

Mubadala Development Company PJSC

Review report and interim financial information

30 June 2011

Principal business address

PO Box 45005

Abu Dhabi

United Arab Emirates

Mubadala Development Company PJSC

Review report and interim financial information
for the period ended 30 June 2011

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Report on review of interim financial information

The Shareholder
Mubadala Development Company PJSC
Abu Dhabi
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Mubadala Development Company (“Mubadala” or the “Company”) as at 30 June 2011 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review. The Company’s interim financial information as at 30 June 2010 and consolidated financial statements as at 31 December 2010 were reviewed and audited respectively by another auditor whose report dated 23 August 2010 and 21 March 2011 respectively expressed an unqualified conclusion and unqualified audit opinion.

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 financial condensed consolidated information is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting”.

Deloitte & Touche

Saba Y. Sindaha
Registration No. 410
Abu Dhabi

19 September 2011

Mubadala Development Company PJSC

Condensed consolidated statement of comprehensive income

		Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
	<i>Notes</i>		
Revenue from sale of goods and services	5	13,645,999	8,015,549
Loss from other investments (<i>net</i>)		(583,650)	(1,976,888)
Change in fair value of investment properties	4	(315,452)	(222,167)
Share of results of equity accounted investees			
- associates	13(a)	8,111	46,605
- jointly controlled entities	13(b)	755,862	257,998
Impairment losses on available-for-sale financial assets		(98,559)	(32,195)
Gain on acquisition of stake in subsidiaries	6(c,d)	231,093	-
Gain on divestment of investment in an equity accounted investee		-	75,646
Other operating income	7	376,904	295,698
Operating income	9	14,020,308	6,460,246
Cost of sales of goods and services		(10,711,299)	(5,706,427)
Impairment losses on intangible assets and property, plant and equipment	4	(382,925)	-
General and administrative expenses		(2,401,599)	(1,515,516)
Research and development costs		(1,361,810)	-
Project expenses		(291,711)	(182,510)
Exploration costs		(96,254)	(206,035)
Results from operating activities		(1,225,290)	(1,150,242)
Finance income		1,048,276	652,771
Finance expense		(1,664,079)	(826,269)
Net finance expense		(615,803)	(173,498)
Loss before income tax		(1,841,093)	(1,323,740)
Tax income /(expense) (<i>net</i>)	8	657,866	(70,551)
Loss for the period	9	(1,183,227)	(1,394,291)

Continued

Mubadala Development Company PJSC

Condensed consolidated statement of comprehensive income (*continued*)

	Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
Other comprehensive income / (loss)		
Net change in fair value of available-for-sale financial assets	238,631	(2,448,953)
Effective portion of changes in fair value of cash flow hedges and other reserves	121,775	(286,013)
Net change in translation reserve	386,210	(200,298)
Share of effective portion of changes in fair value of hedging instruments of equity accounted investees	(27,098)	(81,920)
Share of movement in translation reserve of equity accounted investees	10,479	(23,752)
Other comprehensive income / (loss) for the period net of income tax	729,997	(3,040,936)
Total comprehensive loss for the period	(453,230)	(4,435,227)
Loss for the period	(1,183,227)	(1,394,291)
Less: Attributable to Non-controlling interest	(696,750)	(59,762)
Loss for the period attributable to equity holder of the Company	(486,477)	(1,334,529)
Total comprehensive loss for the period	(453,230)	(4,435,227)
Less: Attributable to Non-controlling interest	(651,067)	(18,567)
Total comprehensive income/ (loss) attributable to equity holder of the Company	197,837	(4,416,660)

The notes set out on pages 10 to 32 form an integral part of these condensed consolidated financial statements.

Mubadala Development Company PJSC

Condensed consolidated statement of financial position *as at*

	<i>Notes</i>	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Non-current assets			
Property, plant and equipment	10	60,227,409	23,201,974
Intangible assets	11	7,073,877	4,890,411
Investment properties	12	4,994,297	4,636,882
Investment in equity accounted investees			
- associates	13(a)	2,753,851	411,513
- jointly controlled entities	13(b)	5,760,829	5,848,288
Other investments (<i>non-current portion</i>)	14	25,397,267	24,271,032
Loans (<i>non-current portion</i>)	19(c,d)	10,833,932	10,304,837
Other assets		1,432,074	393,529
Receivables and prepayments (<i>non-current portion</i>)		10,781,682	8,777,229
Total non-current assets		129,255,218	82,735,695
Current assets			
Inventories		5,827,098	3,814,962
Other investments (<i>current portion</i>)	14	1,021,462	204,812
Loans (<i>current portion</i>)	19(c,d)	1,838,996	718,160
Receivables and prepayments (<i>current portion</i>)		13,527,069	7,728,204
Cash and cash equivalents		18,211,579	6,261,890
Total current assets		40,426,204	18,728,028
Total assets		169,681,422	101,463,723

Continued

Mubadala Development Company PJSC

Condensed consolidated statement of financial position (*continued*)
as at

	Notes	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Equity			
Share capital		15,000,000	15,000,000
Reserves and surplus		816,346	738,347
Additional shareholder contributions	19(e)	82,869,052	45,725,643
Government grants	18(b)	367,350	367,350
Total equity attributable to the equity holder of the Company		99,052,748	61,831,340
Non-controlling interests		634,971	285,522
Total equity		99,687,719	62,116,862
Non-current liabilities			
Interest bearing loans (<i>non-current portion</i>)	15	37,506,441	24,420,884
Government grants		2,180,125	29,676
Obligation under finance lease	16	1,474,050	-
Deferred tax liabilities		1,418,380	1,100,758
Derivatives (<i>non-current portion</i>)		949,631	723,062
Other liabilities		2,181,801	1,813,503
Total non-current liabilities		45,710,428	28,087,883
Current liabilities			
Interest bearing loans (<i>current portion</i>)	15	6,855,460	1,968,047
Government grants		103,231	44,085
Obligation under finance lease	16	205,558	-
Payables and accruals		16,094,454	8,040,671
Derivatives (<i>current portion</i>)		186,257	202,294
Amounts due to jointly controlled entities	13(b)	838,315	1,003,881
Total current liabilities		24,283,275	11,258,978
Total liabilities		69,993,703	39,346,861
Total equity and liabilities		169,681,422	101,463,723

The condensed consolidated financial statements were authorised for issue by the Board of Directors on 19 September 2011 and were signed on their behalf by:

Hamad Al Hurr Al Suwaidi	Khaldoon Khalifa Al Mubarak	Carlos Obeid
<i>Director</i>	<i>Chief Executive Officer & Managing Director</i>	<i>Chief Financial Officer</i>

The notes set out on pages 10 to 32 form an integral part of these condensed consolidated financial statements.

