Mamoura Diversified Global Holding PJSC
(formerly "Mubadala Development Company PJSC")

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

Mamoura Diversified Global Holding PJSC
(formerly Mubadala Development Company PJSC)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2019

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Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Mamoura Diversified Global Holding PJSC (formerly "Mubadala Development Company PJSC") ("MDGH" or "the Company") and its subsidiaries (together the "Group") as at 30 June 2019, comprising of the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated statements of comprehensive income, 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

10 October 2019
Abu Dhabi

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2019 (Unaudited)

	Notes	***Six-month period ended 30 June 2019 AED millions***	*Six-month period ended 30 June 2018 AED millions*
CONTINUING OPERATIONS			
Revenue	8	**42,149**	17,257
Cost of sales		**(36,418)**	(16,270)
Gross profit		**5,731**	987
Research and development and exploration expenses		**(1,496)**	(1,990)
General and administrative expenses		**(5,202)**	(2,949)
Investment income *(net)*	9	**6,572**	4,268
Income from equity accounted investees	12	**4,478**	1,768
Other income *(net)*		**758**	544
Impairment losses of financial asset at amortised cost *(net)*		**(57)**	(6)
Impairment on intangible assets		**(117)**	-
Impairment of investments in equity accounted investees		**(983)**	(106)
Profit before net finance expense and taxes		**9,684**	2,516
Finance income		**931**	627
Finance costs		**(2,007)**	(967)
Net foreign exchange gains / (losses)		**24**	(93)
Net finance expense		**(1,052)**	(433)
Profit before income tax from continuing operations		**8,632**	2,083
Income tax expense		**(150)**	(199)
Profit for the period from continuing operations		**8,482**	1,884
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	6(i)	**1,998**	1,910
Profit for the period		**10,480**	3,794
Profit for the period attributable to the:			
Owner of the Group		**9,694**	3,736
Non-controlling interests		**786**	58
		10,480	3,794

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

For the six-month period ended 30 June 2019 (Unaudited)

	Note	***Six-month period ended 30 June 2019 AED millions***	*Six-month period ended 30 June 2018 AED millions*
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations		**(344)**	(355)
Profit / (loss) on hedge of net investments in foreign operations *(net)*	16	**138**	(409)
Effective portion of changes in fair values of cash flow hedges and other reserves (*net of tax*)		**(176)**	40
Share of other comprehensive (loss) / income of equity accounted investees		**(113)**	221
		(495)	(503)
Items that will not be reclassified to profit or loss in subsequent periods			
Net movement in defined benefit plan *(net of tax)*		**(317)**	-
Other comprehensive loss for the period, net of income tax		**(812)**	(503)
Total comprehensive income for the period		**9,668**	3,291
Total comprehensive income for the period attributable to the:			
Owner of the Group		**9,028**	3,265
Non-controlling interests		**640**	26
		9,668	3,291

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019 (Unaudited)

	Notes	***30 June 2019 AED millions (unaudited)***	*31 December 2018 AED millions (audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	10	**102,467**	129,741
Intangible assets	11	**12,849**	18,534
Investment properties		**10,125**	7,942
Investment in equity accounted investees	12	**63,023**	68,899
Other receivables and prepayments	13	**14,232**	13,322
Other financial assets	14	**55,456**	43,726
Defined benefit plan assets		**129**	239
Deferred tax assets		**2,913**	5,943
Total non-current assets		**261,194**	288,346
Current assets			
Inventories		**10,245**	19,571
Trade receivables		**8,661**	17,837
Other receivables and prepayments	13	**38,933**	43,104
Other financial assets	14	**1,977**	5,195
Cash and cash equivalents		**24,901**	24,623
		84,717	110,330
Assets classified as held for sale	6	**65,286**	789
Total current assets		**150,003**	111,119
TOTAL ASSETS		**411,197**	399,465
EQUITY AND LIABILITIES			
Equity			
Share capital		**56,136**	56,136
Additional shareholder contributions		**123,155**	123,155
Shareholder current account		**27,024**	27,024
Retained earnings		**17,487**	7,530
Other reserves	16	**(214)**	452
Government grants		**367**	367
Total equity attributable to the Owner of the Group		**223,955**	214,664
Non-controlling interests		**11,969**	11,630
Total equity		**235,924**	226,294

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
At 30 June 2019 (Unaudited)

	Notes	***30 June 2019 AED millions (unaudited)***	*31 December 2018 AED millions (audited)*
EQUITY AND LIABILITIES			
Non-current liabilities			
Interest bearing borrowings	15	**77,950**	86,728
Derivative financial liabilities	20	**1,984**	1,791
Provisions		**3,193**	5,759
Employees' benefit liabilities		**2,810**	2,584
Deferred tax liabilities		**4,067**	6,392
Other liabilities		**3,643**	4,390
Total non-current liabilities		**93,647**	107,644
Current liabilities			
Interest bearing borrowings	15	**16,394**	21,421
Trade payables		**6,561**	17,154
Income tax payable		**783**	1,192
Derivative financial liabilities	20	**258**	672
Provisions		**5,387**	5,743
Other liabilities		**15,272**	19,345
		44,655	65,527
Liabilities directly associated with the assets held for sale	6(i)	**36,971**	-
Total current liabilities		**81,626**	65,527
Total liabilities		**175,273**	173,171
TOTAL EQUITY AND LIABILITIES		**411,197**	399,465

Waleed Al Mokarrab Al Muhairi
Chairman

Carlos Obeid
Group Chief Financial Officer

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 30 June 2019 (Unaudited)

	Equity attributable to the Owner of the Group								
	Share capital AED millions	*Additional shareholder contributions AED millions*	*Shareholder current account AED millions*	*Retained earnings AED millions*	*Other reserves AED millions*	*Government grants AED millions*	*Total attributable to the Owner of the Group AED millions*	*Non-controlling interests AED millions*	*Total equity AED millions*
At 1 January 2018 (audited)	56,136	123,155	17,533	691	6,141	367	204,023	1,437	205,460
Adjustment on initial application of IFRS 9	-	-	-	3,127	(4,747)	-	(1,620)	-	(1,620)
Adjustment on initial application of IFRS 15	-	-	-	353	-	-	353	-	353
Adjusted balance at 1 January 2018 (audited)	56,136	123,155	17,533	4,171	1,394	367	202,756	1,437	204,193
Profit for the period	-	-	-	3,736	-	-	3,736	58	3,794
Other comprehensive loss	-	-	-	-	(471)	-	(471)	(32)	(503)
Total comprehensive income / (loss)	-	-	-	3,736	(471)	-	3,265	26	3,291
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(78)	(78)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	16	16
Disposal of interest in subsidiary	-	-	-	-	-	-	-	97	97
Other movements	-	-	-	30	2	-	32	-	32
At 30 June 2018 (unaudited)	56,136	123,155	17,533	7,937	925	367	206,053	1,498	207,551

