

Mamoura Diversified Global Holding PJSC

BOARD OF DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Mamoura Diversified Global Holding PJSC

Consolidated financial statements

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Mamoura Diversified Global Holding PJSC

BOARD OF DIRECTORS' REPORT

For the year ended 31 December 2023

The Board of Directors is pleased to present the consolidated financial statements of Mamoura Diversified Global Holding PJSC (the "Company" or "MDGH") and its subsidiaries (together the "Group") for the year ended 31 December 2023.

Financial Highlights

The financial performance of MDGH for the year ended 31 December 2023 is reflective of the significant improvement in the performance of the financial assets of the Group (*see note 18*) as well as profits the Group has earned from its continuing and discontinued operations.

Revenue for the year ended 31 December 2023 was AED 51,802 million as compared to AED 57,200 million (as reclassified) for the year ended 31 December 2022.

Profit for the year attributable to the Owner of the Group was AED 29,940 million for the year ended 31 December 2023 as compared to AED 4,687 million for the year ended 31 December 2022 and total comprehensive income for the year attributable to the Owner of the Group for the year ended 31 December 2023 was AED 29,881 million compared to AED 6,518 million for the year ended 31 December 2022.

Total assets were AED 539,422 million as at 31 December 2023 as compared to AED 503,093 million as at 31 December 2022. Total liabilities were AED 197,281 million as at 31 December 2023 as compared to AED 192,160 million as at 31 December 2022.

Total equity attributable to the Owner of the Group was AED 331,647 million as at 31 December 2023 as compared to AED 301,306 million as at 31 December 2022.

Statutory auditor appointment

2023 was the last year of appointment of KPMG Lower Gulf Limited as the statutory auditors of the Group. PricewaterhouseCoopers Limited Partnership - Abu Dhabi has been appointed as the statutory auditors of the Group for the year ending 31 December 2024.

For and on behalf of the Board of Directors,

//Signed//

Waleed Al Mokarrab Al Muhairi
Chairman

//Signed//

Carlos Obeid
Group Chief Financial Officer

14 May 2024



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Independent auditors' report

To the Shareholder of Mamoura Diversified Global Holding PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mamoura Diversified Global Holding PJSC ("MDGH" or "the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable requirements of Financial Statements Auditing Standards for the Subject Entities issued vide ADAA Chairman's Resolution No. (88) of 2021 in the United Arab Emirates (ADAA Auditing Standards). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical and independence requirements of United Arab Emirates that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification of investments

The key audit matter	How the matter was addressed in our audit
<p>Given that the Group's principal activity is in investing and managing investments through different holdings in investees, management is required to determine the basis of accounting of its investments. In particular, the Group is required to assess whether it controls, jointly controls or exercises significant influence on certain investees considering the applicable IFRS Accounting Standards alongside other relevant factors.</p> <p>This is considered a key audit matter due to the significance of the judgement in classification of investments to the consolidated financial statements as a whole as well as the significant judgement involved in determining control, joint control or significant influence or the loss of it over the acquisitions and partial disposals made during 2023.</p>	<p>We obtained an understanding over management's processes relating to classification of investments on initial recognition and subsequent reassessments, including evaluating the design and implementation of the key controls.</p> <p>We examined on a sample basis, contractual arrangements relating to the significant investments (including shareholder agreements, among others) held by the Group, focusing on the rights attributed to the Group in investees. We also evaluated management's assessment of determining control, joint control or significant influence or the loss of it in accordance with the applicable IFRS Accounting Standards, for a sample of significant investments held by the Group.</p> <p>We assessed the adequacy of the disclosures in the consolidated financial statements of the Group in accordance with the applicable IFRS Accounting Standards.</p>

Valuation of financial assets measured at fair value and classified as Level 3 in the fair value hierarchy