Mubadala Development Company PJSC

Condensed consolidated statement of changes in equity
for the six month period ended 30 June 2010

The condensed consolidated financial statements are unaudited

	Share capital AED'000	Statutory reserve ¹ AED'000 (note 18)	Fair value reserve ¹ AED'000	Foreign currency translation reserve ¹ AED'000	Hedging and other reserves ¹ AED'000	Accumulated losses AED'000	Reserves and surplus AED'000	Additional shareholder contributions AED'000 (note 19(e))	Government grants AED'000 (note 18(b))	Total attributable to the equity holder AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 1 January 2010 <i>(as originally stated)</i>	5,514,579	671,005	4,314,769	541,167	(485,479)	(4,421,984)	619,478	42,211,064	367,350	48,712,471	262,805	48,975,276
Effect of change in accounting policy for exploration and evaluation costs	-	-	-	-	-	125,637	125,637	-	-	125,637	-	125,637
At 1 January 2010 <i>(as restated)</i>	5,514,579	671,005	4,314,769	541,167	(485,479)	(4,296,347)	745,115	42,211,064	367,350	48,838,108	262,805	49,100,913
Total comprehensive loss for the period												
Loss for the period	-	-	-	-	-	(1,334,529)	(1,334,529)	-	-	(1,334,529)	(59,762)	(1,394,291)
Other comprehensive loss												
Net change in fair value of available for sale financial assets	-	-	(2,448,953)	-	-	-	(2,448,953)	-	-	(2,448,953)	-	(2,448,953)
Net change in translation reserve	-	-	-	(247,052)	-	-	(247,052)	-	-	(247,052)	46,754	(200,298)
Share of movement in translation reserve of equity accounted investees	-	-	-	(23,752)	-	-	(23,752)	-	-	(23,752)	-	(23,752)
Share of effective portion of changes in fair value of hedging instruments of equity accounted investees	-	-	-	-	(81,920)	-	(81,920)	-	-	(81,920)	-	(81,920)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(280,454)	-	(280,454)	-	-	(280,454)	(5,559)	(286,013)
Total other comprehensive loss	-	-	(2,448,953)	(270,804)	(362,374)	-	(3,082,131)	-	-	(3,082,131)	41,195	(3,040,936)
Total comprehensive loss	-	-	(2,448,953)	(270,804)	(362,374)	(1,334,529)	(4,416,660)	-	-	(4,416,660)	(18,567)	(4,435,227)
Transactions with the shareholder recorded directly in equity												
Contributions by and distribution to the shareholder												
Additional shareholder contributions	-	-	-	-	-	-	-	2,166,000	-	2,166,000	-	2,166,000
Total transactions with the shareholder	-	-	-	-	-	-	-	2,166,000	-	2,166,000	-	2,166,000
At 30 June 2011	5,514,579	671,005	1,865,816	270,363	(847,853)	(5,630,876)	(3,671,545)	44,377,064	367,350	46,587,448	244,238	46,831,686

¹ Non distributable reserves

Mubadala Development Company PJSC

Condensed consolidated statement of changes in equity (continued)

for the six month period ended 30 June 2011

The condensed consolidated financial statements are unaudited

	Share capital AED'000	Statutory reserve ¹ AED'000 (note 18)	Fair value reserve ¹ AED'000	Foreign currency translation reserve ¹ AED'000	Hedging and other reserves ¹ AED'000	Accumulated losses AED'000	Reserves and surplus AED'000	Additional shareholder contributions AED'000 (note 19(e))	Government grants AED'000 (note 18(b))	Total attributable to the equity holder AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 1 January 2011	15,000,000	802,307	2,913,585	629,835	(715,857)	(2,891,523)	738,347	45,725,643	367,350	61,831,340	285,522	62,116,862
Total comprehensive income/(loss) for the period												
Loss for the period	-	-	-	-	-	(486,477)	(486,477)	-	-	(486,477)	(696,750)	(1,183,227)
Other comprehensive income/ (loss)												
Net change in fair value of available for sale financial assets	-	-	238,631	-	-	-	238,631	-	-	238,631	-	238,631
Net change in translation reserve	-	-	-	359,861	-	-	359,861	-	-	359,861	26,349	386,210
Share of movement in translation reserve of equity accounted investees	-	-	-	10,479	-	-	10,479	-	-	10,479	-	10,479
Share of effective portion of changes in fair value of hedging instruments of equity accounted investees	-	-	-	-	(27,098)	-	(27,098)	-	-	(27,098)	-	(27,098)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	102,441	-	102,441	-	-	102,441	19,334	121,775
	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	238,631	370,340	75,343	-	684,314	-	-	684,314	45,683	729,997
Total comprehensive income/ (loss)	-	-	238,631	370,340	75,343	(486,477)	197,837	-	-	197,837	(651,067)	(453,230)
Transactions with the shareholder recorded directly in equity												
Contributions by and distribution to the shareholder												
Additional shareholder contributions	-	-	-	-	-	-	-	37,143,409	-	37,143,409	-	37,143,409
Non-controlling interest upon acquisition of subsidiaries (Note 6 a,c)	-	-	-	-	-	-	-	-	-	-	790,916	790,916
Non-controlling interest upon disposal of stake of a subsidiary	-	-	-	-	-	(119,838)	(119,838)	-	-	(119,838)	252,706	132,868
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(43,106)	(43,106)
Total transactions with the shareholder	-	-	-	-	-	(119,838)	(119,838)	37,143,409	-	37,023,571	1,000,516	38,024,087
At 30 June 2011	15,000,000	802,307	3,152,216	1,000,175	(640,514)	(3,497,838)	816,346	82,869,052	367,350	99,052,748	634,971	99,687,719

¹ Non distributable reserves

The notes set out on pages 10 to 32 form an integral part of these condensed consolidated financial statements.

Mubadala Development Company PJSC

Condensed consolidated statement of cash flows

		Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
	<i>Notes</i>		
Cash flows from operating activities			
Loss for the period		(1,183,227)	(1,394,291)
<i>Adjustments for:</i>			
Depreciation		3,480,892	770,478
Amortisation of intangible assets		683,793	193,886
Change in fair value of investment properties		315,452	222,167
Impairment losses on PPE and intangible assets		382,925	-
Loss/ (gain) on disposal of property, plant and equipment		(9,665)	41,216
Net change in fair value of financial instruments at fair value through profit or loss (<i>net</i>)		830,754	2,051,183
Impairment losses on available for sale financial assets		98,559	32,195
Loss/ (gain) on disposal of investment in an equity accounted investee		1,903	(75,646)
Gain on disposal of other investments		(12,036)	-
Gain on acquisition of stake in subsidiaries	<i>6 (c,d)</i>	(231,093)	-
Share of results of equity accounted investees			
- associates	<i>13(a)</i>	(8,111)	(46,605)
- jointly controlled entities	<i>13(b)</i>	(755,862)	(257,998)
Finance income		(1,048,276)	(652,771)
Finance expense		1,664,079	826,269
Tax (income) / expense		(657,866)	71,532
Dividend income		(235,068)	(74,295)
Operating cashflows before changes in operating assets and liabilities		3,317,153	1,707,320
Change in inventories		(621,601)	(266,196)
Change in receivables and prepayments		(4,546,551)	(1,782,076)
Change in payables and accruals		2,057,582	(959,048)
Change in obligation under finance lease		254,671	-
Change in government grants		740,195	-
Change in other liabilities		(1,528,199)	(11,585)
Change in other assets		749,462	43,003
Income taxes paid		(102,168)	(265,119)
Net cash generated by/ (used in) operating activities		320,544	(1,533,701)

