

Mamoura Diversified Global Holding PJSC

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

Mamoura Diversified Global Holding PJSC

Interim condensed consolidated financial statements

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholder of Mamoura Diversified Global Holding PJSC

Introduction

We have reviewed the accompanying 30 June 2023 interim condensed consolidated financial statements of Mamoura Diversified Global Holding PJSC ("MDGH" or "the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the interim consolidated statement of comprehensive income for the six-month period ended 30 June 2023;
- the interim consolidated statement of financial position as at 30 June 2023;
- the interim consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the interim consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements 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 as at and for the six-month period ended 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Abu Dhabi, United Arab Emirates

Date: 28 September 2023

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2023 (Unaudited)

	Notes	Six-month period ended 30 June	
		2023 AED millions	2022 AED millions
CONTINUING OPERATIONS			
Revenue	7	25,906	29,015
Cost of sales		<u>(19,106)</u>	<u>(20,338)</u>
Gross profit		6,800	8,677
Research, development and exploration expenses		(881)	(1,011)
General and administrative expenses		(3,871)	(3,333)
Investment income / (loss) (<i>net</i>)	8	8,320	(14,233)
(Loss) / income from equity accounted investees	12(b)	(20)	5,841
Other income (<i>net</i>)		540	541
Impairment losses related to financial assets at amortised cost (<i>net</i>)		<u>(15)</u>	<u>(40)</u>
Profit / (loss) before net finance expense and taxes		<u>10,873</u>	<u>(3,558)</u>
Finance income		3,499	1,500
Finance costs		(2,637)	(1,974)
Foreign exchange (loss) / gain (<i>net</i>)		<u>(222)</u>	<u>502</u>
Net finance income		<u>640</u>	<u>28</u>
Profit / (loss) before income tax from continuing operations		11,513	(3,530)
Income tax expense (<i>net</i>)		<u>(427)</u>	<u>(872)</u>
Profit / (loss) for the period from continuing operations		11,086	(4,402)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations, net of tax	5	<u>4,583</u>	<u>4,062</u>
Profit / (loss) for the period		<u>15,669</u>	<u>(340)</u>
Profit / (loss) for the period attributable to:			
Owner of the Group		15,324	(733)
Non-controlling interests		<u>345</u>	<u>393</u>
		<u>15,669</u>	<u>(340)</u>

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued For the six-month period ended 30 June 2023 (Unaudited)

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
Other comprehensive income		
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>		
Exchange difference on translation of foreign operations	662	(3,007)
(Loss) / gain on hedge of net investments in foreign operations (<i>net</i>)	(338)	1,914
Share of other comprehensive (loss) / income of equity accounted investees	(113)	1,663
Effective portion of changes in fair value of cash flow hedges and other reserves (<i>net of tax</i>)	<u>(97)</u>	<u>679</u>
	114	1,249
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Re-measurements of defined benefit liability	<u>(12)</u>	<u>29</u>
Other comprehensive income for the period, net of income tax	<u>102</u>	<u>1,278</u>
Total comprehensive income for the period	<u>15,771</u>	<u>938</u>
Total comprehensive income for the period attributable to:		
Owner of the Group	15,468	376
Non-controlling interests	<u>303</u>	<u>562</u>
	<u>15,771</u>	<u>938</u>

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	<i>30 June 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
ASSETS			
Cash and cash equivalents	9	27,350	32,258
Trade receivables		6,368	6,446
Inventories		9,165	8,844
Other receivables and prepayments	10	45,769	56,088
Other financial assets	11	214,558	191,095
Investment in equity accounted investees	12(a)	85,668	76,612
Investment properties	13	11,022	10,954
Property, plant and equipment	14	87,556	87,255
Intangible assets		6,818	6,807
Deferred tax assets		1,222	1,330
Assets classified as held for sale	5	<u>15,074</u>	<u>25,404</u>
TOTAL ASSETS		<u>510,570</u>	<u>503,093</u>
EQUITY AND LIABILITIES			
Liabilities			
Trade payables		4,622	6,135
Income tax payable		237	163
Interest-bearing borrowings	15	140,938	137,730
Other liabilities		28,770	35,821
Provisions		3,643	3,543
Deferred tax liabilities		5,110	5,045
Liabilities directly associated with assets classified as held for sale	5	<u>-</u>	<u>3,723</u>
Total liabilities		<u>183,320</u>	<u>192,160</u>
Equity			
Share capital		56,136	56,136
Additional shareholder contributions		117,860	117,860
Shareholder current account	4	46,669	46,107
Retained earnings		93,128	77,939
Other reserves	16	3,041	2,897
Government grants		<u>367</u>	<u>367</u>
Total equity attributable to the Owner of the Group		317,201	301,306
Non-controlling interests		<u>10,049</u>	<u>9,627</u>
Total equity		<u>327,250</u>	<u>310,933</u>
TOTAL EQUITY AND LIABILITIES		<u>510,570</u>	<u>503,093</u>

//Signed//

Waleed Al Mokarrab Al Muhairi
Chairman

//Signed//

Carlos Obeid
Director

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023 (Unaudited)

<i>Amounts in AED millions</i>	<i>Share capital</i>	<i>Additional shareholder contributions</i>	<i>Shareholder current account</i>	<i>Retained earnings</i>	<i>Other reserves</i>	<i>Government grants</i>	<i>Total attributable to the Owner of the Group</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
At 1 January 2022 (audited)	<u>56,136</u>	<u>119,290</u>	<u>45,946</u>	<u>73,292</u>	<u>1,066</u>	<u>367</u>	<u>296,097</u>	<u>7,762</u>	<u>303,859</u>
(Loss) / profit for the period	-	-	-	(733)	-	-	(733)	393	(340)
Other comprehensive income	-	-	-	-	<u>1,109</u>	-	<u>1,109</u>	<u>169</u>	<u>1,278</u>
Total comprehensive (loss) / income	-	-	-	<u>(733)</u>	<u>1,109</u>	-	<u>376</u>	<u>562</u>	<u>938</u>
Transfer from entities under common control	-	-	108	-	-	-	108	-	108
Dividends to non-controlling interests	-	-	-	-	-	-	-	(236)	(236)
Share based payments / issuance of a subsidiary (<i>see note (i)</i>)	-	-	-	-	-	-	-	682	682
Acquisition of interest in a subsidiary	-	-	-	(128)	-	-	(128)	(250)	(378)
Disposal of stake in a subsidiary	-	-	-	126	-	-	126	240	366
Other movements	-	-	-	<u>(76)</u>	-	-	<u>(76)</u>	<u>15</u>	<u>(61)</u>
At 30 June 2022 (unaudited)	<u>56,136</u>	<u>119,290</u>	<u>46,054</u>	<u>72,481</u>	<u>2,175</u>	<u>367</u>	<u>296,503</u>	<u>8,775</u>	<u>305,278</u>

(i) Share based payment consists of shares issued to key management personnel of GlobalFoundries Inc.

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

For the period ended 30 June 2023 (Unaudited)

<i>Amounts in AED millions</i>	<i>Share capital</i>	<i>Additional shareholder contributions</i>	<i>Shareholder current account</i>	<i>Retained earnings</i>	<i>Other reserves</i>	<i>Government grants</i>	<i>Total attributable to the Owner of the Group</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
At 1 January 2023 (audited)	<u>56,136</u>	<u>117,860</u>	<u>46,107</u>	<u>77,939</u>	<u>2,897</u>	<u>367</u>	<u>301,306</u>	<u>9,627</u>	<u>310,933</u>
Profit for the period	-	-	-	15,324	-	-	15,324	345	15,669
Other comprehensive income / (loss)	-	-	-	-	144	-	144	(42)	102
Total comprehensive income	-	-	-	<u>15,324</u>	<u>144</u>	-	<u>15,468</u>	<u>303</u>	<u>15,771</u>
Transfer from entities under common control (<i>see note 4(i)</i>)	-	-	562	-	-	-	562	-	562
Dividends to non-controlling interests	-	-	-	-	-	-	-	(144)	(144)
Share based payments / issuance of a subsidiary (<i>see note (i)</i>)	-	-	-	(104)	-	-	(104)	605	501
Disposal of stake in a subsidiary	-	-	-	-	-	-	-	(292)	(292)
Other movements	-	-	-	(31)	-	-	(31)	(50)	(81)
At 30 June 2023 (unaudited)	<u>56,136</u>	<u>117,860</u>	<u>46,669</u>	<u>93,128</u>	<u>3,041</u>	<u>367</u>	<u>317,201</u>	<u>10,049</u>	<u>327,250</u>

(i) Share based payment consists of shares issued to key management personnel of GlobalFoundries Inc.