Refer to notes 18 and 35(d) to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group's Level 3 financial assets measured at fair value include investments in equity securities, debt securities, funds, loans receivable and convertible bonds and preference shares for which the Group determines the fair value using discounted cash flow models, combination of calibration, market and income approach, transaction price and Net Asset Valuation (NAV) statements that use significant unobservable inputs.</p>	<p>We obtained an understanding over management's processes relating to valuation of financial assets measured at fair value and classified as Level 3, including evaluating the design and implementation of the key controls.</p> <p>We evaluated on a sample basis, with involvement of our valuation specialists, the valuation methodologies, key inputs and reasonableness of assumptions used by management to value these financial assets.</p>

Valuation of financial assets measured at fair value and classified as Level 3 in the fair value hierarchy (continued)

The key audit matter	How the matter was addressed in our audit
<p>Estimation uncertainty exists for Level 3 financial assets measured at fair value, where the valuation methodology use significant unobservable valuation inputs.</p> <p>As at 31 December 2023, the Group held AED 199 billion of Level 3 financial assets measured at fair value, which represent 83% of the total other financial assets. The valuation of the Group's financial assets in Level 3 fair value hierarchy was therefore considered a key audit matter given the degree of complexity involved in valuing these financial assets and the significance of the judgments and estimates made by the management in those valuations.</p>	<p>We tested the valuation of a sample of Level 3 financial assets measured at fair value. Depending on the nature of these financial asset, we engaged our valuation specialists, to assess the accuracy of key inputs used in management's valuation and benchmark them with external data, where relevant. Further, on a sample basis, for fair values of funds based on NAV statements, we inspected latest available NAV statements and agreed the NAV to audited fund financial statements where they were available or performed alternative audit procedures, as necessary.</p> <p>We assessed the adequacy of the disclosures in the consolidated financial statements of the Group in accordance with the applicable IFRS Accounting Standards.</p>

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the applicable provisions of the Company's Articles of Association and applicable requirements of the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ADAA Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and ADAA Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the Company's Articles of Association and UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2023:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and UAE Federal Decree Law No. 32 of 2021, and are in conformity with the books of account;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- v) as disclosed in notes 6, 18(b), 20 and 35(d) to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2023;
- vi) note 31 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2023.

Report on Other Legal and Regulatory Requirements (continued)

Further, as required by the Abu Dhabi Accountability Authority's Chairman Resolution No.(88) of 2021 pertaining to Financial Statements Auditing Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2023, the Group has engaged an auditor to perform an assurance engagement to provide a consolidated reasonable assurance report on the effectiveness of internal controls over financial reporting at the consolidated financial statements of Mubadala Investment Company PJSC ("the Parent Company"). Noting the above, nothing else has come to our attention that causes us to believe that the Company has not complied, in all material aspects, with any of the provisions of the following laws applicable to its activities, regulations and circulars as applicable, which would have a material impact on the consolidated financial statements as at 31 December 2023:

- i) Law No. (1) of 2017 (as amended) concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities;
- ii) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- iii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Group's consolidated financial statements.

KPMG Lower Gulf Limited

Avtar Singh Jalif
Registration No.: 5413
Abu Dhabi, United Arab Emirates

Date: 14 May 2024

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 AED millions	2022 AED millions
CONTINUING OPERATIONS			
Revenue	9	51,802	57,200
Cost of sales	10	<u>(39,991)</u>	<u>(41,636)</u>
Gross profit		11,811	15,564
Research, development and exploration expenses		(1,833)	(2,106)
General and administrative expenses	11	(9,090)	(8,057)
Investment income / (loss) (<i>net</i>)	12	22,535	(19,553)
Income from equity accounted investees (<i>net</i>)	20(b)	1,570	7,249
Other income (<i>net</i>)	13	1,015	2,630
Impairment losses related to financial assets at amortised cost (<i>net</i>)	35(a)	<u>(1,414)</u>	<u>(186)</u>
Profit / (loss) before net finance expense and taxes		<u>24,594</u>	<u>(4,459)</u>
Finance income		8,378	4,622
Finance costs		(6,382)	(4,605)
Net foreign exchange (loss) / gain		<u>(357)</u>	<u>351</u>
Net finance income		<u>1,639</u>	<u>368</u>
Profit / (loss) before income tax from continuing operations		26,233	(4,091)
Income tax expense (<i>net</i>)	24	<u>(498)</u>	<u>(1,516)</u>
Profit / (loss) for the year from continuing operations		25,735	(5,607)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations, net of tax	5	<u>4,975</u>	<u>11,274</u>
Profit for the year		<u>30,710</u>	<u>5,667</u>
Profit for the year attributable to:			
Owner of the Group		29,940	4,687
Non-controlling interests		<u>770</u>	<u>980</u>
		<u>30,710</u>	<u>5,667</u>