Continued

Mubadala Development Company PJSC

Condensed consolidated statement of cash flows (*continued*)

		Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
	<i>Notes</i>		
Cash flows from investing activities			
Proceeds from disposal of equity accounted investees	13	4,408	81,919
Proceeds from disposal of assets held for sale		-	3,593,818
Cash arising from acquisitions of subsidiaries	6 (c,d)	483,852	(126,846)
Proceeds from disposal of stake in a subsidiary		133,616	-
Investment in equity accounted investees	13	(295,488)	(2,516,623)
Acquisition of other investments		(4,097,008)	(551,932)
Acquisition of property, plant and equipment	10	(10,969,996)	(3,958,400)
Acquisition of investment properties		(672,867)	-
Acquisition of intangible assets	11	(628,503)	(12,729)
Proceeds from disposal of property, plant and equipment		121,096	19,679
Loans given		(1,269,292)	(3,608,493)
Interest received		1,048,276	531,122
Dividends received from other investments		235,068	191,206
Dividends received from equity accounted investees	13	506,511	74,295
Net cash used in investing activities		(15,400,327)	(6,282,984)
Cash flows from financing activities			
Proceeds from interest bearing loans	15	9,096,688	2,033,260
Cash received upon transfer of a subsidiary	6(a)	6,092,096	-
Repayment of borrowings	15	(2,935,425)	(970,049)
Additional shareholder contributions	19(e)	16,350,000	2,166,000
Interest paid		(1,348,529)	(826,269)
Change in non-controlling interest		(43,106)	-
Net cash generated by financing activities		27,211,724	2,402,942
Net increase / (decrease) in cash and cash equivalents		12,131,941	(5,413,743)
Cash and cash equivalents at 1 January		6,261,890	11,776,577
Exchange fluctuation on consolidation of foreign entities		(182,252)	(735,571)
Cash and cash equivalents at 30 June		18,211,579	5,627,263

The notes set out on pages 10 to 32 form an integral part of these condensed consolidated financial statements.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements

The condensed consolidated financial statements is 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. The Company was established by the Emiri Decree No. 12, dated 6 October 2002, and is wholly owned by the Government of Abu Dhabi (“the Shareholder”). The Company was incorporated on 27 October 2002.

The condensed consolidated financial statements include the financial performance and position of the Company, its subsidiaries and its jointly controlled assets (collectively referred to as “the Group”), and the Group’s interests in its equity accounted investees.

The Company is engaged in investing in, and management of, investments, primarily in sectors or entities that contribute to the Emirate of Abu Dhabi’s strategy to diversify its economy. Consequently, the Group holds interests in a wide range of sectors, including energy, aerospace, utilities, real estate, basic industries and services, renewable energy, information technology, infrastructure, sea port operations, medical services and flight training services.

2 Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with IAS 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 2010, prepared in accordance with IFRS.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010 except for the following additions:

Sale from semiconductor wafers

The Group derives revenue primarily from fabricating semiconductor wafers and, to a lesser extent, from providing associated subcontracted assembly and test services as well as pre-fabricating services such as masks generation and engineering services. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding sales taxes, royalties and other similar levies as applicable.

Research and development costs

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

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

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

Leases

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

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

3 Significant accounting policies (continued)

Leases (continued)

Group as lessee

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term.

a) New and revised IFRSs adopted with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs have been adopted in these condensed consolidated financial statements. The adoption of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

New and revised IFRSs

Effective for annual periods beginning on or after

Amendments to IFRS 1 relating to <i>Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters</i>	1 July 2010
<i>IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
IAS 24 <i>Related Party Disclosures</i> (revised in 2009)	1 January 2011
Amendments to IFRIC 14 relating to <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
Improvements to IFRSs issued in 2010 covering amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13	1 January 2011, except IFRS 3 and IAS 27 which are effective 1 July 2010
Amendment to IAS 32 <i>Financial Instruments: Presentation</i> , relating to <i>Classification of Rights Issues</i>	1 February 2010

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

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

New and revised IFRSs

Effective for annual periods beginning on or after

Amendments to IAS 1 <i>Presentation of Financial Statements</i> : relating to grouping items recognized in other comprehensive income	1 July 2012
Amendments to IFRS 7 financial instruments: disclosures, relating to disclosures on transfers of financial assets	1 July 2011
IFRS 9 financial instruments (as amended in 2010)	1 January 2013
Deferred tax: recovery of underlying assets – amendments to IAS 12 income taxes	1 January 2012
Amendment to IFRS 1 removal of fixed dates for first-time adopters	1 July 2011
Amendment to IFRS 1 severe hyperinflation	1 July 2011
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joints Arrangements	1 January 2013
IFRS 12 Disclosures in interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 19 Employee Benefits (revised 2011)	1 January 2013

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

3 Significant accounting policies (continued)

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

IAS 27 Separate Financial Statements (as amended in 2011) 1 January 2013

IAS 28 Investments in Associates and Joint Ventures(as amended in 2011) 1 January 2013

Management anticipate that these amendments and new IFRSs will be adopted in the Group's financial statements for periods when they are applicable. Management is currently assessing the impact of the same on the financial statements.

4 Estimates

The preparation of condensed consolidated financial statements requires management to make judgements, 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.

Except as described below, in preparing these 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 that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

During the six month period ended 30 June 2011 management reassessed its estimates in respect of the fair values of its investment properties. In line with the general decline in market rentals in the Emirate of Abu Dhabi, the fair values of such investment properties have been written down by AED 315,452 thousand (*six month period ended 30 June 2010: AED 222,167 thousand*).

Impairment losses on intangible assets and PPE primarily includes provision for impairment of previously capitalized projects costs, as based on management's estimate these projects are unlikely to materialise.

5 Revenue from sale of goods and services

	Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
Sale from semi conductor wafers ¹	5,455,800	-
Sale of hydrocarbons	3,785,964	2,927,139
Aircraft maintenance and repairs	2,662,302	2,462,959
Service concession revenue	702,873	2,062,938
Medical services	208,577	158,251
Contract revenue	153,833	118,301
Finance income from commercial loans	139,240	28,534
Revenue supply of chilled water	112,065	-
Others	425,345	257,427
	13,645,999	8,015,549

¹Sale from semi conductor wafers represent the revenue generated by Advanced Technology Investment Company, a subsidiary transferred during the year (*see note 6(a)*).

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

6 Acquisitions

During the period, the Group had the following transfer and acquisition:

a) Transfer of Advanced Technology Investment Company ("ATIC")

Effective 1 January 2011, the Government of Abu Dhabi formally approved the transfer of its ownership in ATIC to the Company. The consideration is in the nature of soft loan without interest and without condition or repayment date, and may be transferred fully or partially into shares of the Company.