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

30 June 2023 (Unaudited)

	Notes	Six-month period ended	
		2023	2022
		AED	AED
		millions	millions
Cash flows from operating activities			
Profit / (loss) for the period		15,669	(340)
<i>Adjustments for:</i>			
Depreciation, amortisation and net impairment of property, plant and equipment, right of use and intangible assets		4,658	5,358
Investment (income) / loss (<i>net</i>)		(8,320)	14,231
Finance lease and other income (<i>net</i>)		(540)	(541)
Impairment losses related to financial assets at amortised cost (<i>net</i>)		15	40
Gain on disposal of discontinued operations (<i>net</i>)		(4,381)	-
Loss / (income) from equity accounted investees (<i>net</i>)	12(b)	20	(5,841)
Net finance income		(640)	(28)
Income tax expense (<i>net</i>)		427	872
Net decommissioning and other provisions		55	121
Share-based payments		501	682
Non-cash income and expense from discontinued operations		-	(2,748)
		7,464	11,806
Change in inventories		(195)	(783)
Change in trade and other receivables and prepayments		5,968	(889)
Change in trade payables and other liabilities		(9,099)	1,595
Income taxes paid		(197)	(1,291)
Net cash generated from operating activities		3,941	10,438
Cash flows from investing activities			
Acquisition of other financial assets		(26,079)	(21,608)
Proceeds from distributions, disposals and redemptions of other financial assets		10,215	8,577
Acquisition of investees (<i>net of cash acquired</i>) (<i>see note (i)</i>)		(5,027)	(2,490)
Proceeds from disposal of investees (<i>net of cash disposed</i>) (<i>see note (i)</i>)		344	90
Acquisition of non-current assets (<i>see note (ii)</i>)		(4,737)	(7,853)
Proceeds from disposal of non-current assets (<i>see note (ii)</i>)		716	403
Change in long-term deposits		6,351	(14,826)
Dividend income received		7,099	2,576
Interest income received		3,068	1,120
Net cash used in investing activities		(8,050)	(34,011)

Mamoura Diversified Global Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS continued

30 June 2023 (Unaudited)

	<i>Notes</i>	<i>Six-month period ended</i>	
		<i>2023</i>	<i>2022</i>
		<i>AED</i>	<i>AED</i>
		<i>millions</i>	<i>millions</i>
Cash flows from financing activities			
Receipts of government grants		17	16
Proceeds from issuance of interest-bearing borrowings	15	14,162	17,607
Repayment of borrowings and lease liabilities		(11,640)	(10,134)
Interest paid		(2,806)	(1,593)
Dividends paid to non-controlling interests		<u>(144)</u>	<u>(236)</u>
Net cash (used in) / generated from financing activities		<u>(411)</u>	<u>5,660</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		32,258	42,737
Net foreign exchange fluctuation		<u>(388)</u>	<u>401</u>
Cash and cash equivalents at 30 June	9	<u>27,350</u>	<u>25,225</u>

- (i) Investees include subsidiaries, equity accounted investees, and net assets classified as held for sale.
- (ii) Non-current assets comprise of property, plant and equipment, intangible assets and investment properties.

Significant non-cash transactions have been excluded from the consolidated statement of cash flows. Refer to the consolidated statement of changes in equity, notes 4 and 5.

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

30 June 2023 (Unaudited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mamoura Diversified Global Holding PJSC (“MDGH” or “the Company”) is registered as a public joint stock company in the Emirate of Abu Dhabi, United Arab Emirates (“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 address is PO Box 45005, Abu Dhabi, UAE.

The Company and its subsidiaries (together the “Group”) are engaged in investing and managing investments, in sectors and 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 and industries.

The Company is wholly owned by Mubadala Investment Company PJSC (the “Shareholder” or the “Parent”) and the ultimate parent of the Company is the Government of the Emirate of Abu Dhabi (the “Ultimate Parent”).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2023.

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*” and the applicable requirements of the Federal Decree Law No. 32 of 2021 on Commercial Companies.

The interim condensed consolidated financial statements do 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 2022, prepared in accordance with International Financial Reporting Standards (“IFRS”).

(b) Basis of measurement

The interim condensed 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 properties – 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 UAE Dirhams, (“AED”) which is the Company’s functional and the Group’s presentation currency. All financial information presented in AED has been rounded to the nearest million, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with IFRSs requires management to make judgements, 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.

2 BASIS OF PREPARATION continued

(d) Use of estimates and judgements continued

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 sources of material estimation uncertainty were similar to those described in the Group's consolidated financial statements for the year ended 31 December 2022.

(e) Taxation

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "CIT" Law) to enact a federal corporate tax regime in the UAE, effective for accounting periods beginning on or after 1 June 2023. A tax rate of 9% will apply to taxable income exceeding AED 375,000. The Ministry of Finance continue to issue supplemental decisions of the Cabinet of Ministers of the UAE to further clarify certain aspects of the CIT Law. Such decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the CIT Law on the Group.

The Group is currently in the process of assessing the impact of the above mentioned laws, decisions and other interpretative guidance on the Group.

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 2022, except for the adoption of new standards effective as of 1 January 2023 as listed below:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

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

4 TRANSFERS FROM SHAREHOLDER AND ENTITIES UNDER COMMON CONTROL

	<i>30 June 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Shareholder current account		
At 1 January	46,107	45,946
Assets transferred in (<i>see note 4(i)</i>)	<u>562</u>	<u>161</u>
At the end of the period / year	<u>46,669</u>	<u>46,107</u>

i) Transfers of assets from entities under common control

During the six-month period ended 30 June 2023, an entity under common control, transferred investment property with a fair value of AED 562 million to the Group which the Group acquired with an intention to sell. During the same period, the asset was sold to a third party by the Group.

In 2022, the Parent instructed an entity under common control, to transfer certain financial instruments measured at fair value through profit or loss with a carrying value of AED 161 million to the Group.

Mamoura Diversified Global Holding PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023 (Unaudited)

5 DISCONTINUED OPERATIONS

	<i>Six-month period ended</i>	
	30 June	
	2023	2022
	AED	AED
	millions	millions
	(unaudited)	(unaudited)
Profit for the period from discontinued operations (net)		
Mubadala Health LLC (“Mubadala Health”) (see note 5(i))	4,114	164
Busrakham Oil and Gas Limited (“Busrakham”)	437	385
OMV Aktiengesellschaft (“OMV”) (see note 5(ii))	-	2,493
Borealis AG (“Borealis”) (see note 5(iii))	-	670
Clean Energy Business (see note 5(iv))	-	239
Others	<u>32</u>	<u>111</u>
Profit for the period from discontinued operations	<u>4,583</u>	<u>4,062</u>

The total assets classified as held for sale as at 30 June 2023 was AED 15,074 million (31 December 2022: AED 25,404 million) which mainly includes investment in OMV. The total liabilities directly associated with the assets classified as held for sale as at 30 June 2023 is nil (31 December 2022: AED 3,723 million).

(i) Mubadala Health

In December 2022, subsequent to the approval by the Board of Directors of the Parent, the Group entered into a share purchase and subscription agreement with Group 42 Holding Limited (“G42”) to transfer the Group’s interest in its 100% owned subsidiary Mubadala Health to GM HealthCare Limited (“M42”). The Group and G42 own 45% interest and 55% interest in M42, respectively. In January 2023, all conditions precedent to the transaction were completed (see note 12 (a)(i)). Accordingly, the Group recognised the sale transaction effective January 2023.