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

For the year ended 31 December 2023

	2023 AED millions	2022 AED millions
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	1,034	(628)
(Loss) / gain on hedge of net investments in foreign operations (<i>net</i>)	(490)	174
Share of other comprehensive (loss) / income of equity accounted investees	(388)	1,452
Effective portion of changes in fair value of cash flow hedges and other reserves	<u>(215)</u>	<u>1,077</u>
	(59)	2,075
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Re-measurements of defined benefit liability / asset	<u>(49)</u>	<u>31</u>
Other comprehensive (loss) / income for the year, net of income tax	<u>(108)</u>	<u>2,106</u>
Total comprehensive income for the year	<u>30,602</u>	<u>7,773</u>
Total comprehensive income for the year attributable to:		
Owner of the Group	29,881	6,518
Non-controlling interests	<u>721</u>	<u>1,255</u>
	<u>30,602</u>	<u>7,773</u>

The attached notes 1 to 43 form an integral part of these consolidated financial statements.

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 AED millions	2022 AED millions
ASSETS			
Cash and cash equivalents	14	23,543	32,258
Trade receivables	15	7,275	6,446
Inventories	16	9,272	8,844
Receivables, prepayments and other assets	17	52,672	56,088
Other financial assets	18	239,086	191,095
Investment in equity accounted investees	20(a)	82,995	76,612
Investment properties	21	12,162	10,954
Property, plant and equipment	22	80,455	87,255
Intangible assets	23	6,622	6,807
Deferred tax assets	24	1,235	1,330
Assets classified as held for sale	5	<u>24,105</u>	<u>25,404</u>
TOTAL ASSETS		<u>539,422</u>	<u>503,093</u>
EQUITY AND LIABILITIES			
Liabilities			
Trade and other payables		4,260	6,298
Borrowings and lease liabilities	26	148,888	137,730
Other liabilities	27	31,141	35,821
Provisions	28	3,673	3,543
Deferred tax liabilities	24	5,215	5,045
Liabilities directly associated with assets classified as held for sale	5	<u>4,104</u>	<u>3,723</u>
Total liabilities		<u>197,281</u>	<u>192,160</u>
Equity			
Share capital	29	56,136	56,136
Additional shareholder contributions	31(d)	117,860	117,860
Shareholder current account	4	46,669	46,107
Retained earnings		107,777	77,939
Other reserves	30	2,838	2,897
Government grants	34(ii)	<u>367</u>	<u>367</u>
Total equity attributable to the Owner of the Group		331,647	301,306
Non-controlling interests		<u>10,494</u>	<u>9,627</u>
Total equity		<u>342,141</u>	<u>310,933</u>
TOTAL EQUITY AND LIABILITIES		<u>539,422</u>	<u>503,093</u>

//Signed//

Waleed Al Mokarrab Al Muhairi
Chairman

//Signed//

Carlos Obeid
Group Chief Financial Officer

The attached notes 1 to 43 form an integral part of these consolidated financial statements.

