>
		(503,400)	1,057,730
Other comprehensive loss from discontinued operations	15	<u>-</u>	<u>(20,487)</u>
<b>Other comprehensive (loss) / income for the period, net of income tax</b>		<b><u>(503,400)</u></b>	<b><u>1,037,243</u></b>
<b>Total comprehensive income for the period</b>		<b><u>3,290,792</u></b>	<b><u>1,716,250</u></b>
<b>Profit for the period attributable to the:</b>			
Owner of the Group		3,736,058	578,410
Non-controlling interests		<u>58,134</u>	<u>100,597</u>
		<b><u>3,794,192</u></b>	<b><u>679,007</u></b>
<b>Total comprehensive income for the period attributable to the:</b>			
Owner of the Group		3,265,262	1,601,771
Non-controlling interests		<u>25,530</u>	<u>114,479</u>
		<b><u>3,290,792</u></b>	<b><u>1,716,250</u></b>

The attached notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018 (Unaudited)

	<i>Notes</i>	<b>30 June 2018 AED'000 (unaudited)</b>	<b>31 December 2017 AED'000 (audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>97,782,203</b>	93,477,166
Intangible assets	12	<b>15,162,986</b>	13,133,069
Investment properties		<b>7,851,909</b>	7,709,708
Investments in associates and joint ventures		<b>40,547,047</b>	37,128,955
Other financial investments	13	<b>32,730,056</b>	28,789,637
Loans receivable		<b>4,115,788</b>	7,692,679
Trade receivables		<b>135,665</b>	154,857
Other receivables and prepayments		<b>6,666,448</b>	8,464,475
Finance lease receivables		<b>2,320,142</b>	2,390,003
Deferred tax assets		<b><u>6,099,553</u></b>	<u>5,856,058</u>
<b>Total non-current assets</b>		<b><u>213,411,797</u></b>	<u>204,796,607</u>
<b>Current assets</b>			
Inventories		<b>14,120,628</b>	15,664,924
Other financial investments	13	<b>7,984,953</b>	13,334,093
Loans receivable		<b>1,371,050</b>	1,705,028
Trade receivables		<b>13,140,544</b>	12,939,658
Other receivables and prepayments		<b>40,728,095</b>	33,866,281
Finance lease receivables		<b>124,733</b>	105,097
Cash and cash equivalents		<b><u>15,213,820</u></b>	<u>16,302,979</u>
		<b>92,683,823</b>	93,918,060
Assets classified as held for sale		<b><u>193,592</u></b>	<u>-</u>
<b>Total current assets</b>		<b><u>92,877,415</u></b>	<u>93,918,060</u>
<b>TOTAL ASSETS</b>		<b><u>306,289,212</u></b>	<u>298,714,667</u>

# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

At 30 June 2018 (Unaudited)

	<i>Notes</i>	<b>30 June 2018 AED'000 (unaudited)</b>	<b>31 December 2017 AED'000 (audited)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		56,135,590	56,135,590
Additional shareholder contributions	17(e)	123,155,278	123,155,278
Shareholder current account		17,533,025	17,533,025
Retained earnings		10,851,636	2,314,299
Other reserves	15	(697,885)	4,517,821
Government grants		<u>367,350</u>	<u>367,350</u>
<b>Total equity attributable to the Owner of the Group</b>		<b>207,344,994</b>	<b>204,023,363</b>
Non-controlling interests		<u>1,498,308</u>	<u>1,437,007</u>
<b>Total equity</b>		<b><u>208,843,302</u></b>	<b><u>205,460,370</u></b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	14	46,948,913	41,812,193
Derivative financial liabilities		562,197	741,674
Other liabilities		4,279,483	5,274,483
Provisions		4,560,359	4,436,383
Deferred tax liabilities		<u>2,778,595</u>	<u>2,699,749</u>
<b>Total non-current liabilities</b>		<b><u>59,129,547</u></b>	<b><u>54,964,482</u></b>
<b>Current liabilities</b>			
Interest bearing borrowings	14	8,698,710	8,703,899
Trade payables		12,907,322	12,905,069
Income tax payable		703,936	458,723
Derivative financial liabilities		212,022	249,302
Provisions		293,902	300,751
Other liabilities		<u>15,500,471</u>	<u>15,672,071</u>
<b>Total current liabilities</b>		<b><u>38,316,363</u></b>	<b><u>38,289,815</u></b>
<b>Total liabilities</b>		<b><u>97,445,910</u></b>	<b><u>93,254,297</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>306,289,212</u></b>	<b><u>298,714,667</u></b>

Waleed Al Mokarrab Al Muhairi  
Chairman

Carlos Obeid  
Group Chief Financial Officer

The attached notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

## Mubadala Development Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2018 (Unaudited)

	Equity attributable to the Owner of the Group							Non-controlling interests AED'000	Total equity AED'000	
	Share capital AED'000	Application for share capital <sup>1</sup> AED'000	Additional shareholder contributions AED'000 (note 17(e))	Shareholder current account AED'000	Retained earnings <sup>2</sup> AED'000	Other reserves AED'000 (note 15)	Government grants AED'000			Total AED'000
At 1 January 2017 (audited)	28,600,000	26,522,670	123,155,278	-	1,455,290	3,196,407	367,350	183,296,995	1,697,930	184,994,925
Profit for the period	-	-	-	-	578,410	-	-	578,410	100,597	679,007
Other comprehensive income	-	-	-	-	-	1,023,361	-	1,023,361	13,882	1,037,243
Total comprehensive income	-	-	-	-	578,410	1,023,361	-	1,601,771	114,479	1,716,250
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(107,890)	(107,890)
Movements in additional shareholder contribution	-	-	-	-	-	-	-	-	35,441	35,441
Application for share capital	-	1,012,920	-	-	-	-	-	1,012,920	-	1,012,920
Disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	(361,404)	(361,404)
Other movements	-	-	-	-	8,488	-	-	8,488	-	8,488
At 30 June 2017 (unaudited)	<u>28,600,000</u>	<u>27,535,590</u>	<u>123,155,278</u>	<u>-</u>	<u>2,042,188</u>	<u>4,219,768</u>	<u>367,350</u>	<u>185,920,174</u>	<u>1,378,556</u>	<u>187,298,730</u>

<sup>1</sup> During December 2017, the amount under the application for share capital amounting to AED 27,535,590 thousand was converted to share capital.

<sup>2</sup> Includes statutory reserve of certain subsidiaries registered in UAE, which is not distributable.



# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

Period ended 30 June 2018 (Unaudited)

	Equity attributable to the Owner of the Group							Total AED'000	Non- controlling interests AED'000	Total equity AED'000
	Share capital AED'000	Application for share capital AED'000	Additional shareholder contributions AED'000 (note 17(e))	Shareholder current account AED'000	Retained earnings <sup>1</sup> AED'000	Other reserves AED'000 (note 15)	Government grants AED'000			
At 1 January 2018 (audited)	56,135,590	-	123,155,278	17,533,025	2,314,299	4,517,821	367,350	204,023,363	1,437,007	205,460,370
Adjustment on initial application of IFRS 9 (note 3a)	-	-	-	-	4,407,118	(4,744,910)	-	(337,792)	-	(337,792)
Adjustment on initial application of IFRS 15 (note 3b)	-	-	-	-	364,465	-	-	364,465	-	364,465
Adjusted balance at 1 January 2018	56,135,590	-	123,155,278	17,533,025	7,085,882	(227,089)	367,350	204,050,036	1,437,007	205,487,043
Profit for the period	-	-	-	-	3,736,058	-	-	3,736,058	58,134	3,794,192
Other comprehensive loss	-	-	-	-	-	(470,796)	-	(470,796)	(32,604)	(503,400)
Total comprehensive income / (loss)	-	-	-	-	3,736,058	(470,796)	-	3,265,262	25,530	3,290,792
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(78,267)	(78,267)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	16,769	16,769
Contribution by non-controlling interest	-	-	-	-	-	-	-	-	97,269	97,269
Other movements	-	-	-	-	29,696	-	-	29,696	-	29,696
At 30 June 2018 (unaudited)	<b>56,135,590</b>	-	<b>123,155,278</b>	<b>17,533,025</b>	<b>10,851,636</b>	<b>(697,885)</b>	<b>367,350</b>	<b>207,344,994</b>	<b>1,498,308</b>	<b>208,843,302</b>

<sup>1</sup> Includes statutory reserve of certain subsidiaries registered in UAE, which is not distributable.

The attached notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 June 2018 (Unaudited)

	<i>Six-month period ended 2018 AED'000</i>	<i>Six-month period ended 2017 AED'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period from continuing operations	<b>3,794,192</b>	(538,668)
Profit for the period from discontinued operations	-	1,217,675
Adjustments for:		
Depreciation and amortisation of property, plant and equipment and intangible assets	<b>7,620,711</b>	6,469,909
Government grants income	<b>(221,718)</b>	(267,070)
Decrease in fair value of investment properties	<b>2,645</b>	2,646
Impairment of property, plant and equipment and intangible assets	<b>844</b>	-
Gain on disposal of property, plant and equipment	<b>(107,325)</b>	(16,821)
Reversal of provision for inventory obsolescence	<b>(171,647)</b>	(155,261)
Unrealised fair value gains from financial investments ( <i>net</i> )	<b>(3,140,258)</b>	(617,655)
Finance lease income	<b>(61,541)</b>	(166,740)
Impairment of investments in associates and joint ventures	<b>106,000</b>	68,425
Foreign exchange loss	<b>105,461</b>	169,299
Impairment of loans and receivables	<b>26,262</b>	15,824
Gain on disposal of subsidiaries	-	(945,526)
Gain on divestment of holding in equity accounted investees	<b>(90,815)</b>	(204,486)
Realised (gain) / loss on financial assets at fair value through profit or loss ( <i>net</i> )	<b>(396,815)</b>	597,008
Share of results of associates and joint ventures	<b>(1,742,807)</b>	(2,003,539)
Finance income	<b>(667,171)</b>	(563,065)
Finance expense	<b>1,226,295</b>	987,187
Income tax expense / (benefit)	<b>778,005</b>	(267,217)
Dividend income from equity securities	<b>(704,577)</b>	(770,968)
	<b>6,355,741</b>	3,010,957
Change in inventories	<b>1,715,937</b>	(414,755)
Change in trade receivables	<b>25,275</b>	1,088,701
Change in other receivables and prepayments	<b>(5,035,259)</b>	2,786,107
Change in trade payables	<b>2,341</b>	(1,015,078)
Change in other payables and accruals	<b>(835,208)</b>	(366,453)
Change in other liabilities	<b>(157,907)</b>	(1,056,233)
Lease rentals received	<b>34,574</b>	176,130
Income taxes paid	<b>(149,655)</b>	(60,363)
Net cash generated from operating activities	<b><u>1,955,839</u></b>	<b><u>4,149,013</u></b>

# Mubadala Development Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS continued

Period ended 30 June 2018 (Unaudited)

	<i>Six-month period ended 2018 AED'000</i>	<i>Six-month period ended 2017 AED'000</i>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	<b>(12,741,929)</b>	(5,802,569)
Acquisition of intangible assets	<b>(3,012,185)</b>	(465,821)
Acquisition of investment properties	<b>(193,583)</b>	(148,264)
Proceeds from disposal of property, plant and equipment	<b>342,457</b>	77,600
Proceeds from disposal of intangible assets	<b>143,327</b>	-
Dividends received from financial investments	<b>695,407</b>	778,089
Investment in associates and joint ventures	<b>(513,629)</b>	(727,488)
Proceeds from disposal of equity accounted investee	<b>124,865</b>	-
Distributions from a joint venture	-	37,965
Dividends received from associates and joint ventures	<b>1,089,542</b>	972,138
Proceeds from disposal of financial investments ( <i>net</i> )	<b>5,087,954</b>	5,577,576
Loans recovered	<b>1,676,383</b>	1,689,117
Loans disbursed	<b>(497,695)</b>	(933,646)
Interest received	<b>494,037</b>	245,018
Net cash (used in) / generated from investing activities	<b><u>(7,305,049)</u></b>	<b><u>1,299,715</u></b>
<b>FINANCING ACTIVITIES</b>		
Additions to application for share capital	-	1,012,920
Proceeds from borrowings	<b>12,677,556</b>	11,817,763
Repayments of borrowings	<b>(7,714,718)</b>	(4,493,713)
Finance lease rentals paid	<b>(63,530)</b>	(51,701)
Proceeds from government grants	<b>527,529</b>	426,221
Interest paid	<b>(924,177)</b>	(832,521)
Contribution from non-controlling interest	<b>97,269</b>	-
Dividends paid to non-controlling interest	<b>(78,267)</b>	(107,890)
Net cash generated from financing activities	<b><u>4,521,662</u></b>	<b><u>7,771,079</u></b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(827,548)</b>	13,219,807
Cash and cash equivalents at 1 January	<b>16,302,979</b>	11,971,020
Net foreign exchange fluctuation	<b><u>(261,611)</u></b>	<b><u>(327,219)</u></b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b><u>15,213,820</u></b>	<b><u>24,863,608</u></b>

The attached notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

# Mubadala Development Company PJSC

---

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mubadala Development Company PJSC (“Mubadala” or “the Company”) is registered as a public joint stock company in the Emirate of Abu Dhabi, UAE. The Company was established by the Emiri Decree No. 12, dated 6 October 2002 and was incorporated on 27 October 2002. The Company’s registered head office is P O Box 45005, Abu Dhabi, UAE.