The gain on disposal of Mubadala Health in the current period and the results of operations for the comparative period are set out below:

	<i>Six-month period ended</i>	
	30 June	
	2023	2022
	AED	AED
	millions	millions
	(unaudited)	(unaudited)
Revenue	-	1,661
Cost of sales	<u>-</u>	<u>(1,138)</u>
Gross profit	-	523
Other income and expenses (net)	<u>-</u>	<u>(359)</u>
Profit for the period	<u>-</u>	<u>164</u>
Gain on disposal of Mubadala Health	<u>4,114</u>	<u>-</u>
Profit from discontinued operations	<u>4,114</u>	<u>164</u>

5 DISCONTINUED OPERATIONS continued

(i) Mubadala Health continued

The gain on disposal of Mubadala Health recorded in the interim condensed consolidated financial statements is calculated as follows:

	<i>January 2023 AED millions (unaudited)</i>
Net assets of Mubadala Health	4,623
Fair value of 45% interest in M42 (<i>see note 12 (a)(i)</i>)	8,067
Deferred consideration (<i>see note 10 (i)</i>)	<u>670</u>
Total sale consideration	<u>8,737</u>
Gain on disposal of Mubadala Health	<u>4,114</u>

(ii) OMV

In December 2022, subsequent to the approval by the Board of Directors of the Parent, the Group signed an agreement with Abu Dhabi National Oil Company PJSC (“ADNOC”) to transfer its 24.9% interest in OMV to ADNOC. The transaction is expected to close in 2023 subject to customary closing conditions and regulatory approvals. OMV is a significant associate of the Group and its operations and cash flows are clearly distinguished, both operationally and for financial reporting purposes, from the rest of the Group. Accordingly, OMV has been classified as discontinued operations of the Group as per IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

(iii) Borealis

In April 2022, subsequent to the approval by the Board of Directors of the Parent, the Group signed an agreement with ADNOC to sell its 25% interest in Borealis to ADNOC. On 8 November 2022, all conditions precedent to the transaction were completed. Accordingly, the Group recognised the sale transaction effective 8 November 2022. Borealis was a significant associate of the Group and its operations and cash flows were clearly distinguished, both operationally and for financial reporting purposes, from the rest of the Group. Accordingly, the disposal of the Group’s interest in Borealis has been disclosed as discontinued operations in these interim condensed consolidated financial statements as per IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

5 DISCONTINUED OPERATIONS continued

(iv) Clean Energy Business

In November 2021, the Board of Directors of the Parent approved the disposal of 67% interest in Abu Dhabi Future Energy Company PJSC (“Masdar”) to ADNOC and Abu Dhabi National Energy Company PJSC (“TAQA”). The disposal was limited to net assets related to Masdar’s Renewables and Strategic Initiatives Business (“Clean Energy Business”) and excluded net assets related to Sustainable Real Estate and related Masdar City land (“Sustainable Real Estate Business”), which was retained by the Group. Further, Ninety Sixth Investment Company LLC, a wholly owned subsidiary of the Group, and holding investments in US renewable net assets, was transferred to Masdar and became part of Masdar Clean Energy Business before the disposal to ADNOC and TAQA.

On 30 November 2022, the Group received the last necessary approval with respect to the disposal of 67% stake in Masdar to ADNOC and TAQA. Accordingly, the Group recognised the sale transaction effective 30 November 2022. Based on the signed agreements between the Group, ADNOC and TAQA and other relevant factors, the Group lost control over the Clean Energy Business effective 30 November 2022. Henceforth, the Group’s retained interest of 33% in the Clean Energy Business was accounted for as an equity accounted investee.

6 OPERATING SEGMENTS

The Group is organised into four business platforms namely, UAE Investments, Direct Investments, Disruptive Investments and Real Estate and Infrastructure Investments. The business platforms are responsible for the screening, due diligence, development and implementation of all business ideas, investment opportunities, acquisitions and disposals. The following summary describes the operations in each of the Group’s reportable segments:

UAE Investments

This platform aims to accelerate the transformation of the UAE’s economy by investing in national world class champions, fostering vibrant industrial and commercial clusters and partnering with world-class global entities. The aspiration is to grow these assets and incubate new initiatives aimed at attracting investment partners to cultivate these sectors further and establish additional clusters in the UAE for profitable and sustainable growth.

Direct Investments

This platform executes global direct investments and actively manages a portfolio targeting high-growth, highly-profitable companies across a range of sectors with strong fundamentals including energy, chemicals, technology, life sciences, consumer, industrials and financial services.

Disruptive Investments

This platform encompasses: (i) investments in next-generation companies that are pioneering breakthrough solutions across a wide range of sectors and geographies; (ii) country-focused and commercially driven investment programmes established with a local partner, including in China, United Kingdom and France; and (iii) credit investments primarily in the form of direct lending in North America and Western Europe and across different asset classes and industries.

Real Estate and Infrastructure Investments

This platform deploys capital into physical assets around the world that offer long-term stable returns across business cycles. It includes real estate investments, as well as international infrastructure, both physical and digital.

Corporate

The segment is responsible for developing and driving the strategy of the Group as whole as well as focusing on the economic development by establishing business in services-based sectors, such as insurance and financing.

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6 OPERATING SEGMENTS continued

<i>AED millions</i>	<i>UAE Investments</i>	<i>Disruptive Investments</i>	<i>Direct Investments</i>	<i>Real Estate and Infrastructure Investments</i>	<i>Corporate</i>	<i>Total</i>
<i>For the period ended 30 June 2023 (unaudited)</i>						
Revenues from contracts with customers	5,233	266	19,664	-	8	25,171
Other revenue	687	5	8	-	35	735
Total revenue	5,920	271	19,672	-	43	25,906
Depreciation and amortisation	1,046	24	3,514	5	61	4,650
Share of results of equity accounted investees	2,359	66	(1,778)	(446)	-	201
Net (finance cost) / finance income	(98)	1,377	(308)	216	(547)	640
Profit / (loss) for the period attributable to the Owner of the Group (continuing operations)	3,583	3,747	4,321	446	(1,356)	10,741
Profit for the period attributable to the Owner of the Group (discontinued operations)	4,551	-	-	32	-	4,583
Total comprehensive income / (loss) for the period attributable to the Owner of the Group	7,845	3,768	4,521	677	(1,343)	15,468
Additions to non-current assets	737	74	4,162	26	91	5,090
<i>At 30 June 2023 (unaudited)</i>						
Investments in equity accounted investees	56,503	912	16,157	12,096	-	85,668
Total assets	106,874	119,310	185,113	42,460	56,813	510,570
Total liabilities	22,594	32,258	50,885	1,691	75,892	183,320
<i>For the period ended 30 June 2022 (unaudited)</i>						
Revenues from contracts with customers	4,867	160	23,188	-	-	28,215
Other revenue	785	-	-	-	15	800
Total revenue	5,652	160	23,188	-	15	29,015
Depreciation and amortisation	1,040	19	3,851	6	57	4,973
Share of results of equity accounted investees	3,891	5	1,763	239	-	5,898
Net (finance cost) / finance income	(234)	858	(342)	(145)	(109)	28
Profit / (loss) for the period attributable to the Owner of the Group (continuing operations)	5,368	(11,851)	1,025	1,636	(973)	(4,795)
Profit for the period attributable to the Owner of the Group (discontinued operations)	897	-	3,163	2	-	4,062
Total comprehensive income / (loss) for the period attributable to the Owner of the Group	7,619	(11,824)	4,064	1,461	(944)	376
Additions to non-current assets	1,003	25	7,317	-	28	8,373
<i>At 31 December 2022 (audited)</i>						
Investments in equity accounted investees	47,148	307	19,668	9,489	-	76,612
Total assets	109,632	110,858	187,549	37,226	57,828	503,093
Total liabilities	26,586	30,437	53,387	1,438	80,312	192,160

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30 June 2023 (Unaudited)

7 REVENUE

	<i>Revenue from contract with customers AED millions</i>	<i>Other revenue AED millions</i>	<i>Total revenue AED millions</i>
<i>Six-month period ended 30 June 2023 (unaudited)</i>			
Revenue from semiconductor wafers	13,541	-	13,541
Revenue from petrochemicals	6,122	-	6,122
Revenue from exploration and production activities	2,751	-	2,751
Revenue from aircraft maintenance and repairs, components leasing and sales	1,553	61	1,614
Revenue from satellite capacity leasing	511	242	753
Others	<u>693</u>	<u>432</u>	<u>1,125</u>
	<u>25,171</u>	<u>735</u>	<u>25,906</u>
<i>Six-month period ended 30 June 2022 (unaudited)</i>			
Revenue from semiconductor wafers	14,448	-	14,448
Revenue from petrochemicals	8,738	-	8,738
Revenue from exploration and production activities	2,796	-	2,796
Revenue from aircraft maintenance and repairs, components leasing and sales	1,145	74	1,219
Revenue from satellite capacity leasing	513	242	755
Others	<u>575</u>	<u>484</u>	<u>1,059</u>
	<u>28,215</u>	<u>800</u>	<u>29,015</u>

Other revenue includes service concession fee, rental income, finance lease income and management and other fees income.