The assets and liabilities of ATIC at 31 December 2010, were as follows:

	AED '000
Property plant and equipment	24,141,277
Intangible assets	1,872,218
Investment in joint ventures and associates	379,305
Deferred tax assets	383,752
Other assets	1,316,776
Inventories	1,266,678
Trade and other receivables	2,106,157
Cash and cash equivalents	6,092,096
	<hr/> 37,558,259
Interest bearing loans and borrowings	(8,008,634)
Obligation under finance lease	(1,384,122)
Asset retirement obligation	(56,410)
Government grants	(1,469,400)
Trade and other payables	(3,142,789)
Other liabilities	(1,977,392)
Deferred tax liabilities	(541,757)
Non-controlling interest	(184,346)
	<hr/> (16,764,850)
Net assets accounted for as additional shareholder contribution (see note 19 (e))	<hr/> <hr/> 20,793,409

Transfer of ATIC represents transfer of interest in an entity that was under the control of the Shareholder that controls the Group, and recognised in accordance with the Group's accounting policy on acquisition of entities under common control.

Accordingly from the effective date of transfer, the assets and liabilities acquired are recognised in the books of the Company at the carrying amounts recognised previously in the books of the transferor.

In the period from the date of transfer to 30 June 2011, ATIC has a revenue of AED 5,709,431 thousand and incurred a loss of AED 1,540,442 thousand.

b) Acquisition of stake in Aldar Properties PJSC ("Aldar")

On 16 January 2011, the Company, upon early conversion by Aldar of mandatorily convertible bond in Aldar into 303,734,868 shares, has increased its stake in Aldar from 19% to 28% which results in entitlement to the Company of exercising significant influence over Aldar. Accordingly the investment in Aldar has been accounted for as an associate from the date of conversion.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements is unaudited

6 Acquisitions (continued)

c) Acquisition of stake in National Central Cooling Company PJSC ("Tabreed")

On 1 April 2011, the Group increased its share of equity (economic interest) in National Central Cooling Company PJSC (Tabreed) from 15.8% to 77.8%. This increase was achieved, by converting existing convertible bonds into equity and, by converting an existing loan of AED 1.7 billion into mandatory convertible bonds. The mandatory convertible bonds are considered on a fully diluted basis, which takes the Group's share of equity to 77.4%.

The Group further acquired additional 7.4 million shares as on 30 June 2011 taking its economic interest in the equity share of Tabreed to 77.8%.

The fair value of purchase consideration is AED 1,900 million, as below :

- Value of original shares representing 15.8% interest – AED 43.44 million
- Value of shares received on conversion of mandatory convertible bond – AED 148.17 million
- Value of new mandatory convertible bonds issued – AED 1,700 million
- Value of additional 7.4 million shares acquired – AED 8.8 million

The principal activities of Tabreed are to construct, own, assemble, install, operate and maintain cooling and air conditioning systems. Its activities also include the distribution and sale of chilled water for use in district cooling technologies.

As a result of the above increase in share of equity, the Group has consolidated Tabreed with effect from 1 April 2011; the acquisition had the following effect on the Group's assets and liabilities:

<i>AED in thousands</i>	Pre-acquisition carrying amounts	Provisional fair value adjustments	Recognised values on acquisition
Capital work in progress	952,338	(178,912)	773,426
Property, plant and equipment	4,456,401	(330,874)	4,125,527
Investment in associates	309,901	21,765	331,666
Finance lease receivables	1,277,524	(195,296)	1,082,228
Intangible assets	37,598	(37,598)	-
Other non current assets	87,488	-	87,488
Cash	433,642	-	433,642
Net working capital	(49,672)	-	(49,672)
Accounts payable and accruals (non current)	(19,051)	(133,665)	(152,716)
Advances	(400,000)	-	(400,000)
End of service benefits	(15,554)	-	(15,554)
Obligations under finance lease	(40,815)	-	(40,815)
Borrowings	(3,442,923)	-	(3,442,923)
Total identifiable net assets	3,586,877	(854,580)	2,732,297

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements is unaudited

6 Acquisitions (continued)

c) Acquisition of stake in National Central Cooling Company PJSC ("Tabreed") (continued)

Non controlling interest (22.2%)	606,570
Groups share of net assets (77.8%)	2,125,727
Purchase consideration paid	(1,900,450)

Bargain purchase

225,277

The bargain purchase arises mainly due to the following:

- Share price of Tabreed was trading (at AED 1.13 per share) below its net assets per share on a fully diluted basis (AED 1.65 per share) at 1 April 2011.
- Tabreed's net assets as at 1 April 2011 increased from AED 1.6 billion to AED 3.6 billion. The conversion of existing mandatory convertible bond and issuance of the new mandatory convertible bond resulted in debt amounting to AED 2 billion being transferred to equity;
- Up to 31 March 2011, the Group valued the existing mandatory convertible bond at market price, the carrying value of which had dropped compared to their issue price.

The above reported fair value adjustments are provisional. IFRS 3 allows a period of 12 months from the valuation date (in this case 1 April 2011) to recognise any adjustments based on provisional values.

d) Acquisition of stake in JBI Properties Services Company LLC ("JBI")

On 25 April 2011, the Group obtained control of JBI Properties Services Company LLC (JBI), a company incorporated in Abu Dhabi. Prior to obtaining the control the Group held 51% shareholding in JBI in the form of joint venture partner. The control was obtained by acquiring an additional 49% shareholding from the other joint venture partner and thereby increasing the Group's shareholding from 51% to 100%. In the period from the date of acquisition to 30 June 2011, JBI made a profit of AED 16,588 thousand. The additional shareholding has been acquired for a consideration of AED 83,584 thousand.

If the acquisitions of subsidiaries 6(c) and (d) had occurred on 1 January 2011, management estimates that the Group's consolidated revenue from sale of goods and services would have been AED 13,930,216 thousand and the Group's consolidated loss for the period would have been AED 1,157,618 thousand for the period ended 30 June 2011.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements is unaudited

7 Other operating income

	Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
Government grant income	193,053	137,449
Management fee	58,106	14,204
Gain on disposal of property, plant and equipment	9,665	-
Others	116,080	144,045
	<u>376,904</u>	<u>295,698</u>

8 Income tax

	Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
Income tax income	792,080	12,549
Income tax expense	(134,214)	(83,100)
Tax income / (expense) net	<u>657,866</u>	<u>(70,551)</u>

The above tax income (benefit) flows through one of the companies in the Group that has entities incorporated in Europe and Singapore. For the Europe based entity, the tax benefit is primarily arising due to the foreign exchange rate movement between the Euro and the US Dollar, causing significant differences between the company's non-monetary assets and their respective tax base. For the Singapore based entity the tax benefit results from the recognition of previously unrecognized deferred tax assets related to tax loss carry forwards and investment allowances.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