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued
Period ended 30 June 2019 (Unaudited)

	Equity attributable to the Owner of the Group								
	Share capital AED millions	*Additional shareholder contributions AED millions*	*Shareholder current account AED millions*	*Retained earnings AED millions*	*Other reserves AED millions*	*Government grants AED millions*	*Total attributable to the Owner of the Group AED millions*	*Non-controlling interests AED millions*	*Total equity AED millions*
At 1 January 2019 (audited)	56,136	123,155	27,024	7,530	452	367	214,664	11,630	226,294
Adjustment on initial application of IFRS 16 (*see note 3(i)(a)*)	-	-	-	(8)	-	-	(8)	(2)	(10)
Adjusted balance at 1 January 2019	56,136	123,155	27,024	7,522	452	367	214,656	11,628	226,284
Profit for the period	-	-	-	9,694	-	-	9,694	786	10,480
Other comprehensive loss	-	-	-	-	(666)	-	(666)	(146)	(812)
Total comprehensive income / (loss)	-	-	-	9,694	(666)	-	9,028	640	9,668
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(685)	(685)
Acquisition of additional interests in subsidiaries	-	-	-	16	-	-	16	(16)	-
Disposal of partial interest in subsidiary	-	-	-	246	-	-	246	408	654
Other movements	-	-	-	9	-	-	9	(6)	3
At 30 June 2019 (unaudited)	**56,136**	**123,155**	**27,024**	**17,487**	**(214)**	**367**	**223,955**	**11,969**	**235,924**

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
Period ended 30 June 2019 (Unaudited)

	Six-month period ended 30 June 2019 AED millions	*Six-month period ended 30 June 2018 AED millions*
Cash flows from operating activities		
Profit for the period from continuing operations	**8,482**	1,884
Profit for the period from discontinued operations	**1,998**	1,910
Adjustments for:		
Depreciation, amortisation and net impairment of property, plant and equipment, right-of-use and intangible assets	**9,417**	7,622
Investment income *(net)*	**(6,568)**	(4,242)
Finance lease and other income *(net)*	**(772)**	(617)
Net impairment charges on investments in equity accounted investees, financial assets at amortised costs and inventories	**1,050**	132
Income from equity accounted investees	**(4,628)**	(1,743)
Finance income	**(1,003)**	(666)
Finance expense	**2,379**	1,226
Net foreign exchange (gains) / losses	**(14)**	105
Income tax expense *(net)*	**1,281**	778
Net decommissioning and other provisions	**449**	187
	12,071	6,576
Change in inventories	**(221)**	1,716
Change in trade and other receivable and prepayments	**(71)**	(5,010)
Change in trade payables and other liabilities	**(1,565)**	(1,178)
Income taxes paid	**(1,837)**	(150)
Net cash generated from operating activities	**8,377**	1,954
Cash flows from investing activities		
Acquisition of financial investments	**(6,269)**	(1,450)
Proceeds from disposal of financial investments	**5,861**	6,538
Acquisition of subsidiaries and equity accounted investees *(net of cash acquired)*	**(1,936)**	(514)
Proceeds from disposal of equity accounted investee and subsidiaries	**2,960**	125
Acquisition of non-current assets[1]	**(7,982)**	(15,948)
Proceeds from disposal of non-current assets[1]	**559**	486
Loans recovered	**90**	1,676
Loans disbursed	**(1,247)**	(498)
Dividend income received	**4,809**	1,785
Interest income received	**1,163**	494
Net cash used in investing activities	**(1,992)**	(7,306)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS continued
Period ended 30 June 2019 (Unaudited)

	Six-month period ended 30 June 2019 AED millions	*Six-month period ended 30 June 2018 AED millions*
Cash flows from financing activities		
Proceeds from government grants	**942**	528
Proceeds from borrowings	**22,000**	12,676
Repayments of borrowings and lease liabilities	**(25,944)**	(7,778)
Interest paid	**(1,125)**	(924)
Contribution from non-controlling interests	**-**	97
Dividends paid to non-controlling interests	**(685)**	(78)
Net cash (used in) / generated from financing activities	**(4,812)**	4,521
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,573**	(831)
Cash and cash equivalents at 1 January	**24,623**	16,303
Net foreign exchange fluctuation	**(150)**	(262)
CASH AND CASH EQUIVALENTS AT 30 JUNE[2]	**26,046**	15,210

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

[2] Contains cash and cash equivalents from discontinued operations amounting to AED 1,145 million (*2018: Nil*).

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mamoura Diversified Global Holding PJSC, formerly Mubadala Development Company PJSC ("MDGH" 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.

With effect from 26 May 2019, the name of the Company was changed from Mubadala Development Company PJSC to Mamoura Diversified Global Holding PJSC.

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 Mamoura Diversified Global Holding 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 10 October 2019.

2 BASIS OF PREPARATION

(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 2018, prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

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

- Certain financial assets and liabilities (including derivative instruments) and investment property – measured at fair value;
- Assets held for sale – measured at the lower of carrying amount and fair value less costs to sell;
- Defined benefit pension plans and plan assets measured at fair value; and
- Certain non-current assets received as government grants which are measured at nominal value.

(c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams, ("AED") which is the Company's functional and presentational currency of the Group. All financial information presented in AED has been rounded to the nearest millions, 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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(a) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Transition to IFRS 16
The Group has applied IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has applied the practical expedient to grandfather the assessment of which transactions are or contain leases. It has applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 will not be reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 applies to contracts entered into or changed after 1 January 2019.

At transition, lease liabilities have been measured at the present value of the remaining lease payments discounted at the respective company's incremental borrowing rate as at 1 January 2019.

Right-to-use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. It is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review similar to property, plant and equipment assets.

3 SIGNIFICANT ACCOUNTING POLICIES continued

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

(a) IFRS 16 Leases continued

When a right-of-use asset initially meets the definition of Investment Property, it is presented within the same line as Investment Properties. The right-of-use assets are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

The Group has elected to apply the following exemptions available in IFRS 16 to leases previously classified as operating leases, which are as follows:

i. Apply the exemption not to recognize right-to-use assets and liabilities for lease contracts for which the lease terms ends within 12 months as of the date of initial application or for which the underlying asset is of low value or has a value when new of USD 5,000 (AED 18,368) or less;
ii. Adjust the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
iii. Apply a single discount rate to portfolio of leases with similar characteristic;
iv. Exclude initial direct costs from measuring the right-of-use asset at the date of initial application; and
v. Use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on the interim condensed consolidated statement of financial position as at 1 January 2019:

	AED millions
Assets	
Increase in property, plant and equipment	**7,008**
Decrease in receivables and prepayments	**(42)**
Total assets	**6,966**
Liabilities	
Increase in lease liabilities	**7,061**
Increase in deferred tax liabilities	**12**
Decrease in other liabilities	**(109)**
Decrease in trade payables	**(6)**
Total liabilities	**6,958**
Equity	
Retained earnings	**(8)**
Non-controlling interests	**(2)**
Total equity	**(10)**

3 SIGNIFICANT ACCOUNTING POLICIES continued

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

(b) Amendment to IFRS 9, Financial instruments (effective for annual periods beginning on or after 1 January 2019)

This amendment confirms that when a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument.