	<i>Six-month period ended 30 June</i>	
	<i>2023 AED millions (unaudited)</i>	<i>2022 AED millions (unaudited)</i>
<i>Timing of revenue recognition</i>		
Over a period of time	3,495	3,010
At a single point in time	<u>21,676</u>	<u>25,205</u>
Revenue from contracts with customers	<u>25,171</u>	<u>28,215</u>

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8 INVESTMENT INCOME / (LOSS) (NET)

	<i>Six-month period ended</i>	
	30 June	
	2023	2022
	AED	AED
	millions	millions
	(unaudited)	(unaudited)
Fair value gain / (losses) from non-derivative financial instruments (<i>net</i>)	6,811	(15,644)
Fair value gains from derivative financial instruments (<i>net</i>)	128	797
Dividend income from equity investments	1,371	350
Fair value gain from investment properties (<i>net</i>)	<u>10</u>	<u>264</u>
	<u>8,320</u>	<u>(14,233)</u>

9 CASH AND CASH EQUIVALENTS

	30 June	31 December
	2023	2022
	AED	AED
	millions	millions
	(unaudited)	(audited)
Bank balances:		
- deposit accounts	12,752	15,469
- call and current accounts	10,652	14,951
Money market funds (<i>see note (i)</i>)	3,673	1,836
Treasury bills	271	-
Cash in hand	<u>2</u>	<u>2</u>
Cash and cash equivalents	<u>27,350</u>	<u>32,258</u>

Bank balances are placed with commercial banks and are short-term in nature (less than 3 months maturity). Deposit and call accounts earn interest at prevailing market rates. Bank balances include AED 6,189 million (*31 December 2022: AED 8,081 million*) placed with entities under common control (*see note 19(d)*) on arm's length basis. Cash and cash equivalents include amount of AED 14,923 million (*31 December 2022: AED 16,145 million*) which pertains to Corporate.

- (i) Money market funds include investments in financial income and other liquid assets, made through a third-party manager. The investments are primarily made in United states, France and Japan and have maturity of less than 3 months.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023 (Unaudited)

10 OTHER RECEIVABLES AND PREPAYMENTS

	<i>30 June</i> 2023 <i>AED</i> <i>millions</i> <i>(unaudited)</i>	<i>31 December</i> 2022 <i>AED</i> <i>millions</i> <i>(audited)</i>
Amounts due from related parties (<i>see notes (i) and 19(d)</i>)	17,877	20,881
Restricted and long-term deposits (<i>see note (ii)</i>)	17,778	24,120
Receivables against disposal of financial assets	2,274	2,497
Advances to suppliers and contractors	1,182	1,206
Finance lease receivables	855	839
Prepaid expenses	673	491
Contract assets	626	302
Defined benefit plan assets	288	311
Receivables against government grants	187	190
Other receivables and prepayments	<u>4,470</u>	<u>5,695</u>
	46,210	56,532
Less: expected credit losses	<u>(441)</u>	<u>(444)</u>
	<u>45,769</u>	<u>56,088</u>

- (i) As at 30 June 2023, amounts due from related parties include service concession receivables amounting to AED 3,685 million (*31 December 2022: AED 3,803 million*), on account of services relating to the construction of buildings for certain universities. Service concession receivables are expected to be recovered over the respective concession periods of the universities which is expected to continue until the years 2034 to 2036. Amounts due from related parties also include deferred consideration of AED 670 million on the disposal of Mubadala Health (*see note 5(i)*).
- (ii) Includes long-term deposit amounting to AED 16,849 million (*31 December 2022: AED 23,302 million*) which represent deposits with an original maturity of more than three months out of which AED 15,628 million (*31 December 2022: AED 22,087 million*) pertains to Corporate. Long term deposits include AED 4,952 million (*31 December 2022: AED 7,411 million*) placed with entities under common control (*see note 19(d)*).

11 OTHER FINANCIAL ASSETS

	<i>30 June</i> 2023 <i>AED</i> <i>millions</i> <i>(unaudited)</i>	<i>31 December</i> 2022 <i>AED</i> <i>millions</i> <i>(audited)</i>
Loans receivable (<i>see note 11(a)</i>)	15,847	14,018
Investment in non-derivative financial instruments (<i>see note 11(b)</i>)	196,134	174,364
Derivative financial instruments	<u>2,577</u>	<u>2,713</u>
	<u>214,558</u>	<u>191,095</u>

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11 OTHER FINANCIAL ASSETS continued

(a) Loans receivable

	<i>30 June 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Loans to joint ventures	642	576
Loans to entities under common control	<u>-</u>	<u>122</u>
Loans to related parties	642	698
Less: expected credit losses	<u>(17)</u>	<u>(139)</u>
Loans to related parties (net) (see note 19(d))	<u>625</u>	<u>559</u>
Loans to third parties (see note (i))	15,850	14,099
Less: expected credit losses	<u>(628)</u>	<u>(640)</u>
Loans to third parties (net)	<u>15,222</u>	<u>13,459</u>
Total loans receivable	<u>15,847</u>	<u>14,018</u>

- (i) Loans given to third parties include loan investments made by a consolidated credit fund of the Group amounting to AED 11,155 million (31 December 2022: AED 10,664 million) and is represented by senior secured loans provided to middle-market businesses across multiple industries primarily located in the United States of America. These loans are secured, through share pledges, by the enterprise value of the obligors. As of 30 June 2023, this collateral represents approximately 241% (31 December 2022: 248%) of the carrying value of the senior secured loan portfolio.

(b) Investment in non-derivative financial instruments

	<i>30 June 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
i. Fair value through profit or loss (“FVTPL”) financial assets		
<u>Quoted investments</u>		
Equity securities (see note (i))	12,576	16,778
Debt securities (see note (ii))	7,685	5,716
Exchange traded fund	<u>1,190</u>	<u>-</u>
Total quoted investments	<u>21,451</u>	<u>22,494</u>

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11 OTHER FINANCIAL ASSETS continued**(b) Investment in non-derivative financial instruments** continued

	30 June 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
i. Fair value through profit or loss (“FVTPL”) financial assets continued		
<u>Unquoted investments</u>		
Convertible bonds and preference shares (<i>see note (iii)</i>)	12,032	8,410
Equity securities (<i>see note (iv)</i>)	33,052	28,921
Funds (<i>see note (v)</i>)	98,280	88,656
Loans receivable (<i>see note (vi)</i>)	<u>25,754</u>	<u>22,070</u>
<i>Total unquoted investments</i>	<u>169,118</u>	<u>148,057</u>
Total financial assets fair valued through profit or loss	<u>190,569</u>	<u>170,551</u>
ii. Fair value through other comprehensive income		
Quoted debt securities (<i>see note (vii)</i>)	5,499	3,747
Unquoted equity securities	<u>66</u>	<u>66</u>
Total financial assets fair valued through other comprehensive income	<u>5,565</u>	<u>3,813</u>
	<u>196,134</u>	<u>174,364</u>

- (i) During the period, the Group sold its 7.6% stake in Abu Dhabi Islamic Bank PJSC for a consideration of AED 2,517 million and 22.5 million shares in UniCredit S.p.A for a consideration of AED 1,546 million.

The Group recognised a net fair value gain of approximately AED 1,253 million on its investment in quoted equity securities (*for the period ended 30 June 2022: net fair value loss of approximately AED 5,344 million*).