The Group is engaged in investing 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.

These interim condensed 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.

The immediate parent of Mubadala Development Company PJSC is Mubadala Investment Company PJSC (“Shareholder”) and the ultimate parent is the Government of the Emirate of Abu Dhabi (“Ultimate parent”).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 9 September 2018.

### 2 BASIS OF PREPERATION

#### (a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting*”. It does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017, prepared in accordance with IFRS.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss, available-for-sale investments, derivative financial instruments and investment properties that have been measured at fair value and certain non-current assets received as government grants which are stated at nominal value.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in United Arab Emirates Dirhams, (“AED”) which is the Company’s functional currency. All financial information presented in AED has been rounded to the nearest thousand, unless otherwise stated.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements as at and for the year ended 31 December 2017, except for the following accounting policies which are applicable from 1 January 2018:

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 3 SIGNIFICANT ACCOUNTING POLICIES continued

#### (a) IFRS 9 Financial Instruments

The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

##### *Classification and measurement*

All recognised financial assets currently in the scope of IAS 39, “Financial Instrument: Recognition and Measurement,” are measured based on amortised cost or the fair value. The classification is based on two criteria: the Company’s business model for managing the assets; and whether the instrument’s contractual cash flows represents “solely payments of principal and interest” on the principal amount outstanding (the “SPPI criterion”).

The new classification and measurement of financial assets are, as follows:

- Financial assets are recorded at amortised cost when such financial assets are held with the objective to collect contract cash flows that meet the SPPI criterion. This category includes debt instruments, trade and other receivables and loans to related parties included under receivables, prepayments and other assets.

Other financial assets are classified and subsequently measured as follows:

- Financial assets recorded at fair value through profit or loss (“FVTPL”) comprises of quoted and unquoted equity and debt instruments and derivative assets, unquoted investment funds and assets measured at amortised cost which the Company had not irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income (“FVOCI”). This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held to either to collect contractual cash flows, or to both collect contractual cash flows and sell.
- Under IAS 39, some of the Company’s quoted equity securities were classified as available-for-sale (AFS) financial assets. Upon transition, the fair value reserve relating to these quoted equity securities, which had been previously recognised under OCI, was reclassified to retained earnings amounting to AED 4,830,323 thousand.

The assessment of the Company’s business model was made at 1 January 2018. The assessment whether the contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances on initial recognition of these assets.

##### **Financial liabilities**

The accounting for the Company’s financial liabilities remains largely the same as it was under IAS 39.

##### **Impairment**

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loans receivables;
- trade receivables;
- other receivables; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which the counter-party has an investment grade credit rating or credit risk has not increased significantly since their initial recognition, in which case 12-month ECL is measured.

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 3 SIGNIFICANT ACCOUNTING POLICIES continued

#### (a) IFRS 9 Financial Instruments continued

##### *Classification and measurement* continued

##### **Impairment** continued

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after reporting date.

##### Measurement of ECL

ECL is probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

##### Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

##### **Credit-impaired financial assets**

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

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

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

##### **Write-off**

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 3 SIGNIFICANT ACCOUNTING POLICIES continued

#### (a) IFRS 9 Financial Instruments continued

##### Transition to IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except the comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore, is not comparable to the information presented for 2018 under IFRS 9.

##### Hedge accounting

At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. The adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Group's financial statements.

##### IFRS 9 impact on components of statement of financial position

The following table shows the closing impairment loss allowance for financial assets in according with IAS 39 Financial instruments: Recognition and Measurement as at 31 December 2017 and re-measurement of the same to the opening Expected Credit Loss ("ECL") allowance determined in accordance with IFRS 9 amounting to AED 337,792 thousand. Furthermore, it includes the impact of reclassification of fair value, hedging and other reserves amounting to AED 4,744,910 thousand (*see note 15*) to the retained earnings as at 1 January 2018.

	<i>31 December 2017 AED'000</i>	<i>Re-measurement AED'000</i>	<i>1 January 2018 AED'000</i>
Impairment of loan receivable	<u>204,003</u>	<u>147,900</u>	<u>351,903</u>
Impairment of trade receivable	<u>1,124,964</u>	<u>189,892</u>	<u>1,314,856</u>
Retained earnings	<u>2,314,299</u>	<u>4,407,118</u>	<u>6,721,417</u>

#### (b) IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

##### (i) Sale of goods

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have a significant impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

For one line of business, the Group has identified that the current revenue recognition policy will change from "a point in time" to "over a period of time". Previously, the Group recognised revenue from sale of its goods at a point in time when the contractual obligations have been performed and significant risk and reward of ownership of the products have been transferred to the customer, the company has no continuing managerial 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 company. Under the new standard, revenue will be recognised over the production period using the percentage-of-completion method as the assets created have no alternative use to the company and the company has enforceable rights to payments, including a reasonable profit, for work completed to date.

In preparing to adopt IFRS 15, the Group has considered the various elements of revenue including variable consideration (such as rights of return, volume rebates) and warranty obligations.

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 3 SIGNIFICANT ACCOUNTING POLICIES continued

#### (b) IFRS 15 Revenue from contracts with customers continued

##### (ii) Rendering of services

Revenue from services rendered is 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 rejection of the services provided.

Under IFRS 15, the total consideration in the service contract will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

Based on the Group's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the Group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.

##### (iii) Construction contracts

Contract revenue currently 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. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

Based on the Group's assessment, IFRS 15 will have no significant impact on the accounting of construction contracts.

#### Impact on components of statements of financial position balances to IFRS 15

The Group has adopted IFRS 15 using the modified retrospective approach.