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

<i>All amounts in AED millions</i>	<i>Share capital (note 29)</i>	<i>Additional shareholder contributions (note 31(d))</i>	<i>Shareholder current account (note 4)</i>	<i>Retained earnings</i>	<i>Other reserves (note 30)</i>	<i>Government grants (note 34(b))</i>	<i>Total equity attributable to the Owner of the Group</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
At 1 January 2022	<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>
Profit for the year	-	-	-	4,687	-	-	4,687	980	5,667
Other comprehensive income	-	-	-	-	1,831	-	1,831	275	2,106
Total comprehensive income	-	-	-	<u>4,687</u>	<u>1,831</u>	-	<u>6,518</u>	<u>1,255</u>	<u>7,773</u>
Dividends to non-controlling interests	-	-	-	-	-	-	-	(503)	(503)
Transfer from entities under common control (<i>see note (4)</i>)	-	-	161	-	-	-	161	-	161
Acquisition of additional interests in subsidiaries	-	-	-	(231)	-	-	(231)	(342)	(573)
Transactions with the Ultimate Parent (<i>see note (i)</i>)	-	(1,430)	-	116	-	-	(1,314)	-	(1,314)
Share-based payments of a subsidiary (<i>see note (ii)</i>)	-	-	-	-	-	-	-	1,265	1,265
Disposal of interest in subsidiaries	-	-	-	126	-	-	126	240	366
Other movements	-	-	-	(51)	-	-	(51)	(50)	(101)
At 31 December 2022	<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>

(i) In September 2022, the Group transferred a long-term lease arrangement with Abu Dhabi Global Market to the Government of the Emirates of Abu Dhabi (the “Government”) for a total consideration of AED 1,343 million settled through additional shareholder contributions. The gain of AED 116 million resulting from this transaction with shareholder was directly recognised in retained earnings (*see note 31(c)*). Further, AED 87 million of fixed assets owned by the Company were transferred to the Government in connection to the transfer of a certain land by the Parent to the Government.

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

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

For the year ended 31 December 2023

<i>All amounts in AED millions</i>	<i>Share capital (note 29)</i>	<i>Additional shareholder contributions (note 31(d))</i>	<i>Shareholder current account (note 4)</i>	<i>Retained earnings</i>	<i>Other reserves (note 30)</i>	<i>Government grants (note 34(b))</i>	<i>Total equity attributable to the Owner of the Group</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
At 1 January 2023	<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 year	-	-	-	29,940	-	-	29,940	770	30,710
Other comprehensive loss	-	-	-	-	(59)	-	(59)	(49)	(108)
Total comprehensive income / (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,940</u>	<u>(59)</u>	<u>-</u>	<u>29,881</u>	<u>721</u>	<u>30,602</u>
Dividends to non-controlling interests	-	-	-	-	-	-	-	(294)	(294)
Transfer from entities under common control (<i>see note (4)</i>)	-	-	562	-	-	-	562	-	562
Share-based payments of a subsidiary (<i>see note (i)</i>)	-	-	-	-	-	-	-	792	792
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	(379)	(379)
Other movements	-	-	-	(102)	-	-	(102)	27	(75)
At 31 December 2023	<u>56,136</u>	<u>117,860</u>	<u>46,669</u>	<u>107,777</u>	<u>2,838</u>	<u>367</u>	<u>331,647</u>	<u>10,494</u>	<u>342,141</u>

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

The attached notes 1 to 43 form an integral part of these consolidated financial statements.