- (ii) The Corporate segment has invested in fixed income and other liquid securities directly and through external managers. As at 30 June 2023, the amount invested in fixed income debt securities was AED 4,270 million (*31 December 2022: AED 3,643 million*).
- (iii) In April 2023, the Group acquired 15.6% ordinary shares and 29.3 million Class C preference shares in Nordic Connectivity AB (“GlobalConnect”) (*see note 12 (a) (ii)*). The Group acquired Class C preference shares for a consideration of AED 994 million and has classified them as FVTPL. Further, the Group’s investment in Getir B.V, which was earlier classified as unquoted equity securities, was converted into Convertible Series B Loan Notes with a carrying value of AED 830 million and the Group invested an additional AED 735 million in Convertible Series A Loan Notes.
- (iv) The Group made net new investments of AED 2,060 million. The Group recognised a net fair value gain of approximately AED 3,213 million on its investment in unquoted equity securities (*for the period ended 30 June 2022: net fair value gain of approximately AED 483 million*).
- (v) During the period, the Group made new investments of approximately AED 8,173 million and disposed investments of approximately AED 1,833 million in unquoted funds. The Group also recognised a net fair value gain of approximately AED 1,828 million (*for the period ended 30 June 2022: net fair value loss of approximately AED 10,561 million*) on its unquoted fund investment.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 OTHER FINANCIAL ASSETS continued

(b) Investment in non-derivative financial instruments continued

- (vi) During the period, the consolidated credit funds of the Group disbursed net additional loans of approximately AED 3,121 million.

Loans receivable measured at FVTPL amounting to AED 25,333 million (*31 December 2022: AED 20,454 million*) are represented by middle market-based first lien senior secured loans, unitranche loans, second lien loans across multiple industries primarily located in United States, United Kingdom and Europe. As of 30 June 2023, this collateral represents approximately a range of 141% - 351% (*31 December 2022: a range of 94% - 311%*) of the carrying value of the secured loan portfolio.

- (vii) During the period, a subsidiary of the Group made additional investment in marketable securities at a fair value of AED 1,750 million.

12 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

(a) Investments in equity accounted investees

	<i>30 June 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Investments in associates (<i>see notes (i) and (ii)</i>)	32,858	24,950
Investments in joint ventures	<u>52,810</u>	<u>51,662</u>
	<u>85,668</u>	<u>76,612</u>

(i) M42

In January 2023, the Group transferred its 100% interest in Mubadala Health, a subsidiary, to M42 in exchange for acquiring 45% interest in M42. The 45% interest in M42 is classified as an investment in associate with a carrying value of AED 8,274 million as at 30 June 2023 (*see note 5 (i)*).

(ii) GlobalConnect

In April 2023, the Group acquired 15.6% ordinary shares and 29.3 million Class C preference shares of GlobalConnect (*see note 11 (b) (iii)*). The Group exercises significant influence over GlobalConnect through the acquisition of 15.6% ordinary shares. Accordingly, the investment in ordinary shares is classified as an investment in associate with a carrying value of AED 960 million.

(b) (Loss) / income from equity accounted investees

	<i>Six-month period ended 30 June</i>	
	<i>2023 AED millions (unaudited)</i>	<i>2022 AED millions (unaudited)</i>
Share of results from equity accounted investees (<i>see note (i)</i>)	201	5,898
Impairment loss on equity accounted investees	(221)	(28)
Loss on divestment of equity accounted investees	—	<u>(29)</u>
	<u>(20)</u>	<u>5,841</u>

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30 June 2023 (Unaudited)

12 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES continued

(b) Income from equity accounted investees continued

- (i) During the period, the Group's share of results from equity accounted investees has declined mainly on an account of reduction in commodity prices and tax imposed on Spanish energy companies.

13 INVESTMENT PROPERTIES

During the six-month period ended 30 June 2023, the Group acquired investment properties with a carrying amount of AED 192 million (*six-month period ended 30 June 2022: AED 27 million*). Further, during the same period investment properties with a carrying amount of AED 73 million (*six-month period ended 30 June 2022: AED 4,007 million*) were transferred to assets held for sale.

14 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2023, the Group acquired and constructed property, plant and equipment with a cost of AED 4,520 million (*six-month period ended 30 June 2022: AED 8,047 million*).

During the six-month period ended 30 June 2023, impairment losses amounting to AED 5 million were reversed (*six-month period ended 30 June 2022: AED 33 million*).

15 INTEREST-BEARING BORROWINGS

	30 June 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
Borrowings (<i>see note (a)</i>)	137,467	134,315
Lease liabilities	<u>3,471</u>	<u>3,415</u>
	<u>140,938</u>	<u>137,730</u>
(a) Borrowings		
Unsecured corporate bonds	79,181	78,771
Unsecured bank borrowings	15,251	14,395
Secured bank borrowings	<u>43,035</u>	<u>41,149</u>
	<u>137,467</u>	<u>134,315</u>

Included in unsecured corporate bonds and unsecured bank borrowings at 30 June 2023 were borrowings of AED 14,440 million (*31 December 2022: AED 17,573 million*) which have been designated as a hedge of net investments in certain foreign operations. Further, secured bank borrowings of AED 22,277 million (*31 December 2022: AED 20,121 million*) are carried at fair value and are consolidated through controlled credit funds of the Group.

Total undrawn borrowing facilities, as at the reporting date, amounted to AED 24,426 million (*31 December 2022: AED 22,634 million*), of which AED 9,184 million (*31 December 2022: AED 9,184 million*) pertains to Corporate.

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30 June 2023 (Unaudited)

15 INTEREST-BEARING BORROWINGS continued

(a) Borrowings continued

Summarised below are assets pledged as securities against secured borrowings as at period/year end:

	<i>30 June</i> <i>2023</i> <i>AED</i> <i>millions</i> <i>(unaudited)</i>	<i>31 December</i> <i>2022</i> <i>AED</i> <i>millions</i> <i>(audited)</i>
<i>Secured bank borrowings:</i>		
Property, plant and equipment	32,642	30,531
Loans receivable from third parties	36,208	31,756
Inventory	2,601	2,344
Restricted cash	<u>1,934</u>	<u>312</u>
	<u>73,385</u>	<u>64,943</u>

In addition to the above, certain borrowings and bonds are secured through letters of credit, pledges on project proceeds (receivables), net investment in joint operations, debt and equity securities and bank balances.

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

	<i>30 June</i> <i>2023</i> <i>AED</i> <i>millions</i> <i>(unaudited)</i>	<i>31 December</i> <i>2022</i> <i>AED</i> <i>millions</i> <i>(audited)</i>
Corporate	81,091	79,556
NOVA Chemicals Corporation (“NOVA”)	13,867	13,610
GlobalFoundries Inc.	8,925	9,222
GR Sowwah Retail Mezz Ltd (“GAMI”)	2,729	2,744
Al Maqsed Development Company PJSC	2,193	2,260
Al Yah Satellite Communications Company PJSC (“Yahsat”)	1,739	1,914
Mubadala Energy Holding Company LLC	1,222	1,249
Sanad Aero Solutions Holdings LLC	1,117	1,258
Consolidated credit funds	22,277	20,121
Other subsidiaries	<u>2,307</u>	<u>2,381</u>
	<u>137,467</u>	<u>134,315</u>

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

	<i>30 June</i> <i>2023</i> <i>AED</i> <i>millions</i> <i>(unaudited)</i>	<i>31 December</i> <i>2022</i> <i>AED</i> <i>millions</i> <i>(audited)</i>
At 1 January	134,315	122,802
Additions	14,162	36,479
Repayments	(11,346)	(20,537)
Transfer to liabilities associated with assets classified as held for sale	-	(1,897)
Foreign exchange fluctuations and other movements	<u>336</u>	<u>(2,532)</u>
At the end of the period / year	<u>137,467</u>	<u>134,315</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023 (Unaudited)

15 INTEREST-BEARING BORROWINGS continued

(b) Borrowings continued

The estimated fair value of interest-bearing borrowings is as follows:

	30 June 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
Level 1	73,175	71,383
Level 2	2,264	2,428
Level 3	<u>57,135</u>	<u>54,062</u>
	<u>132,574</u>	<u>127,873</u>