The following table shows the adjustments for each individual line item of the consolidated statement of comprehensive income and consolidated statement of financial position. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	<i>30 June 2018 AED'000</i>	<i>IFRS 15 impact AED'000</i>	<i>Balance without the impact of IFRS15 30 June 2018 AED'000</i>
Revenue	<u>66,709,818</u>	<u>(735,780)</u>	<u>65,974,038</u>
Cost of sales	<u>(59,864,799)</u>	<u>570,715</u>	<u>(59,294,084)</u>
Profit / (loss) for the period from continuing operations	<u>3,794,192</u>	<u>(165,065)</u>	<u>3,629,127</u>



# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 3 SIGNIFICANT ACCOUNTING POLICIES continued

#### (b) IFRS 15 Revenue from contracts with customers continued

	<i>31 December 2017 AED'000</i>	<i>IFRS 15 impact AED'000</i>	<i>Balance with the impact of IFRS15 1 Jan 2018 AED'000</i>
Other receivables and prepayments (non-current)	<u>8,464,475</u>	<u>(247,355)</u>	<u>8,217,120</u>
Deferred tax assets	<u>5,856,058</u>	<u>(14,635)</u>	<u>5,841,423</u>
Inventories	<u>15,664,924</u>	<u>(2,453,718)</u>	<u>13,211,206</u>
Other receivables and prepayments (current)	<u>33,866,281</u>	<u>2,906,981</u>	<u>36,773,262</u>
Retained earnings	<u>2,314,299</u>	<u>364,465</u>	<u>2,678,764</u>
Other liabilities (non-current)	<u>5,274,483</u>	<u>(183,021)</u>	<u>5,091,462</u>
Other liabilities (current)	<u>15,672,071</u>	<u>22,517</u>	<u>15,694,588</u>
Trade payable	<u>12,905,069</u>	<u>(12,688)</u>	<u>12,892,381</u>

### 4 ESTIMATES AND JUDGMENTS

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

In preparing these interim condensed consolidated financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2017.

### 5 TRANSFER OF COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.U. ("CEPSA") FROM AN ENTITY UNDER COMMON CONTROL

On 31 December 2017, the Shareholder of the Company instructed International Petroleum Investment Company ("IPIC"), an entity under common control to transfer its 100% ownership interest in CEPSA to a subsidiary of the Company, as part of a group restructuring activity. The total consideration is recorded as 'Shareholder current account' within equity.

The Company has not applied "IFRS 3 Business Combinations" since the business combination has been effected between companies under common control and therefore, is excluded from the scope of the said IFRS.

The Company has accounted for the effect of the acquisition of CEPSA under the "pooling of interest" method and predecessor accounting is applied.

In accordance with "IFRS 10 Consolidated Financial Statements", the Company has elected to consolidate the income, expenses, assets and liabilities of CEPSA from the date of acquisition in the consolidated financial statements. Accordingly, for the period ended 30 June 2018, income and expenses have been recognised in these interim consolidated financial statements. The financial position of CEPSA has been consolidated on a line-by-line basis.

## Mubadala Development Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

#### 6 INVESTMENT IN JOINT ARRANGEMENTS

- (i) On 9 March 2018, the Group signed an agreement with Abu Dhabi National Oil Company (“ADNOC”) to acquire 20% stake in the Sateh Al Razboot and Umm Lulu fields, which are currently in development phase, located in the coastal area of United Arab Emirates, for 40 years of concession.
- (ii) On 20 June 2018, the Group completed the acquisition of 10% stake in Egypt’s Shorouk concession (which is in the Mediterranean area containing the Zohr gas field) from a subsidiary of Eni S.p.A (“Eni”). Post this acquisition, Eni will hold 50% interest in the concession, British Petroleum Group 10%, Rosneft Group 30% and the Group will hold 10% stake.

#### 7 DISCONTINUED OPERATIONS

##### (i) Nile Acquisition Holdings Company Limited (“Nile Holdings”)

On 31 March 2017, the Group disposed of its controlling stake in Nile Holdings, the holding company of DH Publishing Limited.

Profit for the period from discontinued operations is listed below:

	<i>31 March 2017 AED'000</i>
Sale consideration – net of selling expenses	2,141,976
Less: carrying value of net assets disposed	(1,139,611)
Foreign currency translation reserve reclassified to profit or loss	(418,243)
Non-controlling interests	<u>361,404</u>
Gain on disposal of Nile Holdings	945,526
Add: profit for the period	<u>63,419</u>
Profit for the period from discontinued operations	<u>1,008,945</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 7 DISCONTINUED OPERATIONS continued

#### (ii) National Central Cooling Company PJSC (“Tabreed”)

On 19 June 2017, the Group announced the decision that it has agreed to sell a 40 percent stake in its subsidiary National Cooling Company PJSC (Tabreed) to Kahrabel FZE a subsidiary of ENGIE Group. ENGIE is a French-based and worldwide leading district cooling and energy company. The Group’s investment in Tabreed has been presented as held for sale since the requirements of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* are met.

The results of operations of the subsidiary are set out below:

	<i>31 March 2017 AED’000</i>
Revenue	<u>641,023</u>
Cost of sales	<u>(324,607)</u>
Profit for the period	<u>208,730</u>

### 8 REVENUE

	<i>Six-month period ended 30 June 2018 AED’000 (unaudited)</i>	<i>Six-month period ended 30 June 2017 AED’000 (unaudited)</i>
Refining and distribution activities	40,065,470	-
Sale of semiconductor wafers	11,142,939	10,406,177
Sale of petrochemicals	5,887,345	-
Exploration and production activities	3,930,298	2,041,673
Revenue from supply of gas and power	1,803,004	-
Revenue from aircraft maintenance and repairs, components leasing and sales	1,183,573	1,031,169
Revenue from medical services	862,766	819,859
Satellite capacity leasing revenue	603,560	595,359
Information technology services	238,630	184,706
Supply of renewable energy	156,664	113,835
Other revenue	<u>835,569</u>	<u>946,180</u>
	<b><u>66,709,818</u></b>	<b><u>16,138,958</u></b>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 9 COST OF SALES

	<i>Six-month period ended 30 June 2018 AED'000 (unaudited)</i>	<i>Six-month period ended 30 June 2017 AED'000 (unaudited)</i>
Raw materials consumed	<b>43,200,468</b>	2,438,714
Depreciation of property, plant and equipment	<b>6,289,182</b>	5,552,333
Staff costs	<b>3,128,091</b>	2,473,633
Maintenance costs	<b>1,782,473</b>	1,376,847
Amortisation of intangible assets	<b>266,881</b>	162,064
Other costs	<b><u>5,197,704</u></b>	<b><u>3,055,009</u></b>
	<b><u>59,864,799</u></b>	<b><u>15,058,600</u></b>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018 (Unaudited)

### 10 OPERATING SEGMENTS

In order to maximise portfolio synergies and asset management, Mubadala manages its internal business units and asset reporting lines under four broad segments. These are 'Technology, manufacturing & mining', 'Aerospace, renewables and ICT', 'Petroleum & petrochemicals', 'Alternative investments & infrastructure' and Corporate.