9 Operating segments

	Oil & Gas & Energy	Renewable Energy	Industry	Real Estate & Hospitality	Infrastructure	Services Ventures	Aerospace	Information & Communication Technology	Healthcare	Semi Conductor ¹ Technology	Corporate / Acquisitions	Consolidated
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment operating income / (loss)	4,566,643	396,308	722,937	(381,744)	550,572	165,226	2,799,557	(187,427)	212,371	5,485,177	(309,312)	14,020,308
Segment profit / (loss)	2,475,083	(140,940)	608,788	(806,267)	(26,703)	3,992	(473,683)	(387,216)	44,919	(1,541,442)	(939,758)	(1,183,227)
Segment total assets	13,928,081	8,804,926	10,545,180	12,955,089	9,320,963	1,938,930	12,935,797	13,145,459	2,056,853	43,275,944	40,774,200	169,681,422
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment operating income / (loss)	3,597,164	131,308	(126,559)	(223,385)	1,720,818	254,130	2,551,506	(65,103)	159,623	-	(1,539,256)	6,460,246
Segment profit / (loss)	1,599,720	(312,182)	(160,621)	(262,353)	(81,786)	46,220	(227,933)	(127,104)	8,476	-	(1,876,728)	(1,394,291)
	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10	31-Dec-10
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
Segment total assets	12,746,958	7,976,631	3,686,111	12,359,394	8,408,361	1,721,598	11,060,173	11,662,513	968,487	-	30,873,497	101,463,723

¹ New segment reported arising from transfer of ATIC (refer Note 6(a), effective 1 January 2011)

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

10 Property, plant and equipment

Acquisitions and disposals

During the six month period ended 30 June 2011 the Group received / constructed property, plant and equipment with a cost of AED 35,379,190 thousand (*six month period ended 30 June 2010: AED 3,958,400 thousand*) including property, plant and equipment acquired through business combinations of AED 28,989,591 (*six month period ended 30 June 2010: AED nil*).

See note 22 for reclassification.

11 Intangible assets

Acquisitions and disposals

During the six month period ended 30 June 2011 the Group received / acquired intangible assets with a cost of AED 2,551,724 thousand (*six month period ended 30 June 2010: AED 308,471 thousand*) including intangible assets acquired through business combinations of AED 1,923,221 thousand (*six month period ended 30 June 2010: AED nil*).

12 Investment properties

	30 Jun 2011	31 Dec 2010
	AED '000	AED '000
	(unaudited)	(audited)
Investment properties	114,118	63,353
Investment properties under development ¹	4,880,179	4,573,529
	<u>4,994,297</u>	<u>4,636,882</u>

¹ See note 22 for reclassification.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

13 Investment in equity accounted investees

(a) The movements in investment in associates are set out below:

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
At the beginning of the period / year	411,513	305,922
Share of results for the period / year (net)	8,111	86,526
Additions during the period / year	5,959	5,132
Reclassified from other investments	Note 14 1,680,579	-
Acquisitions on business combinations	Note 6 (a,c) 710,971	-
Disposals during the period / year	-	(5,132)
Share of movement in translation reserve during the period / year	11,483	-
Share of movement in hedging and other reserves recorded during the period / year	4,469	28,236
Transferred from investment in jointly controlled entities	6,662	-
Dividends received during the period / year	(87,816)	(9,171)
Intercompany income eliminated	1,920	-
At the end of the period / year	2,753,851	411,513

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

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
At the beginning of the period / year	5,346,468	4,502,764
Exchange fluctuation in opening balance	(25,774)	(1,877)
Additions during the period / year	289,529	2,525,633
Disposal during the period / year	(6,311)	(6,273)
Share of results for the period / year (net)	755,862	729,527
Dividends received during the period / year	(418,695)	(948,248)
Share of movement in translation reserve	18,957	2,314
Share of movement in hedging and other reserves	(8,536)	3,805
Transfer to loans	(380,657)	(1,219,723)
Transfer to other investments	(36,735)	-
Reclassified to associate	(6,662)	-
Transferred upon acquisition of controlling stake	(39,964)	-
Intercompany income eliminated	(62,907)	(241,454)
Provision for impairment	5,424,575 (502,061)	5,346,468 (502,061)
	4,922,514	4,844,407

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

13 Investment in equity accounted investees (continued)

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Disclosed as:		
Investment in jointly controlled entities	5,760,829	5,848,288
Amounts due to jointly controlled entities ¹	(838,315)	(1,003,881)
At the end of the period / year	4,922,514	4,844,407

¹ The Group's share of losses in certain jointly controlled entities has exceeded its interest in those entities. The share of losses exceeding the Group's interests in such entities has been disclosed separately within current liabilities.

14 Other investments

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Financial assets at fair value through profit or loss		
- funds, derivatives and quoted securities	13,503,989	11,901,877
- convertible bonds / loans and securities issued by related parties	2,148,330	2,488,148
	15,652,319	14,390,025
Investments available for sale		
- quoted shares	6,292,780	5,696,088
- unquoted shares ¹	4,473,630	4,389,731
	10,766,410	10,085,819
At the end of the period / year	26,418,729	24,475,844
Less: current portion	(1,021,462)	(204,812)
Non-current portion	25,397,267	24,271,032

During the period, total additions amounting to AED 6,170,254 thousand have been made on account of investments available for sale and financial assets at fair value through profit or loss.

During the period, an amount of AED 1,680,579 thousand have been reclassified to investment in associates resulting from the early conversion of mandatory convertible bond (see Note 6 (b)).

¹ See note 22 for reclassification.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

15 Interest bearing loans

Terms and debt repayment schedule

Particulars	Entity name / Project name	Currency	Nominal interest rate	Year of maturity	30 Jun 2011 Carrying amount AED '000 (unaudited)	31 Dec 2010 Carrying amount AED '000 (audited)
<i>Current</i>						
Secured bank loan	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2011	94,116	91,280
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2011	47,601	49,111
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2011	15,867	16,370
Secured bank loan	Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2011	10,274	-
Secured bank loan	Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2011	18,806	-
Unsecured bank loan	Abu Dhabi Aircraft Technologies LLC	USD/AED	LIBOR/EIBOR + margin	2011	62,019	74,258
Unsecured bank loan	Beta Investment Company LLC (Pearl)	USD	LIBOR + margin	2011	508,996	507,014
Unsecured bank loan	The Specialist Diabetes Treatment and Research Centre LLC	AED	EIBOR + margin	2011	3,131	4,170
Unsecured bank loan ¹	Dolphin Investment Company LLC	USD	LIBOR + margin	2011	554,206	619,280
Unsecured bank loan	MDC - GMTN B.V. - Commercial Paper 2011	USD	Fixed coupon	2011	661,690	127,468
Unsecured bank loan	Mubadala - Corporate revolver	GBP	LIBOR + margin	2011	181,061	-
Unsecured loan ¹	Abu Dhabi Aircraft Technologies LLC	USD	LIBOR + margin	2011	378,010	378,010
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2011	SGD	Fixed coupon	2011	-	71,086
Secured bank loan	ATIC - EXIM guaranteed loan	USD	LIBOR + margin	2011	335,165	-
Secured bank loan	ATIC - EXIM guaranteed loan	USD	LIBOR + margin	2011	317,590	-
Secured bank loan	ATIC - Societe Generale term loan	USD	LIBOR + margin	2011	87,153	-
Secured bank loan	ATIC - JBIC / SMBC term loan (Tranche B)	USD	LIBOR + margin	2011	109,608	-
Secured bank loan	ATIC - JBIC / SMBC term loan (Tranche A)	USD	Fixed coupon	2011	110,066	-
Secured bank loan	National Central District Cooling - Tabreed Islamic Finance	USD	LIBOR + margin	2011	734,567	-
Secured bank loan	National Central District Cooling	AED	EIBOR + margin	2011	10,018	-
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	USD	LIBOR + margin	2011	-	30,000
Unsecured bank loan	Mubadala Corporate EUR Term Loan	EUR	EURIBOR + margin	2012	2,615,516	-
<i>Current total</i>					6,855,460	1,968,047