These amendments had no material impact on the interim condensed consolidated financial statements.

(c) Long term interests in associates and joint ventures – Amendments to IAS 28 (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that an entity applies IFRS 9 Financial Instruments to long term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long term interests). These also clarify that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no material impact on the interim condensed consolidated financial statements.

(d) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective for annual periods beginning on or after 1 January 2019)

IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

IFRIC 23 specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of IFRIC 23, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company’s and the subsidiaries’ tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

3 SIGNIFICANT ACCOUNTING POLICIES continued

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

(e) Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

(f) Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no material impact on the interim condensed consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

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

(a) Amendments to IAS 1 and IAS 8 (applicable for reporting periods beginning on or after 1 January 2020)

The amendments to IAS 1 Presentation of financial statements, and IAS 8 Accounting policies, changes in accounting estimates and errors, and consequential amendments to other IFRSs:

i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
ii) clarify the explanation of the definition of material; and
iii) incorporate some of the guidance in IAS 1 about immaterial information.

The Group does not expect the amendments to have significant impact on its interim condensed consolidated financial statements.

(b) Amendments to IFRS 3 Business combinations (applicable for reporting periods beginning on or after 1 January 2020)

This amendment revises the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

The Group is currently assessing the impact of this interpretation.

3 SIGNIFICANT ACCOUNTING POLICIES continued

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

(c) IFRS 17 Insurance Contracts (applicable for reporting periods beginning on or after 1 January 2021)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group does not expect a significant impact of IFRS 17 on its interim condensed consolidated financial statements.

4 ESTIMATES AND JUDGMENTS

The preparation of the interim condensed 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.

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 2018, except for the new significant judgement related to discontinued operations (*see note 6(i)*).

5 SIGNIFCANT CHANGES IN BUSINESS OPERATION

The consolidated statement of comprehensive income for the period ended 30 June 2019 includes the financial performance of the below mentioned entities which are not reflected in the comparative period of 30 June 2018 since these transfers were effective on 30 December 2018.

Subsequent to the merger between the Company and International Petroleum Investment Company ("IPIC") in 2017, IPIC had transferred certain assets to the Company and the Company had transferred certain assets and liabilities to other entities owned by Mubadala Investment Company PJSC (MIC), including (a) the transfer of Arzanah Real Estate LLC ("Arzanah") from the Group to another wholly owned subsidiary of MIC on 2 August 2018 and (b) the transfer of the following assets from IPIC to the Company during 2018:

- IPIC's 100% owned subsidiary NOVA Chemicals Corporation (NOVA);
- IPIC's 64% owned subsidiary Borealis AG (Borealis);
- IPIC's 24.9% owned associate OMV AG (OMV); and
- IPIC's investment of 12.9% of Oil Search Limited (Oil Search) and 20.8% of Cosmo Energy Holdings Co, Ltd. (Cosmo Energy).

In addition, certain liabilities have been transferred from IPIC to the Company pursuant to consent solicitations directed at the relevant IPIC liability holders. The liabilities include unsecured bonds listed on the London Stock Exchange ("Notes") issued by IPIC, unsecured unlisted corporate revolving credit facilities and cross-currency interest rates swaps issued by IPIC.

5 SIGNIFCANT CHANGES IN BUSINESS OPERATION continued

The Company had not applied IFRS 3 Business Combinations for the above transfers since the business combination has been effected between companies under common control and therefore, is excluded from the scope of the said IFRS. Accordingly, the value of the net assets transferred during 2018 amounting to AED 9,491 million, were recorded in the shareholder current account within equity.

6 DISCONTINUED OPERATIONS

(i) Compañía Española de Petróleos, S.A.U. ("CEPSA")

On 7 April 2019, the Group signed an agreement with Carlyle Group LP ("Carlyle" or the "Buyer") to sell 35% of its ownership in CEPSA. This agreement is subject to certain relevant regulatory approvals. For the purposes of these interim condensed consolidated financial statements for the six months ended 30 June 2019, management has assessed that based on the shareholder agreement between the Group and Carlyle and other relevant factors, the Group shall lose control over CEPSA after the committed divestment of 35%.

As at 30 June 2019, CEPSA qualifies for held-for-sale classification under IFRS 5 Discontinued Operations and is measured at carrying value which is lower than its fair value.

The Group shall retain a 65% ownership interest in CEPSA after the finalisation of the sale deal expected before end of the year 2019. Upon completion of sale, CEPSA is expected to be accounted as a joint venture since Mubadala and Carlyle will have joint control over its relevant activities.

The results of operations of CEPSA are set out below:

	Six-month period ended 30 June 2019 AED millions (unaudited)	*Six-month period ended 30 June 2018 AED millions (unaudited)*
Revenue	**44,514**	49,398
Cost of sales	**(37,596)**	(43,594)
Gross profit	**6,918**	5,804
Net income and expenses	**(3,789)**	(3,315)
Income taxes	**(1,131)**	(579)
Profit for the period	**1,998**	1,910

6 DISCONTINUED OPERATIONS continued

(i) Compañía Española de Petróleos, S.A.U. ("CEPSA") continued

Summarised cash flows of CEPSA are presented below:

	Six-month period ended 30 June 2019 AED millions (unaudited)	*Six-month period ended 30 June 2018 AED millions (unaudited)*
Net cash generated from operating activities	**3,312**	2,912
Net cash used in investing activities	**(1,788)**	(7,103)
Net cash (used in) / generated from financing activities	**(1,413)**	5,047
Net increase in cash and cash equivalents	**111**	856

The total carrying value of the assets and liabilities of CEPSA recorded in the interim condensed consolidated financial statements as held for sale were as follows:

	At 30 June 2019 AED millions (unaudited)
Non-current assets	**42,544**
Current assets	**21,243**
Cash and cash equivalents	**1,145**
Total assets	**64,932**
Non-current liabilities	**(21,762)**
Current liabilities	**(15,209)**
Non-controlling interests	**(669)**
Net assets	**27,292**

(ii) Other assets

On 28 August 2018, GLOBALFOUNDRIES INC. a 100% owned subsidiary of the Company, publicly announced its decision to suspend the 7nm technology development program indefinitely. The Company considered the equipment designated for the 7nm technology development program, as well as other identified excess equipment to meet the criteria to be classified as held for sale.