	<i>Technology AED'000 (unaudited)</i>	<i>Manufacturing and mining AED'000 (unaudited)</i>	<i>Technology, manufacturing and mining AED'000 (unaudited)</i>	<i>Aerospace and defence services AED'000 (unaudited)</i>	<i>Information and communications technology AED'000 (unaudited)</i>	<i>Renewables and utilities AED'000 (unaudited)</i>	<i>Aerospace, renewables and ICT AED'000 (unaudited)</i>	<i>Petroleum and petrochemicals AED'000 (unaudited)</i>	<i>Real estate and infrastructure AED'000 (unaudited)</i>	<i>Capital AED'000 (unaudited)</i>	<i>Healthcare AED'000 (unaudited)</i>	<i>Alternative investments and infrastructure AED'000 (unaudited)</i>	<i>Corporate AED'000 (unaudited)</i>	<i>Consolidated AED'000 (unaudited)</i>
<b>For the period ended 30 June 2018</b>														
Revenues from external customers	11,142,939	-	11,142,939	1,312,400	843,306	248,735	2,404,441	51,676,496	534,133	38,757	866,049	1,438,939	47,003	66,709,818
(Loss) / profit for the period attributable to the Owner of the Group	(2,189,915)	794,407	(1,395,508)	9,302	205,079	183,149	397,530	2,902,865	582,300	1,907,004	70,334	2,559,638	(728,467)	3,736,058
Total comprehensive (loss) / income for the period attributable to the Owner of the Group	(2,253,180)	925,517	(1,327,663)	42,924	257,317	235,777	536,018	2,325,292	582,300	1,807,540	70,334	2,460,174	(728,559)	3,265,262
<b>At 30 June 2018</b>														
Total assets	72,654,791	20,583,998	93,238,789	6,767,556	10,293,203	11,220,102	28,280,861	77,028,294	29,811,025	37,980,147	11,441,726	79,232,898	28,508,370	306,289,212
Total liabilities	22,884,896	6,234,105	29,119,001	3,483,810	4,313,548	2,088,666	9,886,024	40,149,749	6,800,054	12,003,971	1,112,748	19,916,773	(1,625,637)	97,445,910
<b>For the period ended 30 June 2017</b>														
Revenues from external customers	10,406,177	-	10,406,177	1,165,225	779,747	289,475	2,234,447	2,028,200	580,742	36,518	826,343	1,443,603	26,531	16,138,958
(Loss) / profit for the period attributable to the Owner of the Group	(2,132,914)	776,353	(1,356,561)	347,973	122,689	245,887	716,549	667,102	629,128	510,703	95,349	1,235,180	(683,860)	578,410
Total comprehensive (loss) / income for the period attributable to the Owner of the Group	(1,917,109)	642,329	(1,274,780)	350,492	144,760	335,685	830,937	643,653	626,672	1,363,462	95,349	2,085,483	(683,522)	1,601,771
<b>At 31 December 2017 (audited)</b>														
Total assets	74,542,228	20,811,185	95,353,413	7,002,968	9,817,190	11,219,235	28,039,393	64,288,986	29,885,723	44,465,076	9,704,236	84,055,035	26,977,840	298,714,667
Total liabilities (restated)	24,190,563	5,107,581	29,298,144	3,589,680	4,462,163	2,129,560	10,181,403	33,050,580	6,820,026	4,449,658	1,055,446	12,325,130	8,399,040	93,254,297

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 11 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2018, the Group acquired and / or constructed property, plant and equipment with a cost of AED 12,208,593 thousand (six-month period ended 30 June 2017: AED 5,630,756 thousand) which includes investment in joint arrangements (*see note 6*) amounting to AED 7,552,061 thousand.

### 12 INTANGIBLE ASSETS

During the six-month period ended 30 June 2018, the Group acquired intangible assets with a cost of AED 2,981,127 thousand (six-month period ended 30 June 2017: AED 260,960 thousand) which includes investment in a joint arrangement (*see note 6*) amounting to AED 2,297,618 thousand.

### 13 OTHER FINANCIAL INVESTMENTS

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
<i>Financial assets measured at fair value through profit or loss</i>		
<u>Financial assets designated at FVTPL</u>		
Quoted investments	22,015,525	19,976,688
Unquoted investments:	<u>15,762,149</u>	<u>12,610,673</u>
	<u>37,777,674</u>	<u>32,587,361</u>
<u>Financial assets held-for-trading</u>		
Quoted investments	<u>2,914,132</u>	<u>2,665,664</u>
<u>Financial assets measured at amortised cost</u>		
Debt securities	<u>23,203</u>	<u>26,591</u>
<i>Total of financial assets measured at fair value through profit or loss</i>	<u>40,715,009</u>	<u>35,279,616</u>
<i>Available-for-sale financial assets</i>		
Quoted	-	6,623,953
Unquoted	<u>-</u>	<u>220,161</u>
<i>Total of available-for-sale financial assets</i>	<u>-</u>	<u>6,844,114</u>
<b>Other financial investments</b>	<u>40,715,009</u>	<u>42,123,730</u>
<i>Disclosed as:</i>		
Current portion	7,984,953	13,334,093
Non-current portion	<u>32,730,056</u>	<u>28,789,637</u>
	<u>40,715,009</u>	<u>42,123,730</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 14 INTEREST BEARING BORROWINGS

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
Borrowings	<b>54,218,872</b>	49,238,070
Obligations under finance lease	<b><u>1,428,751</u></b>	<u>1,278,022</u>
<b>Total</b>	<b><u>55,647,623</u></b>	<u>50,516,092</u>
<i>Disclosed as:</i>		
Current	<b>8,698,710</b>	8,703,899
Non-current	<b><u>46,948,913</u></b>	<u>41,812,193</u>
	<b><u>55,647,623</u></b>	<u>50,516,092</u>

Details of borrowings are as follows:

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
Unsecured bank loans	<b>5,303,057</b>	7,011,871
Secured bank loans	<b>709,646</b>	690,509
Unsecured loans	<b>419,563</b>	385,351
Unsecured corporate bonds	<b>2,177,184</b>	352,493
Secured loans	<b>25,755</b>	195,271
Secured bonds	<b><u>26,492</u></b>	<u>26,492</u>
<b>Current portion</b>	<b><u>8,661,697</u></b>	<u>8,661,987</u>
Unsecured bank loans	<b>24,537,794</b>	16,702,584
Unsecured corporate bonds	<b>13,268,297</b>	15,087,189
Secured bank loans	<b>6,188,197</b>	6,605,579
Unsecured loans	<b>1,398,263</b>	1,586,021
Secured loans	<b>62,952</b>	493,039
Secured bonds	<b><u>101,672</u></b>	<u>101,671</u>
<b>Non-current portion</b>	<b><u>45,557,175</u></b>	<u>40,576,083</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 14 INTEREST BEARING BORROWINGS continued