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

15 Interest bearing loans (continued)

Terms and debt repayment schedule

Particulars	Entity name / Project name	Currency	Nominal interest rate	Year of maturity	30 Jun 2011 Carrying amount AED '000 (unaudited)	31 Dec 2010 Carrying amount AED '000 (audited)
<i>Non-Current</i>						
Secured bank loan	Al Hikma Development Company PJSC (UAE University)	USD	LIBOR + margin	2022	1,275,660	1,322,571
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	USD	LIBOR + margin	2028	788,665	811,816
Secured bank loan	Manhal Development Company PJSC (Sorbonne University)	AED	EIBOR + margin	2028	262,888	270,606
Secured bank loan	Al Maqsed Development Company PJSC (Zayed University)	USD	LIBOR + margin	2019	1,148,740	982,173
Secured bank loan	Al Maqsed Development Company PJSC (Zayed University)	AED	EIBOR + margin	2019	2,102,718	1,797,825
Secured bank loan	Sigma Investment Company (BVI) (PTC) Limited (GE margin loan)	USD	LIBOR + margin	2012	1,331,688	1,326,541
Secured bank loan	Aerospace Holding Company	CHF/EUR/USD	LIBOR + margin	2015	1,382,674	1,401,926
Secured bank loan	ATIC - EXIM guaranteed loan	USD	LIBOR + margin	2013	216,789	-
Secured bank loan	ATIC - EXIM guaranteed loan	USD	LIBOR + margin	2017	1,582,939	-
Secured bank loan	ATIC - Societe Generale term loan	USD	LIBOR + margin	2013	131,713	-
Secured bank loan	ATIC - JBIC / SMBC term loan (Tranche B)	USD	LIBOR + margin	2015	385,592	-
Secured bank loan	ATIC - JBIC / SMBC term loan (Tranche A)	USD	Fixed coupon	2015	387,196	-
Secured bank loan	ATIC - Syndicated loan	USD	LIBOR + margin	2014	2,204,100	-
Secured notes	ATIC - Senior notes	USD	Fixed coupon	2013	917,640	-
Secured notes	ATIC - Senior notes	USD	Fixed coupon	2015	357,717	-
Unsecured bank loan	Abu Dhabi Aircraft Technologies LLC	USD/AED	LIBOR/EIBOR + margin	2013	117,272	19,272
Unsecured bank loan	Al Yah Satellite Communications Company PJSC	USD	LIBOR + margin	2022	3,066,765	2,574,544
Unsecured bank loan	Beta Investment Company LLC (Pearl)	USD	LIBOR + margin	2012	-	255,532
Unsecured bank loan	Mubadala Corporate EUR Term Loan	EUR	EURIBOR + margin	2012	-	2,393,343
Unsecured bank loan	The Specialist Diabetes Treatment and Research Centre LLC	AED	EIBOR + margin	2020	36,071	35,033
Unsecured bank loan ¹	Dolphin Investment Company LLC	USD	LIBOR + margin	2019	2,972,551	3,216,574
Unsecured bank loan	Treasury Holding Company LLC	EUR	EURIBOR + margin	2019	1,242,914	1,144,490
Unsecured bank loan	MDC - GMTN B.V. - JPY Private Placement	JPY	LIBOR + margin	2031	677,073	-
Unsecured loan ¹	Abu Dhabi Aircraft Technologies LLC	USD	LIBOR + margin	2012	374,340	374,340
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2014	USD	Fixed coupon	2014	4,557,175	4,549,947
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2016	USD	Fixed coupon	2016	2,721,361	-
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2019	USD	Fixed coupon	2019	1,820,574	1,824,024
Unsecured corporate bond	MDC - GMTN B.V. - Corporate Bond 2021	USD	Fixed coupon	2021	2,733,079	-
Secured bank loan	National Central District Cooling - Tabreed Islamic Finance	AED	EIBOR + margin	2019	536,890	-
Secured bank loan	National Central District Cooling	AED	EIBOR + margin	2019	2,173,657	-
Secured bank loan	Abu Dhabi Aircraft Technologies LLC	AED	EIBOR + margin	2015	-	120,327
<i>Non-Current total</i>					37,506,441	24,420,884
<i>Total</i>					44,361,901	26,388,931

¹ These represent loans obtained from related parties.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

15 Interest bearing loans (continued)

Movements in interest bearing loans during the reporting period were as follows:

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
At the beginning of the period / year	26,388,931	27,104,423
New borrowings during the period / year	9,096,688	-
Acquisitions on business combinations (see note 6(a) and 6(c))	11,451,557	6,415,197
Repayments during the period / year	(2,935,425)	(6,802,125)
Foreign exchange fluctuations and other movements	360,150	(328,564)
At the end of the period / year	<u>44,361,901</u>	<u>26,388,931</u>

16 Obligation under finance lease

During the period, the transfer of ATIC resulted primarily in the recognition of obligation under finance lease in the books of the Group. ATIC has service contracts with suppliers of bulk gases, pursuant to which the suppliers have built certain equipment, which the suppliers use to provide the Group with gases used in the manufacturing process. ATIC pays a fixed annual fee over the term of the agreement, plus a variable charge based on the quantity of the gases delivered.