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Notes</i>	2023 AED millions	2022 AED millions
Cash flows from operating activities			
Profit for the year		30,710	5,667
<i>Adjustments for:</i>			
Depreciation, amortisation and net impairment of property, plant and equipment, right-of-use and intangible assets	22, 23	10,523	10,477
Investment (income) / loss (<i>net</i>)	12	(22,535)	19,553
Other income (<i>net</i>)	13	(1,015)	(2,630)
Impairment losses related to financial assets at amortised cost (<i>net</i>)		1,414	186
Gain on disposal of discontinued operations (<i>net</i>)		(4,393)	(5,274)
Income from equity accounted investees (<i>net</i>)	20(b)	(1,570)	(7,249)
Net finance income		(1,639)	(368)
Income tax expense (<i>net</i>)	24	498	1,516
Net decommissioning and other provisions		224	137
Share-based payments		792	1,265
Non-cash income and expense from discontinued operations		70	(3,190)
		13,079	20,090
Change in inventories		(407)	(486)
Change in trade and other receivables and prepayments		6,736	2,170
Change in trade payables and other liabilities		(6,115)	(2,538)
Income taxes paid		(87)	(810)
Net cash generated from operating activities		<u>13,206</u>	<u>18,426</u>
Cash flows from investing activities			
Acquisition of financial investments		(54,386)	(56,995)
Proceeds from disposal, settlement, redemption of and distribution from financial investments		28,298	17,461
Acquisition of investees (<i>net of cash acquired</i>) (<i>see note (i)</i>)		(8,320)	(5,371)
Proceeds from disposal of investees (<i>net of cash</i>) (<i>see note (i)</i>)		698	15,562
Acquisition of non-current assets (<i>see note (ii)</i>)		(7,945)	(18,374)
Proceeds from disposal of non-current assets (<i>see note (ii)</i>)		1,239	6,332
Proceeds from maturity of long-term deposits		53,629	50,043
Placements of long-term deposits		(57,421)	(54,375)
Dividend income received		9,459	6,001
Interest income received		7,987	3,105
Net cash used in investing activities		<u>(26,762)</u>	<u>(36,611)</u>

Mamoura Diversified Global Holding PJSC

CONSOLIDATED STATEMENT OF CASH FLOWS *continued*

For the year ended 31 December 2023

	<i>Notes</i>	2023 AED millions	2022 AED millions
Cash flows from financing activities			
Proceeds from government grants		137	42
Proceeds from issuance of borrowings	26	39,029	36,479
Repayment of borrowings and lease liabilities		(27,478)	(21,412)
Interest paid		(6,487)	(6,551)
Dividends paid to non-controlling interest		(294)	(503)
Net cash generated from financing activities		<u>4,907</u>	<u>8,055</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		(8,649)	(10,130)
Cash and cash equivalents at 1 January		32,258	42,737
Net foreign exchange fluctuation		(66)	(349)
Cash and cash equivalents at 31 December	14	<u>23,543</u>	<u>32,258</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 and note 4.

The attached notes 1 to 43 form an integral part of these consolidated financial statements.

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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 head office 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 consolidated financial statements were authorised for issue by the Board of Directors on 14 May 2024.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable provisions of the Company’s Articles of Association and applicable requirements of the Federal Decree Law No. 32 of 2021.

(b) Basis of measurement

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

- Certain financial assets and liabilities (including derivative instruments) measured at fair value;
- 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 in accordance with IAS 19 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 consolidated financial statements are presented in UAE Dirhams, (“AED”) which is the Company’s functional and presentational currency. All financial information presented in AED has been rounded to the nearest millions, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2 BASIS OF PREPARATION continued

(d) Use of estimates and judgements continued

Judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and significant estimates (*see note 40*).

(f) New and revised IFRS

(i) New and revised IFRS adopted in the consolidated financial statements

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information. This amendment has no significant impact on the consolidated financial statements of the Group.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. This amendment has no significant impact on the consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. This amendment has no significant impact on the consolidated financial statements of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (“IFRS 17”), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure requirements for such contracts. The Group does not have any significant insurance contracts and accordingly IFRS 17 has no significant impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2 BASIS OF PREPARATION continued

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

(i) **New and revised IFRS adopted in the consolidated financial statements** continued

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

In May 2023, the International Accounting Standards Board (IASB) published amendments to the International Accounting Standard 12 (IAS 12) in response to concerns about the potential impact of the OECD pillar two model rules on accounting for income taxes. The Second Pillar corresponding to the 15% global minimum tax of the OECD has not been adopted in the UAE, and therefore would not have any impact for UAE Entities. For other assets outside the UAE, the Group is currently performing an assessment however, no significant impact is expected.