The assets classified as held for sale during the reporting period were measured at the lower of their carrying amount and fair value less costs to sell amounting to AED 354 million as at 30 June 2019 (*31 December 2018: AED 789 million*).

7 OPERATING SEGMENTS

	Petroleum and Petrochemicals AED millions	*Technology, Manufacturing and Mining AED millions*	*Aerospace, Renewables and ICT AED millions*	*Alternative Investment and Infrastructure AED millions*	*Corporate AED millions*	*Total AED millions*
For the period ended 30 June 2019						
Revenues from contracts with customers	**26,943**	**10,561**	**2,480**	**1,213**	**-**	**41,197**
Other revenue	**26**	**-**	**345**	**556**	**25**	**952**
Total revenue	**26,969**	**10,561**	**2,825**	**1,769**	**25**	**42,149**
Profit / (loss) for the period attributable to the Owner of the Group (continuing operations)	**4,086**	**660**	**2,518**	**1,348**	**(916)**	**7,696**
Profit for the period attributable to the Owner of the Group (discontinued operations)	**1,998**	**-**	**-**	**-**	**-**	**1,998**
Total comprehensive income / (loss) for the period attributable to the Owner of the Group	**5,644**	**627**	**2,322**	**1,351**	**(916)**	**9,028**
At 30 June 2019						
Total assets	**179,148**	**87,744**	**28,476**	**79,675**	**36,154**	**411,197**
Total liabilities	**81,632**	**20,355**	**9,193**	**7,305**	**56,788**	**175,273**
For the period ended 30 June 2018						
Revenues from external customers	2,283	11,143	2,404	1,379	48	17,257
Profit / (loss) for the period attributable to the Owner of the Group (continuing operations)	993	(1,396)	398	2,560	(729)	1,826
Profit for the period attributable to the Owner of the Group (discontinued operations)	1,910	-	-	-	-	1,910
Total comprehensive income / (loss) for the period attributable to the Owner of the Group	2,325	(1,328)	536	2,460	(728)	3,265
At 31 December 2018 (audited)						
Total assets	169,772	90,352	28,062	76,266	35,013	399,465
Total liabilities	75,677	21,619	9,177	7,704	58,994	173,171

8 REVENUE

	Six-month period ended 30 June 2019 (unaudited)			*Six-month period ended 30 June 2018 (unaudited)*
	Revenue from contract with customers ***AED millions***	***Other revenue*** ***AED millions***	***Total revenue*** ***AED millions***	*Total revenue* *AED millions*
Revenue from semiconductor wafers	**10,561**	-	**10,561**	11,143
Revenue from petrochemicals	**24,219**	**28**	**24,247**	-
Revenue from exploration and production activities	**2,717**	**-**	**2,717**	2,288
Revenue from aircraft maintenance and repairs, components leasing and sales	**1,160**	**91**	**1,251**	1,184
Revenue from medical services	**1,010**	**-**	**1,010**	808
Revenue from satellite capacity leasing	**486**	**242**	**728**	604
Others	**1,044**	**591**	**1,635**	1,230
	41,197	**952**	**42,149**	17,257

Timing of revenue recognition	
Over a period of time	**12,699**
Single point in time	**28,498**
Revenue from contracts with customers	**41,197**

9 INVESTMENT INCOME *(net)*

	Six-month period ended 30 June 2019 AED millions (unaudited)	*Six-month period ended 30 June 2018 AED millions (unaudited)*
Fair value gains from derivative and non-derivative financial instruments *(net)*	**6,120**	3,542
Dividend income from equity investments	**455**	705
Fair value loss from investment properties *(net)*	**(5)**	(3)
Other investment income	**2**	24
	6,572	4,268

10 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2019, the Group acquired and / or constructed property, plant and equipment with a cost of AED 5,715 million *(six-month period ended 30 June 2018: AED 12,209 million which includes additions to property, plant and equipment from investment in joint arrangements amounting to AED 7,552 million during the six-month period ended 30 June 2018).*

On adoption of IFRS 16, the Group recognised net book value of AED 8,035 million as right-of-use asset as at 1 January 2019. This primarily consists of land, buildings, plant and office equipment and others. See note 3(i)(a) for more details.

11 INTANGIBLE ASSETS

During the six-month period ended 30 June 2019, the Group acquired intangible assets with a cost of AED 1,717 million *(six-month period ended 30 June 2018: AED 2,981 million which includes additions to property, plant and equipment from investment in a joint arrangement amounting to AED 2,298 million during the six-month period ended 30 June 2018).*

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Investments in associates *(see note 12(i))*	**36,383**	40,361
Investments in joint ventures *(see note 12(ii))*	**26,640**	28,538
	63,023	68,899

	Six-month period ended 30 June 2019 AED millions (unaudited)	*Six-month period ended 30 June 2018 AED millions (unaudited)*
Share of results of equity accounted investees	**2,183**	1,677
Gain on divestment of equity accounted investees *(see note 12(i))*	**2,295**	91
	4,478	1,768

Gain on disposal of equity accounted investees includes gain on sale of du (*see note 12(i) below*) and gain on sale of other investments.

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEES continued

(i) Gain on divestment of Emirates Integrated Telecommunications Company PJSC ("du")

On 30 May 2019, the Group signed a SPA with Emirates Investment Authority and sold 10.22% of its interest in Emirates Integrated Telecommunications Company PJSC (du) to Emirates Investment Authority.

This transaction has resulted in the recognition of a gain on disposal of AED 1,992 million. Following the sale of 10.22% of its interest, management has determined that it does not have significant influence over the entity with its remaining 10.06% and accordingly carries the remaining stake at fair value through profit or loss. This reclassification has also resulted in recognition of a revaluation gain of the remaining shareholding which is recognised as "Income from equity accounted investees" in the interim consolidated statement of comprehensive income.

(ii) Investment in joint ventures

During the period, the Group purchased the remaining interests in certain joint ventures and subsequently accounted for them as subsidiaries in these interim condensed consolidated financial statements.

13 OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Amounts due from related parties *(see note 19(d))*	**24,277**	21,156
Restricted and long term deposits [1]	**16,473**	20,195
Receivables against government grants	**795**	1,274
Finance lease receivables	**1,684**	2,495
Other receivables and prepayments	**11,180**	12,737
	54,409	57,857
Less: expected credit losses / allowance for impairment	**(1,244)**	(1,431)
	53,165	56,426

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Disclosed as:		
Current	**38,933**	43,104
Non-current	**14,232**	13,322
	53,165	56,426

[1] Includes long term deposits amounting to AED 15,963 million (*2018: AED 19,660 million*) which represent deposits with original maturity of more than three months. Long term deposits include AED 5,020 million (*2018: AED 9,119 million*) placed with entities under common control *(see note 19(d))* on arm's length basis.