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

	30 Jun 2011		31 Dec 2010	
	Minimum lease payments AED '000 (unaudited)	Present value of payments AED '000 (unaudited)	Minimum lease payments AED '000 (audited)	Present value of payments AED '000 (audited)
Within one year	299,941	205,558	-	-
After one year but not more than five years	1,197,522	821,741	-	-
After five years	961,680	652,309	-	-
Total	<u>2,459,143</u>	<u>1,679,608</u>	<u>-</u>	<u>-</u>
Less: amount representing finance charges	(779,535)	-	-	-
Present value of minimum lease payments	<u>1,679,608</u>	<u>1,679,608</u>	<u>-</u>	<u>-</u>

Obligation under finance lease is presented in the interim condensed financial position as follows:

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Current	205,558	-
Non-current	<u>1,474,050</u>	<u>-</u>
	<u>1,679,608</u>	<u>-</u>

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

17 Capital commitments and contingent liabilities

Commitments and contingent liabilities

Commitments and contingencies at the reporting date were as follows:

	30 Jun 2011	31 Dec 2010
	AED '000	AED '000
	(unaudited)	(audited)
Commitments and contingencies	47,109,434	49,309,963

In addition to the above, the Group's share in the commitments of its jointly controlled entities and contingencies of its equity accounted investees is as follows:

	30 Jun 2011	31 Dec 2010
	AED '000	AED '000
	(unaudited)	(audited)
Commitments and contingencies	9,425,887	7,107,516

Exploration commitments

The obligations of the Group to perform exploration activities are:

	30 Jun 2011	31 Dec 2010
	AED '000	AED '000
	(unaudited)	(audited)
Due in less than one year	492,387	400,323
Later than one year but not later than five years	856,370	794,939
	1,348,757	1,195,262

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

18 Government grants

(a) Non-monetary government grants

(i) Land

The Group has received the following parcels of land by way of government grants:

Land identification	Granted in year	Approximate area in square feet ⁸	Carrying amount as at 30 Jun 2011 AED '000 (unaudited)	Carrying amount as at 31 Dec 2010 AED '000 (audited)	Currently classified as ⁷
Future economic benefits certain					
Madinat Zayed ¹	2008	143,111,825	-	-	PPE
Zayed Sports City	2006	13,341,299	1,944,109	1,946,050	Inventory
Zayed Sports City - Arzanah Medical Complex	2006	179,486	-	-	PPE
Military City	2009	12,242,393	-	-	PPE
Sowwah Island - Abu Dhabi Financial centre ²	2006	851,004	-	138,183	IPUD
Sowwah Island - Plots for sale ²	2006	4,703,393	1,015,949	892,091	Inventory
Sowwah Island ²	2006	697,864	115,284	98,143	PPE
New Fish Market	2006	484,448	20,981	23,003	IP
New Headquarter	2004	102,675	-	-	PPE
Parking lot - New Headquarter	2009	70,000	-	-	PPE
Mussafah	2007	4,041,526	40,350	40,350	IP
Hai Al Dawoody	2009	1,076	-	-	PPE
Hamran	2009	1,076	-	-	PPE
Masdar City Land					
Masdar Institute of Science and Technology ⁶	2008	353,096	-	-	PPE
10MW Power Plant ⁶	2008	2,367,200	-	-	PPE
Masdar Head Quarter ⁶	2008	272,163	-	-	PPE
Masdar City - Project 1 ⁶	2008	573,508	-	-	PPE
Masdar City ⁶	2008	105,594	52,787	-	IP
Al Falah- Plot 3	2007	4,719,238	-	-	PPE
Future economic benefits uncertain / no future economic benefits³					
Jabel Al Dhannah	2009	10,956,700	-	-	N/A
Masdar City Land ⁵ (remaining portion)	2008	56,185,237	-	-	N/A
Al Reem Island - Sorbonne University ⁴	2006	1,001,934	-	-	N/A
Sowwah Island - Cleveland Clinic ²	2006	1,007,158	-	-	N/A
Sowwah Island (remaining portion) ²	2006	4,907,950	-	-	N/A
Khalifa City - Zayed University ⁴	2006	8,207,745	-	-	N/A
East Al Reem Island	2006	3,272,229	-	-	N/A
Old Fish Market - New York Institute of Technology ⁴	2006	163,877	-	-	N/A
Al Falah- Plot 5	2008	1,599,939	-	-	N/A
Al Falah- Plot 3 (remaining portion)	2007	18,399,415	-	-	N/A
Others	2004-09	61,965,983	-	-	N/A

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements *(continued)*

The condensed consolidated financial statements are unaudited

18 Government grants *(continued)*

(a) Non-monetary government grants (continued)

(i) Land (continued)

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

²On the Sowwah Island out of the total unsold land area of 12,167,369 square feet, an area of 1,007,158 square feet has been allocated for the Cleveland Clinic Project, which is a Government of Abu Dhabi project. No future economic benefit from this project is likely to flow to the Group. Furthermore, approximately 851,004 square feet of land has been allocated for construction of the Abu Dhabi Financial Centre which has been recognised as investment property. The Group identified and earmarked certain plots of land for sale at Sowwah Island. Accordingly, these plots of land with a land area of 4,703,393 square feet have been classified as inventory.

The Group has identified and earmarked plots of approximately 697,864 square feet for production or supply of goods and services which has been classified as property, plant and equipment. Sowwah Island includes approximately five million square feet of land earmarked for roads and waterfront for common public use.

³Having regard to the disclosure in annotation 5 below, management is of the view that the determination of a value for these parcels of land is not possible since reliable estimates of fair value are not available, the future use of these sites is unknown and there is a possibility that they will not be used for commercial purposes and may revert to the Government. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of these parcels of land, and therefore, such properties have not been recognised in the books of the Group. Included in this category are plots of land where it is established that, based on their current or intended use, no future economic benefits will flow to the Group.

⁴These parcels of land have been allocated for the purpose of construction of universities and other educational institutions on a build, operate and transfer (BOT) basis. At the end of the BOT term it is the intention of the parties that the ownership of the land along with the buildings will be transferred to the respective universities. Accordingly, no future economic benefits are likely to flow to the Group from its ownership of these plots.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

18 Government grants (continued)

(a) Non-monetary government grants (continued)

(i) Land (continued)

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

Furthermore, whilst the Government of Abu Dhabi has recently reaffirmed its commitment to provide financial support in the form of government grants to fund infrastructure costs, the final quantum of such support is still to be confirmed.

Therefore, based on management’s best estimates, the possibility of any future economic benefits that will flow to the Group is uncertain and therefore the land has not been recognized as an asset in the condensed consolidated interim financial information, except for the portions of the land as described in annotation 6 below which have already been recognized as assets.

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

⁷In the above table, PPE stands for property, plant and equipment, IP stands for investment property and IPUD stands for investment property under development.

⁸Land areas reported above are as per registration documents received from Municipality of Abu Dhabi.

(ii) Helicopter and helicopter spare parts

The Group received helicopters and helicopter spare parts in prior years from the Government as a grant with a condition to use them to meet the Group's objectives.

(iii) Use of land for construction of buildings

The UAE Armed Forces, General Head Quarters, has granted certain subsidiaries the right to use certain plots of land, owned by the UAE Armed Forces, free of charge.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

18 Government grants (continued)

(b) Monetary government grants

During 2006, the Group received an amount of USD 100,000 thousand, equivalent to AED 367,350 thousand, from the Government of Abu Dhabi for investment in Masdar Clean Tech Fund L.P. ("the Fund") registered in Cayman Islands. Since this is a monetary grant for investments in other business enterprises, this amount has been credited directly to the Statement of Changes in Equity. As at 30 June 2011 the Group had an outstanding commitment to invest an additional AED 141,581 thousand (31 December 2010: AED 146,256 thousand) in the Fund.