16 OTHER RESERVES

	<i>Statutory reserves</i>	<i>Foreign currency translation reserves</i>	<i>Hedging and other reserves</i>	<i>Reserves from discontinued operations</i>	<i>Total</i>
<i>All amount in AED millions</i>					
At 1 January 2023 (audited)	1,582	(844)	1,866	293	2,897
Exchange difference on translation of foreign operations	-	654	-	-	654
Loss on hedge of net investment in foreign operations	-	(338)	-	-	(338)
Effective portion of changes in fair values of cash flow hedges and other reserves (net of tax)	-	-	(42)	-	(42)
Share of other comprehensive loss of associates and joint ventures	-	-	(113)	-	(113)
Net movement in defined benefit plan (net of tax)	-	-	(17)	-	(17)
Transfer to disposal group held for sale	<u>-</u>	<u>(133)</u>	<u>-</u>	<u>133</u>	<u>-</u>
At 30 June 2023 (unaudited)	<u>1,582</u>	<u>(661)</u>	<u>1,694</u>	<u>426</u>	<u>3,041</u>
At 1 January 2022 (audited)	1,582	(899)	383	-	1,066
Exchange difference on translation of foreign operations	-	(2,997)	-	-	(2,997)
Movement on hedge of net investment in foreign operations	-	1,914	-	-	1,914
Effective portion of changes in fair values of cash flow hedges (net of tax)	-	-	500	-	500
Share of other comprehensive gain of equity accounted investees	-	-	1,663	-	1,663
Net movement in defined benefit plan (net of tax)	-	-	29	-	29
Transfer of reserve of disposal group held for sale (see note 5 (iii))	<u>-</u>	<u>556</u>	<u>(1,121)</u>	<u>565</u>	<u>-</u>
At 30 June 2022 (unaudited)	<u>1,582</u>	<u>(1,426)</u>	<u>1,454</u>	<u>565</u>	<u>2,175</u>

16 OTHER RESERVES continued

Statutory reserve

As required by the UAE Federal Law No. 32 of 2021 and the articles of association of certain subsidiaries registered in UAE, 10% of profit from previous years were transferred to the statutory reserve. The statutory reserve is not available for distribution as dividend.

Hedging and other reserve

Hedging reserve comprises the effective portion of the cumulative net change from cash flow hedges related to hedged transactions that has not yet been recycled to profit and loss accounts. Other reserve comprises of the Group's share in the other comprehensive income of equity accounted associates and joint ventures.

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.

As at 30 June 2023, borrowings with notional amounts of AED 14,486 million (EUR 3,615 million) (*31 December 2022: AED 17,509 million (EUR 4,453 million)*) were designated as a hedge of the net investments in OMV AG ("OMV") and Compañía Española de Petróleos, S.A.U. ("CEPSA") with EUR functional currencies. These borrowings are used to hedge the Group's exposure to EUR foreign exchange risk on those investments. Loss on the translation of these borrowings amounting to AED 268 million (*six month-period ended 30 June 2022: gain of AED 1,165 million*) were recognised in other comprehensive income to offset losses/gains on translation of foreign operations. There was no ineffectiveness recorded during the period.

The Group, as at 30 June 2023, has also designated the EUR leg of certain swaps as hedging instruments for net investments in OMV and CEPSA with EUR functional currencies, with notional amount of AED 3,755 million (EUR 937 million) (*31 December 2022: AED 3,684 million (EUR 937 million)*). A portion of the fair value loss on the hedging instruments, relating to foreign exchange loss and amounting to AED 71 million (*six month-period ended 30 June 2022: gain of AED 185 million*), was recognised in other comprehensive income to offset losses/gains on translation of foreign operations. The difference between the fair value of the swaps and related foreign exchange difference on the hedged instrument, amounting to a gain of AED 22 million (*six-month period ended 30 June 2022: a gain of AED 157 million*), was recorded in profit or loss within fair value gains from derivative financial instruments. There was no ineffectiveness recorded during the period.

Disposal of Borealis in 2022

As at 30 June 2022, prior to disposal of Borealis (*see note 5(iii)*), the Group had designated a borrowing with notional amount of AED 4,211 million (EUR 1,093 million) and the EUR leg of certain swaps with notional amount of AED 2,474 million (EUR 642 million) as hedging instruments in relation to the Group's net investment in Borealis. Gains on the translation of this borrowing amounting to AED 356 million and a component of the swaps net fair value movement on the hedging instrument comprising of foreign gains amounting to AED 209 million were recognised in other comprehensive income to offset gains or losses on translation of Borealis into reporting currency of the Group. The difference between the fair value of the swaps and related foreign exchange difference on the hedged instrument, amounting to a loss of AED 211 million was recorded in profit or loss within fair value gains from derivative financial instruments.

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17 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments - Group

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

	30 June 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
Commitments for capital expenditure (<i>see note (i)</i>)	9,894	13,661
Commitments for financial investments (<i>see note (ii)</i>)	66,982	65,666
Unfunded loan commitments	2,898	2,298
Operating lease commitments	-	74
Other commitments, including feedstock and other raw materials	72,737	59,606
Exploration commitments	<u>102</u>	<u>132</u>
	<u>152,613</u>	<u>141,437</u>

(i) Commitment for capital expenditures includes commitment for construction of property plant and equipment and development of investment properties of the Group.

(ii) Significant outstanding commitments for equity investments include the following:

	30 June 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
Apollo Capital Markets Partnership (Offshore) L.P.	6,979	6,979
Softbank Vision Fund	6,597	6,597
MICAD Credit JV RSC Ltd	4,178	4,408
Silver Lake Long-Term Capital – A, L.P.	1,694	2,822
Ares MC Secondaries Credit Co LP	2,755	-
MC Private Equity IV-C, LP	1,585	2,702
BDT Capital Partner Fund 4, LP	1,537	2,755
ADGM Catalyst Fund	2,440	2,633
LAC 1 Fund	1,840	2,491
GlobalConnect	450	2,204

17 COMMITMENTS AND CONTINGENT LIABILITIES continued

(c) Contingencies

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

	30 June 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
Contingent liabilities of the Group (<i>see note (i)</i>)	<u>960</u>	<u>923</u>

- (i) 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 believes 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 interim consolidated 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 judgements 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 a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceedings.

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

GlobalFoundries

On 28 April 2021, International Business Machines ("IBM") sent GlobalFoundries a letter alleging for the first time that GlobalFoundries did not fulfill its obligations under the contracts entered into with IBM in 2014 associated with GlobalFoundries's acquisition of IBM's Microelectronics business. IBM asserted that GlobalFoundries engaged in fraudulent misrepresentations during the underlying negotiations and claimed GlobalFoundries owed them AED 9,184 million (USD 2,500 million) in damages and restitution. On 7 June 2021, GlobalFoundries filed a complaint with the New York State Supreme Court (the "Court") seeking a declaratory judgment that it did not breach the relevant contracts. IBM subsequently filed its complaint with the Court on 8 June 2021. On 14 September 2021, the Court granted a motion to dismiss IBM's claims of fraud, unjust enrichment and breach of the implied covenant of good faith and fair dealing. GlobalFoundries complaint seeking declaratory judgment was dismissed. IBM appealed the Court's dismissal of its fraud claim (but not the other two dismissed claims) and on 7 April 2022, the Appellate Division, First Department reversed the dismissal. GlobalFoundries believes, based on discussions with legal counsel and following the completion of fact and expert discovery, that it has meritorious defenses against IBM's claims and intends to vigorously defend against them. GlobalFoundries does not currently anticipate this proceeding to have a material impact on its results of operations, financial condition, business and prospects.

18 LITIGATIONS continued

NOVA Chemicals

In 2006, Dow Chemical Canada ULC and its European affiliate (collectively, "Dow") filed a claim against NOVA Chemicals in the Court of King's Bench of Alberta concerning the jointly owned third ethylene plant at the Joffre site.

- i. On 24 September 2019, a judgement was filed with the Court of King's Bench of Alberta awarding Dow damages and interest (for the period 2001-2012 in the aggregate amount of CAD 1,430 million (AED 3,966 million). On 10 October 2019, NOVA paid the amount in full to satisfy the judgement. NOVA appealed this decision to the Court of Appeal of Alberta and was successful in 4 out of the 5 issues appealed. The Court of Appeal of Alberta remanded such issues back to the Court of King's Bench of Alberta for redetermination (the "Base Trial").
- ii. Trial in the Court of King's Bench of Alberta for damages for the period 2013 to June 2018 (the "Top-Up Trial") began in December 2021 and has been combined with certain issues regarding the Base Trial remanded back by the Court of Appeal. The trial is expected to continue through 2024.

GR Sowwah Retail Limited ("GR")

GR appointed Multiplex Construction LLC ("Multiplex" or "Contractor") to undertake the design and construction of Al Maryah Central, now known as Galleria Al Maryah Island ("the Mall"). The Mall work has been delayed due to a number of reasons as claimed by Multiplex. However, GR's position is that due to delay caused by Multiplex, GR is entitled to delay damages. Both parties disagree as to the Contractor's culpability for these delays, including any additional payments.