14 OTHER FINANCIAL ASSETS

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Loans receivable *(see note 14(a))*	**5,845**	5,671
Investment in non-derivative financial instruments *(see note 14(b))*	**51,221**	38,872
Derivative assets *(see note 14(c))*	**367**	4,378
	57,433	48,921
***Disclosed as*:**		
Current	**1,977**	5,195
Non-current	**55,456**	43,726
	57,433	48,921

(a) Loans receivable

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Loans to joint ventures	**2,645**	2,921
Loans to entities under common control	**72**	122
Loans to associates	**44**	96
Loans to related parties	**2,761**	3,139
Less: expected credit losses	**(250)**	(262)
Loans to related parties *(net) (see note 19(d))*	**2,511**	2,877
Loans to third parties	**3,513**	3,045
Less: expected credit losses	**(179)**	(251)
Loans to third parties *(net)*	**3,334**	2,794
Total loans receivable	**5,845**	5,671

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
***Disclosed as*:**		
Current	**1,232**	1,386
Non-current	**4,613**	4,285
	5,845	5,671

14 OTHER FINANCIAL ASSETS continued

(b) Investment in non-derivative financial instruments

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
i. Fair value through profit or loss ("FVTPL") financial assets		
Financial assets designated at FVTPL		
Quoted investments		
Equity securities	**29,287**	19,759
Debt securities	**2,392**	1,771
Others	**50**	50
Total quoted investments	**31,729**	21,580
Unquoted investments		
Convertible bonds	**1,719**	1,719
Equity securities	**3,153**	2,694
Funds	**14,158**	9,887
Others	**125**	189
Total unquoted investments	**19,155**	14,489
Total financial assets designated at FVTPL	**50,884**	36,069
Financial assets held-for-trading		
Quoted investments		
Equity securities	**190**	2,602
Debt securities	**20**	48
Total financial assets held-for-trading	**210**	2,650
Total financial assets through profit or loss	**51,094**	38,719
ii. Fair value through other comprehensive income		
Quoted debt securities	**127**	136
iii. Investments at amortised cost	**-**	17
	51,221	38,872
Disclosed as:		
Current	**461**	2,878
Non-current	**50,760**	35,994
	51,221	38,872

Increase in financial investments is mainly attributable to fair value gains (*see note 9*), conversion of 75 million AMD warrants to AMD shares, disposal of 34.9 million AMD shares and recognition of 10.06% of du shares as financial investment at FVTPL (*see note 12(i)*).

14 OTHER FINANCIAL ASSETS continued

(c) Derivative assets

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Fair value hedge		
Currency forwards	**-**	8
Commodity swaps	**-**	54
Others	**-**	4
	-	66
Cash flow hedge		
Commodity swaps	**293**	625
Currency forwards	**28**	34
Interest rate swaps	**-**	43
Others	**-**	29
	321	731
Financial assets designated at fair value		
Equity options[1]	**-**	3,270
Interest rate swaps	**2**	-
	2	3,270
Financial assets held-for-trading		
Commodity swaps	**40**	136
Currency forwards	**-**	6
Equity swaps	**-**	10
Ohers	**4**	159
	44	311
Financial assets at fair value	**367**	4,378
Disclosed as:		
Current	**284**	931
Non-current	**83**	3,447
	367	4,378

[1] 75 million AMD warrants were converted to equity securities at FVTPL during the period *(see note 14(b))*.

15 INTEREST BEARING BORROWINGS

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Borrowings	**89,519**	106,566
Lease liabilities	**4,825**	1,583
	94,344	108,149
Disclosed as:		
Current	**16,394**	21,421
Non-current	**77,950**	86,728
	94,344	108,149

Details of borrowings are as follows:

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Unsecured bank borrowings	**14,449**	29,582
Unsecured corporate bonds	**56,473**	58,643
Unsecured loans	**1,444**	1,632
Secured bank borrowings	**15,550**	14,514
Secured loans	**1,500**	2,093
Secured bonds	**103**	102
	89,519	106,566
Disclosed as:		
Current	**15,435**	21,038
Non-current	**74,084**	85,528
	89,519	106,566

The secured bank loans are secured over property, plant and equipment and letters of credit with carrying amount of AED 12,154 million and AED 102 million respectively (*2018: AED 12,205 million and AED 282 million*). In addition to this, certain loans are secured through pledges on project proceeds (receivables), a net investment in joint operations, shares and bank balances.

15 INTEREST BEARING BORROWINGS continued

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

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Corporate	**52,308**	54,523
CEPSA *(see note 6(i))*	**-**	14,021
NOVA	**11,296**	11,290
Global Foundries Inc.	**10,324**	10,447
Borealis	**5,815**	5,800
Al Maqsed Development Company PJSC	**2,410**	2,451
Al Yah Satellite Communications Company PJSC	**1,552**	1,744
Other subsidiaries	**5,814**	6,290
	89,519	106,566

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

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
At the beginning of the period / year	**106,566**	49,238
Additions	**22,000**	28,298
Repayments	**(25,257)**	(20,877)
Transfer from entities under common control *(see note 5)*	**-**	49,932
Transferred to held for sale *(see note 6(i))*	**(13,569)**	-
Foreign exchange fluctuations and other movements	**(221)**	(25)
At the end of the period / year	**89,519**	106,566

Included in interest bearing loans at 30 June 2019 were borrowings of AED 13,417 million (*2018: AED 15,391 million*) which have been designated as a hedge of the net investments in certain foreign subsidiaries.

The fair value of interest bearing borrowings is AED 86,233 million (*2018: AED 106,329* million). It includes interest bearing borrowings amounting to AED 54,084 million (*2018: AED 55,889 million*), classified as “Level 1”within the fair valuation hierarchy i.e., fair value is determined using valuation techniques in which significant inputs are based on observable market data. The remaining interest bearing borrowings amounting to AED 32,149 million (*2018: AED 50,440 million*) are classified as “Level 3” within the fair value hierarchy since the fair value is determined using valuation techniques in which significant inputs are based on unobservable market data.