During the six month period ended 30 June 2011 the Group received government grants of AED 4,234,644 thousand (six month period ended 30 June 2010: AED nil thousand) including government grants acquired through business combinations of AED 2,770,164 (six month period ended 31 March 2010: AED nil). Where such monetary grants represent grants received/ acquired to compensate the Group for expenses to be incurred are initially recognized in the Statement of Financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis. Where such grants are received to compensate for cost of assets, such assets are carried at cost, less the value of grants received.

19 Balances and transactions with related parties

(a) Identity of related parties

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

(b) Transactions with key management personnel

Key management personnel compensation for the six month period ended 30 June is as follows:

	30 Jun 2011 AED '000 (unaudited)	30 Jun 2010 AED '000 (unaudited)
Directors' remuneration	<u>3,924</u>	<u>1,704</u>
Other key management personnel		
Short term benefits	60,085	33,917
Post employment benefits	5,449	4,546
	<u>65,534</u>	<u>38,463</u>

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

19 Balances and transactions 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:

	Six month period ended 30 Jun 2011 AED '000 (unaudited)	Six month period ended 30 Jun 2010 AED '000 (unaudited)
Revenue	<u>1,484,060</u>	<u>3,062,165</u>
Interest income	<u>286,485</u>	<u>151,177</u>
Income from provision of manpower, project management and consultancy services	<u>54,232</u>	<u>126,541</u>
Purchase of goods and services	<u>1,248,553</u>	<u>449,288</u>
Consideration for sale of interest in a jointly controlled entity	<u>-</u>	<u>81,919</u>
Loans to jointly controlled entities	<u>226,161</u>	<u>2,009,543</u>
Loan to a related party	<u>4,044</u>	<u>743,434</u>
Loans recovered from jointly controlled entities	<u>36,511</u>	<u>-</u>
Investment in convertible bond of a related party	<u>2,800,000</u>	<u>-</u>
Loan from a related party	<u>-</u>	<u>752,350</u>

(d) Related party balances

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Amounts due to related parties ¹	<u>1,512,628</u>	<u>500,372</u>
Amounts due from related parties ²	<u>1,680,965</u>	<u>1,726,957</u>
Loan and deposits from the Shareholder ³	<u>1,149,931</u>	<u>845,233</u>
Loans to related parties	<u>5,421,923</u>	<u>6,368,037</u>

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

19 Balances and transactions with related parties (continued)

(d) Related party balances (continued)

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
Convertible bond of a related party	<u>2,041,307</u>	<u>-</u>
Service concession receivables	<u>8,000,202</u>	<u>7,341,527</u>

¹ Includes amounts due to related parties except for interest bearing loans from related parties, disclosed under Note 15.

² Amounts due from related parties primarily comprise amounts receivable from the Government of Abu Dhabi for expenses incurred on its behalf.

³ Loan and deposits from the Shareholder are included under payables and accruals and other liabilities.

Included above in loan and deposits, is a loan amounting to AED 489,541 thousand, given to Abu Dhabi Aircraft Technologies LLC by the Shareholder. The fair value of the loan is not equivalent to its carrying value due to the fact that it is non-interest bearing. However as the repayment date cannot be estimated, a fair value cannot be reasonably determined.

(e) Additional shareholder contributions

	30 Jun 2011 AED '000 (unaudited)	31 Dec 2010 AED '000 (audited)
At the beginning of the period / year	45,725,643	42,211,064
Cash contributions during the period / year ¹	16,350,000	13,000,000
Conversion to share capital	-	(9,485,421)
Contribution arising from transfer of ATIC ² (see note 6 (a))	20,793,409	-
At the end of the period / year	<u>82,869,052</u>	<u>45,725,643</u>

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements *(continued)*

The condensed consolidated financial statements are unaudited

19 Balances and transactions with related parties *(continued)*

(e) Additional shareholder contributions (continued)

¹ Cash contributions represent interest free loans from the Shareholder. As per the terms of the agreements for the amounts received in the years 2008 and onwards, any repayments are at the discretion of the Board of Directors of the Company, who do not intend to repay any such amounts in the foreseeable future. In addition, the terms of the agreements specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the loans, shall rank *pari passu* with those attached to the share capital of the Company. Therefore, these loans are more akin to equity instruments rather than liabilities, and accordingly are presented within equity.

² Contribution arising from transfer of ATIC represents net book value of Advanced Technology Investment LLC transferred by the Shareholder to the Group during the current period. The consideration is in the nature of soft loan without interest and without condition or repayment date, and may be transferred fully or partially into shares of the Company. Therefore, these loans are more akin to equity instruments rather than liabilities, and accordingly are presented within equity.

20 Statutory reserve

In accordance with the Articles of Association of the Company, 10% of the profit for each year is transferred to a statutory reserve until this reserve equals 50% of the paid up share capital. The statutory reserve is not available for distribution. Such transfers are made annually and therefore, no such transfers were made during the current period.

21 Financial risk management

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 2010.

22 Comparatives

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

One of the Company's investment earlier reported as "Other Assets" have been reclassified to "Other Investments" to provide a more consistent presentation with other investments of the Group.

Mubadala Development Company PJSC

Notes to the condensed consolidated financial statements (continued)

The condensed consolidated financial statements are unaudited

22 Comparatives (continued)

The effect of this change on the condensed consolidated financial statements is as follows:

	31 Dec 2010	1 Jan 2010
	AED '000	AED '000
<i>Statement of financial position items</i>		
Other investments	578,180	578,180
Other assets	(578,180)	(578,180)

Further, investment property under construction for development has been reclassified from property, plant and equipment to investment properties as a result of amendment in IAS 40, Investment property for periods beginning on or after 1 January 2009. As a result of amendments, property under construction for development for future use as investment property is included in "investment property" as defined under IAS 40.

The effect of this change on the condensed consolidated financial statements is as follows:

	31 Dec 2010	1 Jan 2010
	AED '000	AED '000
<i>Statement of financial position items</i>		
Investment properties	4,435,346	2,512,587
Property, plant and equipment	(4,435,346)	(2,512,587)

During 2010, the Group has voluntarily changed its accounting policy for oil and gas exploration and evaluation expenditures to better reflect the performance of the Group and to align itself with industry practice.

The change in accounting policy has been applied retrospectively and the comparative information has been restated where needed. The effects of change in accounting policy on the condensed consolidated financial statements are as follows:

	Six month period ended 30 Jun 2010 AED '000	Adjustment AED '000	Six month period ended 30 Jun 2010 AED '000 (restated)
<i>Statement of comprehensive income</i>			
Cost of sales of goods and services	5,677,466	28,961	5,706,427
Exploration cost	347,468	(141,433)	206,035
Income tax expense	71,532	(981)	70,551