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

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
Corporate	<b>18,605,602</b>	19,805,475
CEPSA	<b>16,017,189</b>	9,975,415
Global Foundries Inc.	<b>8,654,590</b>	7,665,418
Al Maqsed Development Company PJSC	<b>2,459,235</b>	2,522,281
Al Yah Satellite Communications Company PJSC	<b>2,242,474</b>	2,412,347
Other subsidiaries	<b><u>6,239,782</u></b>	<u>6,857,134</u>
	<b><u>54,218,872</u></b>	<u>49,238,070</u>

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

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
At the beginning of the period / year	<b>49,238,070</b>	34,089,850
Additions	<b>12,677,556</b>	16,099,582
Repayments	<b>(7,714,718)</b>	(8,073,061)
Transfer from an entity under common control (note 5)	-	9,975,413
Divestment of subsidiaries (note 7)	-	(3,282,858)
Foreign exchange fluctuations and other movements	<b><u>17,964</u></b>	<u>429,144</u>
At the end of the period / year	<b><u>54,218,872</u></b>	<u>49,238,070</u>

The secured bank loans are secured over property, plant and equipment, letters of credit and equity securities with carrying amount of AED 5,190,570 thousand, AED 282,860 thousand and AED Nil respectively (2017: AED 3,713,131 thousand, AED 282,860 thousand, and AED 1,055,879 thousand respectively). In addition to this, certain loans are secured through pledges on project proceeds (receivables), a net investment in joint operations, shares and bank balances.

Also, certain subsidiaries whose functional and reporting currency is in Euro have designated certain US \$ denominated loans, cross currency interest swaps and foreign exchange forwards as hedges of net investments in their foreign operations. The designated hedging instruments amounted to AED 14,297,043 thousand. The related foreign exchange gains amounted AED 409,137 thousand was recognised in other comprehensive income to offset the losses on translation of foreign operations.



# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 15 OTHER RESERVES

	<i>Fair value reserve AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Hedging and other reserves AED '000</i>	<i>Total AED '000</i>
At 1 January 2017 (audited)	4,164,133	(225,638)	(742,088)	3,196,407
Increase in fair value of available-for-sale financial assets ( <i>net</i> )	458,325	-	-	458,325
Exchange difference on translation of foreign operations	-	63,752	-	63,752
Effective portion of changes in fair values of cash flow hedges and other reserves ( <i>net of tax</i> )	-	-	199,569	199,569
Share of other comprehensive income / ( loss) of associates and joint ventures	-	49,555	(90,614)	(41,059)
Reserves recycled from equity to profit or loss on disposal of a subsidiary	-	363,261	-	363,261
Other comprehensive loss from discontinued operations	-	(30)	(20,457)	(20,487)
At 30 June 2017 (unaudited)	<u>4,622,458</u>	<u>250,900</u>	<u>(653,590)</u>	<u>4,219,768</u>
	<i>Fair value reserve AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Hedging and other reserves AED '000</i>	<i>Total AED '000</i>
At 1 January 2018 (audited)	4,830,323	313,543	(626,045)	4,517,821
Impact of adopting IFRS 9	(4,830,323)	-	85,413	(4,744,910)
Restated balance as at 1 January 2018	-	313,543	(540,632)	(227,089)
Exchange difference on translation of foreign operations	-	(325,245)	-	(325,245)
Effective portion of changes in fair values of cash flow hedges and other reserves ( <i>net of tax</i> )	-	-	42,622	42,622
Share of other comprehensive income of associates and joint ventures	-	4,864	216,100	220,964
Movement on hedge of net investment in foreign operations	-	-	(409,137)	(409,137)
At 30 June 2018 (unaudited)	<u>-</u>	<u>(6,838)</u>	<u>(691,047)</u>	<u>(697,885)</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 16 COMMITMENTS AND CONTINGENT LIABILITIES

#### Commitments

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

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
<b>Capital commitments</b>		
Commitments for capital expenditure	14,716,558	20,133,513
Commitments for equity investments	3,793,427	3,976,852
Unfunded loan commitments	38,844	77,630
Exploration commitments	<u>45,610</u>	<u>81,115</u>
	<b><u>18,594,439</u></b>	<b><u>24,269,110</u></b>

#### Operating lease commitments – Group as a lessee

The operating lease commitments of the Group are as follows:

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
Within one year	1,161,358	1,109,605
After one year but not more than five years	3,259,706	3,394,995
After five years	<u>3,398,429</u>	<u>1,361,109</u>
<b>Total</b>	<b><u>7,819,493</u></b>	<b><u>5,865,709</u></b>

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

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
<b>Capital commitments</b>		
Commitments for capital expenditure	3,983,075	4,340,419
Commitment to provide loans	763,609	931,206
Exploration commitments	20,188	-
Operating lease commitments	<u>32,757</u>	<u>174,359</u>
	<b><u>4,799,629</u></b>	<b><u>5,445,984</u></b>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 16 COMMITMENTS AND CONTINGENT LIABILITIES continued

#### Contingencies

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

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
Contingent liabilities *	<u>12,486,531</u>	<u>10,919,268</u>
Group's share of contingent liabilities of joint ventures and associates	<u>6,688,357</u>	<u>1,179,000</u>

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

### 17 SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

#### (a) Identity of related parties

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

#### (b) Transactions with key management personnel

Key management personnel compensation of the Group is as follows:

	<i>Six-month period ended 30 June 2018 AED'000 (unaudited)</i>	<i>Six-month period ended 30 June 2017 AED'000 (unaudited)</i>
<i>Other key management personnel:</i>		
Short term benefits	142,776	81,565
Post-employment benefits	<u>11,463</u>	<u>10,292</u>
	<u>154,239</u>	<u>91,857</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 17 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 period were as follows:

	<i>Six-month period ended 30 June 2018 AED'000 (unaudited)</i>	<i>Six-month period ended 30 June 2017 AED'000 (unaudited)</i>
<b>Revenue</b>		
Entities under common control	1,140,866	1,058,846
Joint ventures	287,153	266,234
Associates	305,480	70,845
Ultimate parent	<u>42,956</u>	<u>49,512</u>
	<u><b>1,776,455</b></u>	<u><b>1,445,437</b></u>
<b>Interest income</b>		
Entities under common control	191,301	200,908
Joint ventures	38,878	100,342
Ultimate parent	10,871	12,921
Associate	<u>124</u>	<u>-</u>
	<u><b>241,174</b></u>	<u><b>314,171</b></u>
<b>Income from provision of manpower, project management and consultancy services</b>		
Joint ventures	<u><b>75,384</b></u>	<u><b>74,771</b></u>
<b>Purchase of goods and services</b>		
Joint ventures	506,337	321,243
Entities under common control	103,002	165,918
Associates	<u>17,479</u>	<u>42,842</u>
	<u><b>626,818</b></u>	<u><b>530,003</b></u>
<b>Interest bearing borrowing repaid</b>		
Entity under common control	183,793	208,637
Joint ventures	<u>154,709</u>	<u>171,167</u>
	<u><b>338,502</b></u>	<u><b>379,804</b></u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 17 SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

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

	<i>Six-month period ended 30 June 2018 AED'000 (unaudited)</i>	<i>Six-month period ended 30 June 2017 AED'000 (unaudited)</i>
<b>Interest bearing borrowing drawn from entities under common control</b>		
Entities under common control	<u>-</u>	<u>520,054</u>
<b>Loans given</b>		
Joint ventures	<u>861,677</u>	<u>636,398</u>
<b>Loans recovered</b>		
Joint ventures	410,714	1,511,890
Entities under common control	<u>-</u>	<u>162,276</u>
	<u>410,714</u>	<u>1,674,166</u>
<b>Interest expense</b>		
Entities under common control	104,274	138,839
Joint ventures	52,815	64,957
Associate	<u>537</u>	<u>-</u>
	<u>157,626</u>	<u>203,796</u>
<b>Cash calls paid to jointly controlled entities for joint operations</b>	<u>456,914</u>	<u>464,062</u>
<b>Cost recharge by shareholder for shared services</b>	<u>368,598</u>	<u>128,828</u>
<b>Other miscellaneous transactions</b>		
Joint ventures	887	41,953
Entities under common control	215,794	38,223
Shareholder	44,045	-
Associates	<u>29,692</u>	<u>6,547</u>
	<u>290,418</u>	<u>86,723</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 17 SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

#### (d) Related party balances

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
<i>Amounts due to related parties</i>		
Jointly controlled entities	563,014	539,257
Entities under common control	471,781	472,149
Shareholder	300,189	-
Associates	91,973	59,079
Ultimate parent	-	53,676
Others	-	42
	<u>1,426,957</u>	<u>1,124,203</u>
<i>Advances from related parties</i>		
Ultimate parent	1,557,748	1,624,178
Entity under common control	1,084,862	1,075,894
	<u>2,642,610</u>	<u>2,700,072</u>
<i>Amounts due from related parties</i>		
Ultimate parent	9,524,298	7,914,861
Entities under common control	2,433,192	5,841,504
Shareholder	417,145	804,507
Jointly controlled entities	836,780	756,948
Associates	135,968	133,266
Others	-	11,874
	<u>13,347,383</u>	<u>15,462,960</u>
<i>Loans and deposits from related parties</i>		
Ultimate parent	719,005	711,803
Jointly controlled entities	5,458	83,782
Associates	26,014	24,203
	<u>750,477</u>	<u>819,788</u>
<i>Bank balances with entities under common control</i>	<u>15,639,962</u>	<u>14,895,951</u>

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 17 SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

#### (d) Related party balances continued

	<i>30 June 2018 AED'000 (unaudited)</i>	<i>31 December 2017 AED'000 (audited)</i>
<i>Loans to related parties</i>		
Jointly controlled entities	2,746,700	6,605,094
Entities under common control	65,804	122,094
Associates	<u>54,973</u>	<u>64,908</u>
	<u>2,867,477</u>	<u>6,792,096</u>
<i>Preferred securities of a jointly controlled entity</i>	<u>2,026,827</u>	<u>2,026,827</u>
<i>Service concession receivables</i>		
Entities under common control	4,818,020	4,950,367
Ultimate parent	<u>294,137</u>	<u>325,736</u>
	<u>5,112,157</u>	<u>5,276,103</u>
<i>Interest bearing borrowings</i>		
Entities under common control	4,553,372	4,783,250
Jointly controlled entities	1,706,644	1,918,717
Associates	<u>17,656</u>	<u>17,656</u>
	<u>6,277,672</u>	<u>6,719,623</u>
<i>Finance lease receivables</i>		
Entities under common control	1,296,957	1,295,295
Jointly controlled entities	<u>946,089</u>	<u>947,701</u>
	<u>2,243,046</u>	<u>2,242,996</u>

#### (e) Additional shareholder contributions

Additional shareholder contributions as at 30 June 2018 represented interest free loans from the Shareholder. The repayments of such loans are at the discretion of the Board of Directors of the Company, who do not intend to repay these loans in the foreseeable future.

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 18 FAIR VALUE DISCLOSURES

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2017.

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

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

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

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

*As at 30 June 2018 (unaudited)*

Assets / liabilities	Carrying amount AED'000	Fair value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>Financial assets measured at fair value</b>					
<i>Financial assets designated at FVTPL</i>					
Quoted investments	22,015,525	22,015,525	19,006,100	-	3,009,425
Unquoted investments	15,762,149	15,762,149	-	2,612,205	13,149,944
<i>Financial assets held-for-trading</i>					
Quoted investments	2,861,623	2,861,623	2,861,623	-	-
Unquoted investments	52,509	52,509	-	52,509	-
<i>Financial assets measured at amortised cost</i>					
Debt securities	23,203	23,203	-	-	-
	<u>40,715,009</u>	<u>40,715,009</u>			
<b>Financial assets not measured at fair value</b>					
Receivables	43,407,807	43,407,807			
Loans receivable	5,486,838	5,486,838			
Finance lease receivables	2,444,875	2,444,875			
Cash and cash equivalents	15,213,820	15,213,820			
	<u>66,553,340</u>	<u>66,553,340</u>			
<b>Financial liabilities measured at fair value</b>					
<i>Derivatives designated and effective as hedging instruments carried at fair value</i>					
Interest rate swaps	89,670	89,670	-	89,670	-
Currency derivatives - forwards	10,396	10,396	-	10,396	-
Commodity derivatives - other swaps	73,300	73,300	-	73,300	-
<i>Financial liabilities designated at fair value through profit or loss</i>					
Interest rate swaps	484,202	484,202	-	484,202	-
Foreign exchange forward contracts	11,088	11,088	-	11,088	-
Commodity options	40,177	40,177	-	40,177	-
<i>Financial liabilities held-for-trading</i>					
Equity options	22,106	22,106	-	22,106	-
Currency derivatives - swaps	24,172	24,172	-	24,172	-
Currency derivatives - forwards	2,851	2,851	-	2,851	-
Exchange traded securities	16,257	16,257	16,257	-	-
	<u>774,219</u>	<u>774,219</u>			
<b>Financial liabilities not measured at fair value</b>					
Trade and other payables	15,493,244	15,493,244			
Obligation under finance lease	1,428,751	1,428,751			
Other liabilities	1,086,411	1,086,411			
Interest bearing borrowings	54,218,872	54,136,870	14,845,585	-	39,291,285
	<u>72,227,278</u>	<u>72,145,276</u>			



# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 18 FAIR VALUE DISCLOSURES continued

As at 31 December 2017 (audited)

	Carrying amount AED'000	Fair value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>Financial assets measured at fair value</b>					
<u>Financial assets designated at FVTPL</u>					
Quoted investments	19,976,688	19,976,688	16,967,263	-	3,009,425
Unquoted investments	12,610,673	12,610,673	-	1,546,628	11,064,045
<u>Financial assets held-for-trading</u>					
Quoted investments	2,645,233	2,645,233	2,623,954	21,279	-
Unquoted investments	20,431	20,431	-	20,431	-
<u>Available-for-sale financial assets</u>					
Quoted investments	6,623,953	6,623,953	6,623,953	-	-
Unquoted investments <sup>1</sup>	220,161	-	-	-	-
<u>Held-to-maturity investments</u>					
Unquoted investments <sup>1</sup>	26,591	-	-	-	-
	<u>42,123,730</u>				
<b>Financial assets not measured at fair value</b>					
Receivables	51,917,602	51,917,602			
Loans receivable	9,397,707	9,397,707			
Finance lease receivables	2,495,100	2,495,100			
Cash and cash equivalents	<u>16,302,979</u>	<u>16,302,979</u>			
	<u>80,113,388</u>	<u>80,113,388</u>			
<b>Financial liabilities measured at fair value</b>					
<i>Fair value hedge</i>					
Interest rate swaps	139,346	139,346	-	139,346	-
<i>Cash flow hedge</i>					
Commodity swaps	15,321	15,321	-	15,321	-
<i>Financial liabilities designated at fair value</i>					
Interest rate swaps	615,381	615,381	-	615,381	-
Commodity options	83,579	83,579	-	83,579	-
Currency forwards	21,510	21,510	-	21,510	-
<i>Financial liabilities held-for-trading</i>					
Commodity options	10,724	10,724	-	10,724	-
Currency forwards	9,364	9,364	-	9,364	-
Currency swaps	45,203	45,203	-	45,203	-
Exchange traded securities	<u>50,547</u>	<u>50,547</u>	50,547	-	-
	<u>990,975</u>	<u>990,975</u>			
<b>Financial liabilities not measured at fair value</b>					
Trade payables	12,452,133	12,452,133			
Obligation under finance lease	1,278,022	1,278,022			
Other liabilities	8,643,279	8,643,279			
Interest bearing borrowings	<u>49,238,070</u>	<u>49,591,309</u>	15,048,033	-	34,543,276
	<u>71,611,504</u>	<u>71,964,743</u>			

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 18 FAIR VALUE DISCLOSURES continued

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

Type of financial asset / liability	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets designated at FVTPL - 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 4.1 percent, taking into account management's experience and knowledge of market conditions of the specific industries
Financial assets designated at FVTPL – Debt securities	Discounted cash flows (DCF)	Discount rate of 12.1 percent and a marketability discount of 20 percent
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
Derivative assets designated at FVTPL - Warrants	Black Scholes model embedded in Bloomberg terminal	Share price, warrant term, 3 year historic volatility, discount rate of 16 percent and application of dilution factor
Debt securities other than convertible bonds held for trading	Market approach	N/A
Financial assets held for trading - 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
Interest rate and foreign exchange forward contracts designated for hedging	Net present value of estimated cash flows, based on forward interest rates (from observable yield curves at the end of the reporting period)	N/A
Interest rate swaps and foreign exchange forward contracts designated at FVTPL	Net present value of estimated cash flows, based on forward interest rates (from observable yield curves at the end of the reporting period)	N/A
Exchange traded securities held for trading	Quoted bid prices in an active market	N/A

# Mubadala Development Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (Unaudited)

### 18 FAIR VALUE DISCLOSURES continued

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

	<b>30 June 2018 AED'000 (unaudited)</b>	<b>31 December 2017 AED'000 (audited)</b>
At the beginning of the period / year	<b>14,073,470</b>	12,969,730
Impact of adopting IFRS 9	<u><b>292,165</b></u>	<u>-</u>
	<b>14,365,635</b>	12,969,730
Additions during the period / year	<b>1,241,531</b>	22,170,836
Increase / (decrease) in fair value recognised in profit or loss ( <i>net</i> ) <sup>1</sup>	<b>632,559</b>	1,492,517
Disposals during the period / year	<b>(395,616)</b>	(22,559,613)
Transfer from level 1	<u><b>315,260</b></u>	<u>-</u>
At the end of the period / year	<u><b>16,159,369</b></u>	<u>14,073,470</u>

<sup>1</sup> Includes increase in fair value recognised in profit or loss, attributable to assets held during the period. The total net increase in fair value was recorded in 'Unrealised fair value gains from financial investments (*net*)' in the consolidated statement of comprehensive income.

### 19 SUBSEQUENT EVENTS

- (i) The Group has completed an acquisition of 44 percent interest in Gazpromneft-Vostok LLC from Gazprom Neft to develop oil fields in the Tomsk and Omsk regions of Western Siberia.
- (ii) On 27 August 2018, Globalfoundries realigned its technology portfolio to focus on 14/12nm platform. To support this transition, the 7nm program has been put on hold indefinitely, resulting in R&D workforce reduction. The impact of this decision on the financial statements is currently being assessed by the management, which has been determined to be a non-adjusting event as of 30 June 2018.
- (iii) In August 2018, the Company finalised the transfer of its interests in Arzanah Real Estate LLC to a company wholly-owned by its Shareholder as per instructions from the Shareholder. Accordingly, the transfer would be carried at carrying value with the corresponding amount to be reported under "Shareholder current account" within equity.

### 20 COMPARATIVE FIGURES

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