16 OTHER RESERVES

	Statutory reserve AED millions	*Fair value reserve AED millions*	*Foreign currency translation reserve AED millions*	*Hedging and other reserves AED millions*	*Reserves from discontinued operations AED millions*	*Total AED millions*
At 1 January 2018 (audited)	1,623	4,831	313	(626)	-	6,141
Impact of adopting IFRS 9	-	(4,831)	-	84	-	(4,747)
Restated balance as at 1 January 2018	1,623	-	313	(542)	-	1,394
Exchange difference on translation of foreign operations	-	-	(324)	-	-	(324)
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of tax)*	-	-	-	43	-	43
Share of other comprehensive income of equity accounted investees	-	-	5	216	-	221
Movement on hedge of net investment in foreign operations	-	-	-	(409)	-	(409)
At 30 June 2018 (unaudited)	1,623	-	(6)	(692)	-	925

	Statutory reserve AED millions	*Fair value reserve AED millions*	*Foreign currency translation reserve AED millions*	*Hedging and other reserves AED millions*	*Reserves from discontinued operations AED millions*	*Total AED millions*
At 1 January 2019 (audited)	1,623	-	(1,041)	(130)	-	452
Exchange difference on translation of foreign operations	-	-	(198)	-	-	(198)
Movement on hedge of net investment in foreign operations	-	-	138	-	-	138
Effective portion of changes in fair values of cash flow hedges and other reserves *(net of tax)*	-	-	-	(176)	-	(176)
Share of other comprehensive loss of equity accounted investees	-	-	(7)	(106)	-	(113)
Net movement in defined benefit plan *(net of tax)*	-	-	-	(317)	-	(317)
Transfer of reserve of disposal group held for sale (*see note 6(i)*)	-	-	1,219	71	(1,290)	-
At 30 June 2019 (unaudited)	**1,623**	**-**	**111**	**(658)**	**(1,290)**	**(214)**

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 Group's net investment in foreign operations.

Hedges of a net investment in a foreign operation, including a hedge of monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges.

During the period, borrowings with notional amounts of AED 8,611 million (EUR 2,061 million) have been designated as hedge of the net investments in certain foreign operations with EUR functional currencies. These borrowings are being used to hedge the Group's exposure to EUR foreign exchange risk on those investments. Gains on the retranslation of these borrowings amounting to AED 70 million were recognised in other comprehensive income to offset losses on translation of foreign operations. There was no ineffectiveness recorded during the period.

16 OTHER RESERVES continued

The Group has also designated the EUR leg of the fixed to fixed USD/EUR and GBP/EUR swap derivatives of the Group as hedging instruments against the hedge of net investments in certain foreign operations with EUR functional currencies, with notional amounts of AED 7,988 million (EUR 1,912 million) A portion of the fair value gains on the hedging instruments that relates to foreign exchange gains amounting to AED 65 million gains was recognised in other comprehensive income to offset losses on translation of foreign operations. The difference between the fair value of the swaps derivatives and related foreign exchange difference of AED 64 million loss was recorded in profit or loss within unrealised gain/ (loss) from financial investments.

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 5,485 million (USD 1,493 million) (*30 June 2018: AED 14,297 million (US $ 3,892 million)*). The related foreign exchange gains amounted to AED 3 million (*six-month period ended 30 June 2018: AED 409 million foreign exchange losses*) was recognised in other comprehensive income to offset the gains / (losses) on translation of foreign operations.

17 COMMITMENTS AND CONTINGENT LIABILITIES

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

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Commitments for capital expenditure	**18,814**	19,503
Commitments for equity investments	**5,645**	7,673
Unfunded loan commitments	**871**	-
Exploration commitments	**42**	84
	25,372	27,260

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:

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Commitments		
Commitments for capital expenditure	**1,423**	3,757
Commitment to provide loans	**666**	753
Lease commitments	**19**	34
	2,108	4,544

17 COMMITMENTS AND CONTINGENT LIABILITIES continued

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

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
Contingent liabilities *	**25,666**	24,785
Group's share of contingent liabilities of joint ventures and associates	**672**	728

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

18 LITIGATIONS

The Group is involved in litigations in the ordinary course of business. Legal claims often involve highly complex issues. These issues are subject to substantial uncertainties and therefore the estimation of the probability of loss and of damages are often difficult to determine.

The Group records a provision for claims for which it is able to make an estimate of the expected loss or range of possible loss, but believe that the publication of this information on a case-by-case basis would seriously prejudice its position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, for these claims, the Group has disclosed information with respect to the nature of the claim, but not an estimate of the range of potential loss or any provision accrued.

The Group believes that the aggregate provisions recorded for these matters are adequate based upon currently available information as of the statement of financial position date, which may be subject to ongoing revision of existing estimates. However, given the inherent uncertainties related to these claims, the Group could, in the future, incur judgments that could have a material adverse effect on its results of operations, liquidity, financial position or cash flows in any particular period.

For contingent liabilities, the Group has disclosed the claims, but has not recorded a provision of the potential outcome of these claims and is unable to make an estimate of the expected financial effect that will result from ultimate resolution of the proceedings.

18 LITIGATIONS continued

A summary of the major litigations of the Group are set out below:

Dow Litigations
In December 2010, Dow Chemicals had filed a claim against NOVA in the Federal Court in Canada alleging that certain grades of NOVA SURPASS polyethylene film resins infringe a Dow Chemicals Canadian patent. In June 2017, the judges of the Federal Court issued an adverse judgement against NOVA. On 6 July 2017, NOVA Chemicals paid to Dow Chemicals an amount of US $501 million for the litigation award. On 28 July 2017, NOVA filed an appeal with the Federal Court of Appeal.

In 2006, a claim was filed against NOVA Chemicals in the Court of Queen's Bench of Alberta by Dow Chemical Canada ULC and its European affiliate (collectively "Dow Canada") concerning the jointly owned third ethylene plant at NOVA's Joffre site. In June 2018, the Court of Queen's Bench of Alberta issued its decision covering the period of 2001 to 2012 and dismissed NOVA's counterclaim. NOVA appealed this decision to the Court of Appeal of Alberta. The estimated damages and interest awarded to Dow for the period of 2001-2012 are US $1,050 million. Damages for the period beyond 2012 to the date of judgment will be determined independently by the Court.

Based on Nova's management best estimate of the quantification of its exposure under this claim the management estimates damages and interest for the period beyond 2012 to the date of judgment amounting to US $250 million to US $350 million.

Borealis Tax contingencies
During 2017, Borealis received decisions from the Finnish Board of Adjustment, with regards to the ongoing tax cases for Borealis Technology OY ("TOY") and Borealis Polymers OY ("BOY"). For the TOY case, the Board of Adjustment confirmed the Finnish tax authority's ("FTA") view that the license agreements between TOY and Borealis AG should be re-characterized into transfers of business. The additional amount of tax assessed is EUR 297 million including interest and penalties. In relation to the BOY case, the Board of Adjustment has recognised the license agreement between BOY and Borealis AG, however, are of the view that this should be a higher license percentage. Additionally, the Board of Adjustment decided that in the course of the toll manufacturing set up "something of value" amounting EUR 142 million has been transferred, thereby resulting in an additional tax assessment for the year 2009 of EUR 62 million including interest and penalties.