(ii) **New and revised IFRS issued but not yet effective and not early adopted**

Amendments to IAS 1: Classification of Liabilities as Current or Non-current liabilities with covenants (applicable for reporting periods beginning on or after 1 January 2024)

In 2020 and 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period including new disclosures for non current liabilities that are subject to future covenants. Further, the amendments also clarify that classification is not affected by the expectations of the entity or events after the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. This amendment has no significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback (applicable for reporting periods beginning on or after 1 January 2024)

On 22 September 2022, the IASB issued lease liability in a sale and leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Group does not have any significant sale-and-leaseback transactions and accordingly is not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (applicable for reporting periods beginning on or after 1 January 2024)

In May 2023, the IASB published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to introduce disclosure requirements and 'signposts' within existing disclosure requirements. The purpose is to prompt entities to provide qualitative and quantitative information about supplier finance arrangements. The Group does not expect the amendments to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (applicable for reporting periods beginning on or after 1 January 2025)

In August 2023, The International Accounting Standards Board (IASB) issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. The Group does not expect the amendments to have any significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2 BASIS OF PREPARATION continued

(f) New and revised IFRS continued

IFRS 18 - Presentation and Disclosure in Financial Statements (applicable for reporting periods beginning on or after 1 January 2027)

In April 2024, the IASB has issued IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard introduces new requirements to improve companies' reporting of financial performance and introduces three defined categories for income and expenses i.e. operating, investing and financing and two new defined subtotals i.e. operating profit and profit before financing and income taxes. Further, the new standard will enhance transparency of management-defined performance measures and will provide more useful grouping of information in the financial statements. The Group is currently assessing the impact of the standard on the consolidated financial statements of the Group.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently by the Group for all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. The accounting policies of the subsidiaries are adjusted where necessary to ensure conformity with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the Owner of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owner of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

When disposals of interest in entities to parties under common control of the Shareholder have commercial substance, the difference between the fair value of the consideration received and the net carrying value of interest in such entities is recorded in the statement of comprehensive income.

Disposals of interest in a subsidiary that does not contain a business, as defined in IFRS 3, to an equity accounted investee

Gain or loss, including the amounts previously recognised in other comprehensive income that would be reclassified to profit or loss, on the disposal of interest in a subsidiary that does not contain a business as defined in IFRS 3, to an equity accounted investee, is recognised only to the extent of the unrelated investors' interests in that equity accounted investee and the remaining gain or loss is eliminated against the carrying amount of the investment in the equity accounted investee.

(iii) *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred except if related to the issue of debt securities.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(iii) *Business combinations* continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the statement of comprehensive income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control including control achieved in a business that was joint operation) and the resulting gain or loss, if any, is recognised in the statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

The Group, when it participates in a joint operation but does not have joint control, might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. In such a scenario the previously held interests in that joint operation are not remeasured.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

Acquisition of controlling interest in entities that are under common control of the Shareholder which lack commercial substance and are based on a decision by the Shareholder are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. The consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control without restating and presenting the prior period. The assets and liabilities are accounted for at carrying amounts previously recorded in the books of the transferor. The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

Acquisition of controlling interest in entities that are under common control of the Shareholder which have commercial substance are recorded using the acquisition method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

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

Acquisition of interest in associates and joint ventures accounted for using the equity method from entities under common control based on a decision by the Shareholder are accounted for using the carrying value in the books of the transferor.

Acquisition of investments measured at fair value through profit or loss (“FVTPL”) from entities under common control based on a decision by the Shareholder are accounted for at their fair value on the transfer date.

Disposals of interest in entities to parties under common control

Disposals of interest in entities to parties under common control of the Shareholder, which lack commercial substance and are based on a decision by the Shareholder are accounted for on the date of transfer without restatement of prior years. Any gain or loss arising on such transaction is recorded directly in equity.