In 2021, Multiplex issued its Request for Arbitration following the end of the standstill period. Emergency Arbitration proceedings relating to calls on bonds were commenced and concluded in April 2021.

Multiplex submitted its Statement of Claim on 10 June 2022 and GR submitted its Defence and Counterclaim on 9 January 2023. Multiplex's reply to the Defence and Counterclaim was submitted on 31 March 2023 and GR's Rejoinder was filed on 13 June 2023. Multiplex's Rejoinder was filed on 18 August 2023 and the arbitration proceedings are now in the document disclosure stage. The main arbitration hearing is expected to be held in mid-2024. The management estimated that it is not expected that there will be cash outflow relating to these claims and hence, there is no liability accrued as at 30 June 2023.

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 Group's key management personnel and Board of Directors

During the six-month period, the Parent recharged key management personnel's compensation amounting to AED 30 million (*six-month period ended 30 June 2022: AED 25 million, excluding payments made during the period*).

(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.

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19 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES continued

(c) *Related party transactions* continued

Transactions with related parties during the period were as follows:

<i>All amounts in AED millions</i>	<i>Revenue</i>	<i>Purchases of goods and services</i>	<i>Interest bearing borrowings drawn</i>	<i>Interest bearing borrowings repaid</i>	<i>Loans given</i>	<i>Loans recovered</i>	<i>Finance income</i>	<i>Finance cost</i>
<i>Six-month period ended 30 June 2023 (unaudited)</i>								
Entities under common control	867	12	28	82	-	-	353	107
Associates	3	6	-	-	-	-	-	-
Joint ventures	206	151	-	-	82	16	-	-
Ultimate Parent	42	-	-	-	-	-	-	-
	<u>1,118</u>	<u>169</u>	<u>28</u>	<u>82</u>	<u>82</u>	<u>16</u>	<u>353</u>	<u>107</u>
<i>Six-month period ended 30 June 2022 (unaudited)</i>								
Entities under common control	2,077	61	1,787	120	-	-	214	81
Associates	92	2	-	-	-	-	-	-
Joint ventures	188	134	-	-	-	-	-	-
Ultimate Parent	26	-	-	-	-	-	1	-
	<u>2,383</u>	<u>197</u>	<u>1,787</u>	<u>120</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>81</u>

	<i>For the six-month period ended</i>	
	30 June	30 June
	2023	2022
	AED millions	AED millions
	(unaudited)	(unaudited)

Other significant transactions:

Settlement by Ultimate Parent for recoverable projects	<u>5,617</u>	<u>7,653</u>
Recharge of expenses from Parent	<u>549</u>	<u>531</u>
Cash calls paid to joint ventures	<u>382</u>	<u>361</u>
Income from provision of manpower, project management and consultancy services to joint ventures	<u>193</u>	<u>84</u>
Other miscellaneous transactions with associates, joint ventures and to entities under common control	<u>19</u>	<u>127</u>
Net additions to shareholder current account (<i>see note 4 (i)</i>)	<u>562</u>	<u>108</u>

The transactions in the table above include amounts presented as discontinued operations, where applicable.

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19 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES continued

(d) Related party balances

	Bank balances	Long term deposits	Amounts due to related parties (see notes (i) and (ii))	Amounts due from related parties (see note (iii))	Advances from related parties (see note (ii))	Loans to related parties (see note (iv))	Finance lease receivables	Interest bearing borrowings	Additional shareholder contributions (see note (v))
<i>All amounts in AED millions</i>									
Entities under common control	6,189	4,952	2,963	8,421	1,906	-	298	16,073	-
Associates	-	-	7	763	-	-	-	-	-
Joint ventures	-	-	80	573	3,306	625	-	-	-
Ultimate parent	-	-	25	7,979	778	-	-	-	-
Shareholder / Parent	-	-	1,471	-	-	-	-	-	117,860
30 June 2023 (unaudited)	<u>6,189</u>	<u>4,952</u>	<u>4,546</u>	<u>17,736</u>	<u>5,990</u>	<u>625</u>	<u>298</u>	<u>16,073</u>	<u>117,860</u>
Entities under common control	8,081	7,411	2,739	8,437	1,394	-	281	12,315	-
Associates	-	-	28	75	-	-	-	-	-
Joint ventures	-	-	62	616	3,306	559	-	-	-
Ultimate parent	-	-	25	11,536	790	-	-	-	-
Shareholder / Parent	-	-	7,150	-	-	-	-	-	117,860
31 December 2022 (audited)	<u>8,081</u>	<u>7,411</u>	<u>10,004</u>	<u>20,664</u>	<u>5,490</u>	<u>559</u>	<u>281</u>	<u>12,315</u>	<u>117,860</u>

(i) The balances in the table above are net of impairment and ECLs, where applicable.

(ii) Amounts due to related parties and advances from related parties are included in other liabilities.

(iii) Amounts due from related parties are included in other receivables and prepayments (see note 10), net of impairment of AED 320 million (31 December 2022: AED 348 million).

(iv) Loans to related parties are included in loan receivable (see note 11(a)).

(v) Additional shareholder contributions represent interest free loans from the Shareholder with no fixed repayment terms. These loans meet the definition of equity instruments rather than liability, and accordingly are presented within equity.

(vi) Ultimate Parent in this note includes the Government of Abu Dhabi and the Abu Dhabi Department of Finance.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

20 FAIR VALUE DISCLOSURES

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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2023 (unaudited)

AED millions	Carrying amount	Fair value	Level 1	Level 2	Level 3
Investments in non-derivative financial assets					
<u>Financial assets at FVTPL</u>					
Quoted investments					
Equity securities	12,576	12,576	12,456	-	120
Debt securities	7,685	7,685	5,168	666	1,851
Exchange traded funds	1,190	1,190	1,190	-	-
Unquoted investments					
Convertible bonds and preference shares	12,032	12,032	-	1,031	11,001
Equity securities	33,052	33,052	-	-	33,052
Funds	98,280	98,280	-	3,043	95,237
Loans receivable	25,754	25,754	-	-	25,754
<u>Financial assets at FVOCI</u>					
Unquoted equity securities	66	66	-	-	66
Quoted debt securities	5,499	5,499	5,499	-	-
	<u>196,134</u>	<u>196,134</u>	<u>24,313</u>	<u>4,740</u>	<u>167,081</u>

Investments in derivative financial assets and liabilities measured at fair value

Derivative financial assets (see note (i))	<u>2,577</u>	<u>2,577</u>	<u>-</u>	<u>1,724</u>	<u>853</u>
Derivative financial liabilities (see note (i))	<u>951</u>	<u>951</u>	<u>-</u>	<u>951</u>	<u>-</u>

As at 31 December 2022 (audited)

Investment in non-derivative financial assets

<u>Financial assets at FVTPL</u>					
Quoted investments					
Equity securities	16,778	16,778	16,323	335	120
Debt securities	5,716	5,716	3,385	559	1,772
Unquoted investments					
Convertible bonds and preference shares	8,410	8,410	-	985	7,425
Equity securities	28,921	28,921	-	-	28,921
Funds	88,656	88,656	-	1,441	87,215
Loans receivable	22,070	22,070	-	-	22,070
<u>Financial assets at FVOCI</u>					
Unquoted equity securities	66	66	66	-	-
Quoted debt securities	3,747	3,747	3,747	-	-
	<u>174,364</u>	<u>174,364</u>	<u>23,521</u>	<u>3,320</u>	<u>147,523</u>

Investments in derivative financial assets and liabilities measured at fair value

Derivative financial assets (see note (i))	<u>2,713</u>	<u>2,713</u>	<u>-</u>	<u>2,050</u>	<u>663</u>
Derivative financial liabilities (see note (i))	<u>1,319</u>	<u>1,319</u>	<u>-</u>	<u>1,319</u>	<u>-</u>

The fair value of the financial instruments measured at amortised cost approximates its carrying amount.

(i) Derivative instruments of the Group carried at fair value includes options, warrants, forwards and swaps.

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20 FAIR VALUE DISCLOSURES continued

The following table shows the valuation techniques used in measuring Level 1, Level 2 and Level 3 fair values, as well as the significant unobservable inputs used except for banking operations.