In both cases, Borealis believes that the decisions fail to properly apply Finnish and international tax law and do not adequately consider the relevant facts of the case. Therefore, Borealis has appealed both decisions to the Helsinki Administrative Court ("HAC") on 6 March 2017 (for TOY) and on 15 December 2017 (for BOY). On 19 March 2019, HAC issued decisions on both cases. For BOY, HAC unanimously accepted the appeal of Borealis and returned the case to the Finnish tax administration ("FTA") to re-assess the amount of arm's length royalties. For TOY, HAC dismissed the appeal of Borealis, but reduced the amounts to be reassessed.

On 7 June 2019, the Finnish and Austrian Tax Authorities reached an agreement on both cases. The dispute was resolved through a Mutual Agreement Procedure ("MAP") between Finland and Austria.

Others
Several group companies are currently subject to routine tax audits performed by their respective tax authorities. Managements' opinions are that the companies are in compliance with all applicable regulations. Given the preliminary nature of the proceedings, potential impacts, if any, cannot be currently reliably estimated.

19 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Identification of related parties

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

(b) Compensation of the Company's key management personnel and Board of Directors

The remuneration of senior key management personnel and the Board of Directors of the Group during the period was AED 103 million *(six-month period ended 30 June 2018: AED 154 million).*

(c) 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:

	Revenue AED millions	*Purchases of goods and services AED millions*	*Interest bearing borrowings drawn AED millions*	*Interest bearing borrowings repaid AED millions*	*Loans given AED millions*	*Loans recovered AED millions*	*Finance income AED millions*	*Finance cost AED millions*
Six-month period ended 30 June 2019 (unaudited)								
Entities under common control	**1,395**	**163**	**135**	**201**	**-**	**-**	**182**	**93**
Associates	**1,141**	**3,616**	**-**	**-**	**4**	**-**	**1**	**-**
Joint ventures	**437**	**517**	**-**	**189**	**469**	**77**	**47**	**39**
Ultimate parent	**33**	**-**	**-**	**-**	**-**	**-**	**9**	**-**
	3,006	**4,296**	**135**	**390**	**473**	**77**	**239**	**132**
Six-month period ended 30 June 2018 (unaudited)								
Entities under common control	1,141	103	-	184	-	-	191	104
Associates	305	17	-	-	-	-	-	1
Joint ventures	287	507	-	155	862	411	39	53
Ultimate parent	43	-	-	-	-	-	11	-
	1,776	627	-	339	862	411	241	158

	For the six-month period ended ***30 June 2019 AED millions***	*30 June 2018 AED millions*
Other significant transactions:		
Recharge of expenses from Shareholder	**336**	369
Cash calls paid to joint ventures for joint operations	**434**	457
Income from provision of manpower, project management and consultancy services to joint ventures	**2**	75
Other miscellaneous transactions with associates, joint ventures and to entities under common control	**73**	290

19 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES continued

(d) Related party balances

	Bank balances AED millions	*Long term balances AED millions*	*Amounts due to related parties AED millions*	*Amounts due from related parties AED millions*	*Advances from related parties AED millions*	*Loans and deposits from related parties AED millions*	*Loans to related parties AED millions*	*Finance lease related parties AED millions*	*Interest bearing receivables AED millions*	*Additional shareholder contributions[1] AED millions*	*Shareholder current account AED millions*
Entities under common control	**16,065**	**5,020**	**916**	**8,782**	**1,069**	**-**	**12**	**1,347**	**4,129**	**-**	**-**
Associates	**-**	**-**	**861**	**398**	**-**	**-**	**44**	**-**	**-**	**-**	**-**
Joint ventures	**-**	**-**	**476**	**699**	**-**	**-**	**2,455**	**85**	**1,350**	**-**	**-**
Ultimate parent	**-**	**-**	**25**	**9,980**	**1,442**	**739**	**-**	**-**	**-**	**-**	**-**
Shareholder	**-**	**-**	**336**	**4,396**	**-**	**-**	**-**	**-**	**-**	**123,155**	**27,024**
30 June 2019 *(unaudited)*	**16,065**	**5,020**	**2,614**	**24,255**	**2,511**	**739**	**2,511**	**1,432**	**5,479**	**123,155**	**27,024**
Entities under common control	12,967	9,119	724	8,591	1,069	-	26	1,299	4,222	-	-
Associates	-	-	978	493	-	9	70	-	-	-	-
Joint ventures	-	-	549	731	-	18	2,781	951	1,538	-	-
Ultimate parent	-	-	51	8,463	1,490	729	-	-	-	-	-
Shareholder	-	-	-	2,149	-	-	-	-	-	123,155	17,533
31 December 2018 *(audited)*	12,967	9,119	2,302	20,427	2,559	756	2,877	2,250	5,760	123,155	17,533

[1]Additional shareholder contributions represents interest free loans from the Shareholder. These loans meet the definition of equity instruments rather than liabilities, and accordingly are presented within equity.

20 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 2018.

The management assessed that the fair values of financial assets / liabilities not measured at fair value approximates their carrying value.

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

Level 1: Quoted prices in active markets for assets and liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2019 (unaudited)

	Carrying amount AED millions	*Fair value AED millions*	*Level 1 AED millions*	*Level 2 AED millions*	*Level 3 AED millions*
Financial assets measured at fair value					
Investment in non-derivative financial assets					
Financial assets designated at FVTPL					
Quoted investments					
Equity securities	**29,287**	**29,287**	**27,814**	**478**	**995**
Debt securities	**2,392**	**2,392**	**621**	**-**	**1,771**
Others	**50**	**50**	**-**	**50**	**-**
Unquoted investments					
Convertible bonds	**1,719**	**1,719**	**-**	**-**	**1,719**
Equity securities	**3,153**	**3,153**	**-**	**-**	**3,153**
Funds	**14,158**	**14,158**	**-**	**2,068**	**12,090**
Others	**125**	**125**	**-**	**-**	**125**
Financial assets held-for-trading					
Quoted investments					
Equity securities	**190**	**190**	**190**	**-**	**-**
Debt securities	**20**	**20**	**20**	**-**	**-**
Financial assets designated at FVOCI					
Quoted debt securities	**127**	**127**	**127**	**-**	**-**
	51,221	**51,221**	**28,772**	**2,596**	**19,853**
Derivative financial assets					
Cash flow hedge					
Commodity swaps	**293**	**293**	**-**	**293**	**-**
Currency forwards	**28**	**28**	**-**	**28**	**-**
Financial assets designated at fair value					
Interest rate swaps	**2**	**2**	**-**	**2**	**-**
Financial assets held-for-trading					
Commodity swaps	**40**	**40**	**-**	**40**	**-**
Others	**4**	**4**	**-**	**4**	**-**
	367	**367**	**-**	**367**	**-**

20 FAIR VALUE DISCLOSURES continued

As at 30 June 2019 (unaudited)

	Carrying amount AED millions	*Fair value AED millions*	*Level 1 AED millions*	*Level 2 AED millions*	*Level 3 AED millions*
Financial liabilities measured at fair value					
Derivative financial liabilities					
Fair value hedge					
Interest rate swaps	**105**	**105**	**-**	**105**	**-**
Commodity swaps	**3**	**3**	**-**	**3**	**-**
Cash flow hedge					
Commodity swaps	**68**	**68**	**-**	**68**	**-**
Currency swaps	**17**	**17**	**-**	**17**	**-**
Interest rate swaps	**3**	**3**	**-**	**3**	**-**
Others	**55**	**55**	**-**	**55**	
Financial liabilities designated at fair value					
Interest rate swaps	**659**	**659**	**-**	**659**	**-**
Currency forwards	**33**	**33**	**-**	**33**	**-**
Financial liabilities held-for-trading					
Interest rate forwards	**1,221**	**1,221**	**-**	**1,221**	**-**
Commodity swaps	**63**	**63**	**-**	**63**	**-**
Currency forwards	**15**	**15**	**-**	**15**	**-**
Equity options					
	2,242	**2,242**	**-**	**2,242**	**-**

As at 31 December 2018 (audited)

	Carrying amount AED millions	*Fair value AED millions*	*Level 1 AED millions*	*Level 2 AED millions*	*Level 3 AED millions*
Financial assets measured at fair value					
Investment in non-derivative financial assets					
Financial assets designated at FVTPL					
Quoted investments					
Equity securities	19,759	19,759	18,764	-	995
Debt securities	1,771	1,771	-	-	1,771
Others	50	50	-	50	-
Unquoted investments					
Convertible bonds	1,719	1,719	-	-	1,719
Equity securities	2,694	2,694	-	-	2,694
Funds	9,887	9,887	-	-	9,887
Others	189	189	-	-	189
Financial assets held-for-trading					
Quoted investments					
Equity securities	2,602	2,602	2,602	-	-
Debt securities	48	48	48	-	-
Financial assets designated at FVOCI					
Quoted debt securities	136	136	136	-	-
	38,855	38,855	21,550	50	17,255

20 FAIR VALUE DISCLOSURES continued

As at 31 December 2018 (audited) continued

	Carrying amount AED millions	*Fair value AED millions*	*Level 1 AED millions*	*Level 2 AED millions*	*Level 3 AED millions*
Derivative financial assets					
Fair value hedge					
Currency forwards	8	8	-	8	-
Commodity swaps	54	54	-	54	-
Others	4	4	-	4	-
Cash flow hedge					
Commodity swaps	625	625	-	625	-
Currency swaps	34	34	-	34	-
Interest rate swaps	43	43	-	43	-
Others	29	29	-	29	-
Financial assets designated at fair value					
Equity options	3,270	3,270	-	3,270	-
Financial assets held-for-trading					
Commodity swaps	136	136	-	136	-
Currency forwards	6	6	-	6	-
Equity swaps	10	10	-	10	-
Others	159	159	-	159	-
	4,378	4,378	-	4,378	-
Investments at amortised cost	17	17			
Financial liabilities measured at fair value					
Derivative financial liabilities					
Fair value hedge	73	73	-	73	-
Interest rate swaps					
Commodity swaps	72	72	-	72	-
Cash flow hedge					
Commodity swaps	293	293	-	293	-
Currency swaps	29	29	-	29	-
Interest rate swaps	8	8	-	8	-
Others	132	132	-	132	-
Financial liabilities designated at fair value					
Interest rate swaps	490	490	-	490	-
Currency forwards	38	38	-	38	-
Financial liabilities held-for-trading					
Currency swaps	1,195	1,195	-	1,195	-
Exchange traded securities	59	59	59	-	-
Commodity options	22	22	-	22	-
Currency forwards	20	20	-	20	-
Equity options	32	32	32	-	-
	2,463	2,463	91	2,372	-

20 FAIR VALUE DISCLOSURES continued

The following table shows the valuation techniques used in measuring 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 – Level 2	Fair value	
Quoted equity securities – Level 3	40% DCF and 60% Sum of the Parts (SOTP)	Discount rate of 12.50%, 5 year historical average performance and dividend payout
Quoted debt securities – Level 3	Discounted Cash flows	Discount rate of 15% including risk premium of 4.5%
Unquoted convertible bonds	Combination of market and income approach	Blended cap rate between 4.4% to 5.2% and rent growth rates of 2%, taking into account management's experience and knowledge of market conditions of the specific industries
Unquoted equity securities – Level 3	Combination of market and income approach	• Net assets value provided by the fund manager taking into consideration management experience and knowledge of market conditions; or • Enterprise value ("EV")/EBITDA multiple of 8x; and • EV/EBITDA multiple of 12.7x
	Discounted Cash flows and exit multiple	EBITDA multiple of 10.5x with a discount rate of 14.2%
Unquoted funds – Level 2	Combination of market and income approach	Net assets value
Unquoted funds – Level 3	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 financial assets / liabilities: Level 2	Combination of market approach and net present values of estimated cash flows, using rates observable in the market at the end of the reporting period.	N/A

20 FAIR VALUE DISCLOSURES continued

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

	30 June 2019 AED millions (unaudited)	*31 December 2018 AED millions (audited)*
At the beginning of the period / year	**17,255**	14,073
Adjustments on initial application of IFRS 9	**-**	220
Additions during the period / year	**2,675**	4,213
Increase in fair value recognised in profit or loss *(net)* [1]	**454**	1,148
Disposals during the period / year	**(508)**	(3,283)
Transfers from level 1 to 3	**-**	330
Transfer to assets classified as held for sale	**(23)**	**-**
Transfer from an entity under common control	**-**	554
At the end of the period / year	**19,853**	17,255

[1] 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 'Fair value gains from derivative and non-derivative financial instruments *(net)*' in the interim condensed consolidated statement of comprehensive income.

21 SUBSEQUENT EVENTS

(i) On 20 September 2019, the Court of Queen's Bench in Alberta, Canada passed a judgment confirming NOVA will pay, on 11 October 2019, the damages awarded to Dow in a judgment handed down in June 2018 regarding the jointly owned ethylene plant in Joffre, Alberta, for the period of 2001 through the end of 2012. Accordingly, NOVA will make payment on 11 October 2019 in line with the amount provided for in these interim condensed consolidated financial statements utilizing available liquidity on hand. NOVA's appeal with regard to the court's June 2018 decision is pending. See note 18 for details.

(ii) On 25 September 2019, the Group received the last of necessary approvals with respect to the partial sell down of its 35% stake in CEPSA to Carlyle. The Group will recognise the CEPSA sale transaction in third quarter of 2019. See note 6(i) for details.

22 COMPARATIVE FIGURES

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