<i>Type of financial asset / liability</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable inputs</i>
<u>Financial assets at FVTPL – Quoted</u>		
Quoted equity securities – Level 1	Quoted bid prices in an active market	-
Quoted equity securities – Level 3	Market approach	<ul style="list-style-type: none"> • P/E multiple of 25x to 30x • Dividend yield of 6% - 7%
Quoted debt securities – Level 1	Quoted bid prices in an active market	-
Quoted debt securities – Level 2	Quoted bid prices in an inactive market	-
Quoted debt securities – Level 3	Income approach	<ul style="list-style-type: none"> • Discount rate of 18% including company risk premium.
Quoted exchange traded fund – Level 1	Quoted bid prices in an active market	-
<u>Financial assets at FVTPL – Unquoted</u>		
Unquoted convertible bonds – Level 2	A combination of bond value and Black Scholes model along with consideration of converted equity value	<ul style="list-style-type: none"> • Discount rate of 7.3% and 7.9% • Volatility of 55%-56%
Unquoted convertible bonds – Level 3	Combination of calibration, market and income Approach	<ul style="list-style-type: none"> • 18.5x EBITDA TV multiple • 40/20% discount to total equity value • Unlevered discounted cash flow adjusted for normalized management fee of 1.5% and capex reserve of \$250/unit (residential), and capex reserve of \$0.10 PSF (commercial)
Unquoted equity securities – Level 3	Combination of market, discounted cash flows, income approach and transaction price	<ul style="list-style-type: none"> • Discount rate of 9.5%-25.1% • Enterprise value (“EV”)/EBITDA multiple of 6.5x to 26.5x where applicable • 1.0x of the investment value
Loans receivable – Level 3	Discounted cash flows, combination of market and income approach	<ul style="list-style-type: none"> • Discount rate of 4.24% - 18.96% • Market yield of 1%-15% • 6.55x to 23x on EBITDA
Unquoted funds – Level 3	Net asset value provided by the fund manager	-
Derivative assets / liabilities – Level 2	Market approach. Value is based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates	-
Warrants – Level 3	Black Scholes Option Pricing	<ul style="list-style-type: none"> • Volatility of 31.53% • Yield of 2.24%
Interest rate swaps and foreign exchange forward contracts at FVTPL – Level 2	Net present value of estimated cash flows, based on forward interest rates (from observable yield curves at the end of the	-

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20 FAIR VALUE DISCLOSURES continued

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

	<i>30 June 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
At 1 January (<i>audited</i>)	148,186	142,057
Additions and other movements	16,588	42,476
Change in fair value recognised in profit or loss (<i>net</i>) (<i>see note (i)</i>)	5,883	(13,323)
Disposals and other movements	(2,911)	(21,674)
Transfers to / (out of) of level 3	<u>188</u>	<u>(1,350)</u>
At the end of the period / year	<u>167,934</u>	<u>148,186</u>

- (i) The total net increase / (decrease) in fair value was recorded in investment income (*net*) in the interim consolidated statement of comprehensive income.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2023 (Unaudited)

21 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	<i>Within 12 months AED million</i>	<i>After 12 months AED million</i>	<i>Total AED million</i>
30 June 2023 (unaudited)			
Assets			
Cash and cash equivalents	27,350	-	27,350
Trade receivables	6,368	-	6,368
Inventories	9,165	-	9,165
Other receivables and prepayments	33,971	11,798	45,769
Other financial assets	6,935	207,623	214,558
Investment in equity accounted investees	-	85,668	85,668
Investment properties	-	11,022	11,022
Property, plant and equipment	-	87,556	87,556
Intangible assets	-	6,818	6,818
Deferred tax assets	-	1,222	1,222
Assets classified as held for sale	<u>15,074</u>	<u>-</u>	<u>15,074</u>
Total assets	<u>98,863</u>	<u>411,707</u>	<u>510,570</u>
Liabilities			
Trade payables	4,622	-	4,622
Income tax payable	237	-	237
Interest-bearing borrowings	16,959	123,979	140,938
Other liabilities	19,079	9,691	28,770
Provisions	1,523	2,120	3,643
Deferred tax liabilities	-	5,110	5,110
Liabilities directly associated with assets classified as held for sale	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>42,420</u>	<u>140,900</u>	<u>183,320</u>
Net	<u>56,443</u>	<u>270,807</u>	<u>327,250</u>

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30 June 2023 (Unaudited)

21 MATURITY ANALYSIS OF ASSETS AND LIABILITIES continued

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	<i>Within 12 months AED million</i>	<i>After 12 months AED million</i>	<i>Total AED million</i>
31 December 2022 (audited)			
Assets			
Cash and cash equivalents	32,258	-	32,258
Trade receivables	6,446	-	6,446
Inventories	8,844	-	8,844
Other receivables and prepayments	47,483	8,605	56,088
Other financial assets	6,911	184,184	191,095
Investment in equity accounted investees	-	76,612	76,612
Investment properties	-	10,954	10,954
Property, plant and equipment	-	87,255	87,255
Intangible assets	-	6,807	6,807
Deferred tax assets	-	1,330	1,330
Assets classified as held for sale	<u>25,404</u>	<u>-</u>	<u>25,404</u>
Total assets	<u>127,346</u>	<u>375,747</u>	<u>503,093</u>
Liabilities			
Trade payables	6,135	-	6,135
Income tax payable	163	-	163
Interest-bearing borrowings	9,338	128,392	137,730
Other liabilities	26,535	9,286	35,821
Provisions	1,475	2,068	3,543
Deferred tax liabilities	-	5,045	5,045
Liabilities directly associated with assets classified as held for sale	<u>3,723</u>	<u>-</u>	<u>3,723</u>
Total liabilities	<u>47,369</u>	<u>144,791</u>	<u>192,160</u>
Net	<u>79,977</u>	<u>230,956</u>	<u>310,933</u>

22 OTHER RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks relating to changes in the legislation applicable to activities and/or the industry

The activities carried on by the Group are subject to various legislations. The changes that might arise could affect the structure under which activities are performed and the results generated by operations.

Industrial risks, prevention and safety

The Group ensures that the safety control system applied is in accordance with international specifications. Also, in place are action procedures that reflect the standards developed in accordance with best practices, which ensure the maximum possible level of safety, paying special attention to the elimination of risk at source. The objective of this system is ongoing improvement in risk reduction, focused on various activities, such as work planning, the analysis and monitoring of corrective actions derived from incidents and accidents, internal audits, periodic inspections of the facilities and supervision of maintenance work and operations.

Environmental risks

Certain activities of companies within the Group, may give rise to an impact on the environment through emissions into the air, water, soil and ground water and also through the handling and treatment of waste. In this connection, the Group ensures that all its industrial plants are awarded their integrated environmental permits, which involve rigorous control over their processes with the aim of minimising impact on the environment. Further, the Group's objective is to minimise the impact of its activities on the environment where it operates its industrial plants, which is reflected in internal environmental protection policies of the group companies and is regulated by the relevant authorities.

Risks related to Russia and Ukraine

The crisis in Ukraine has resulted in significant global economic uncertainty and volatility. The Group's financial exposure to Russia and Ukraine is not material but the Group continues to monitor and assess the situation closely including any direct or indirect financial impact.

Risks related to tax

The Group's results of operations could be materially adversely affected by changes in tax-related matters. The Group conducts operations and sell products in various countries and, as a result, is subject to taxation and audit by a number of taxing authorities. Tax rates vary in the jurisdictions in which the Group operates. Changes in tax laws, regulations and related interpretations in these countries may adversely affect the Group's business and results of operations.

In addition, the Group is subject to laws and regulations in various jurisdictions that determine how much profit has been earned and when such profit is subject to taxation in that jurisdiction. Changes in these laws and regulations could affect the locations where the Group is deemed to earn income, which could in turn adversely affect its business and results of operations.

23 SIGNIFICANT NON-CASH TRANSACTIONS

The Group had entered into significant non-cash transactions, as disclosed in notes 4, 5, 19 (c) and interim condensed consolidated statement of changes in equity, which are not reflected in the interim condensed consolidated statement of cash flows.

24 COMPARATIVE FIGURES

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

25 MATERIAL SUBSEQUENT EVENTS

There have been no material subsequent events that would require disclosure or affect the amounts reported in the interim condensed consolidated financial statements as at and for the period ended 30 June 2023.