When disposals of interest in entities to parties under common control of the Shareholder have commercial substance, the difference between the fair value of the consideration received and the net carrying value of interest in such entities is recorded in the consolidated statement of comprehensive income.

Determining whether a transaction has commercial substance

A business transaction is said to have commercial substance when it is expected that the future cash flows of a business will change as a result of the transaction which is considered to have occurred when there is a significant change in any one of the following (not including tax considerations):

- Risk: such as experiencing an increase in the risk that inbound cash flows will not occur as the result of a transaction;
- Timing: such as a change in the timing of cash inflows received as the result of a transaction;
- Amount: such as a change in the amount paid as the result of a transaction

(v) *Investment in associates and joint arrangements*

Associates are those entities over which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of the investee.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

For the purpose of accounting for its interests in joint arrangements, the Group segregates its investments in joint arrangements into two types – joint ventures and joint operations.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint ventures are those investments in distinct legal entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(v) *Investment in associates and joint arrangements* continued

Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost, which includes transaction costs. When the investor has previously held an investment in the entity (generally accounted for under IFRS 9), the deemed cost of the associate or joint venture is the fair value of the original investment at the date that significant influence or joint control is obtained plus the consideration paid for the additional stake.

The Group applies IFRS 9 *Financial Instruments* to long term interest in an associate or joint venture to which the equity method is not applied. These include long term interests which in substance form part of the net investment in the associate or joint venture. While applying this, the Group does not take into account of any losses of the associate or joint venture, or any impairment losses on net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures*.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates and joint ventures, after adjustments to align the accounting policies of associates and joint ventures with those of the Group, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases.

In addition, when there has been a change recognised directly in the equity (other than due to other comprehensive income) of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of comprehensive income and corresponding effect would be reflected in the net carrying value of interest in such investees.

When the Group's share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a constructive or legal obligation to contribute to such losses or has made payments on behalf of the investee.

Any excess of the acquisition cost over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or joint venture is treated at the acquisition date as goodwill, which is included within the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities over the acquisition cost, after reassessment, is recognised immediately in the statement of comprehensive income representing gain on acquisition.

After application of equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets*.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. Upon disposal of equity accounted investees that results in a loss of significant influence or joint control, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the equity accounted investee attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the equity accounted investee. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to equity accounted investee on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the equity accounted investees would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

(v) *Investment in associates and joint arrangements* continued

When a Group's entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group, as a joint operator, accounts for the assets, liabilities, income and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, income and expenses.

(vi) *Structured Entities*

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, and (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support.

The Group considers some of its indirect interests in various General Partners ('GPs') and funds managed by those GPs to be investments in unconsolidated Structured Entities ("Structured Entities"), whose objectives are to maximize the returns for its investors. The change in fair value of the Group's interest in the Structured Entities is included in the consolidated statement of comprehensive income in "Investment income - Fair value gains / (losses) on non-derivative financial instruments (*net*)".

(vii) *Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses (except for foreign translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees, involving assets that do not constitute a business, are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue from sale of goods and services

Revenue from sale of goods and services primarily include income from sale of semiconductor wafers, sale of petrochemicals, exploration and production activities, aircraft maintenance and repairs, components leasing and sale, satellite capacity leasing revenue and medical services.

Revenue recognition under IFRS 15

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 *Revenue from Contracts with Customers*:

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

- Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions is met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Significant financing component

Generally, the Group receives short-term advances from its customers, the Group uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of goods. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Non-cash consideration

The Group applies the requirements of IFRS 13 *Fair Value Measurement* in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods or services supplied. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the goods or services.

(i) *Sale of semiconductor wafers*

The Group recognises revenue when control of the promised goods or services is transferred to customers for an amount that reflects the consideration that the Group expects to receive in exchange for those goods or services. Generally, the Group's customers obtain control at the point of shipment from the Group's facilities for wafers, and over time for pre-fabrication services such as non-recurring engineering services and mask production based on a percentage of costs incurred over total expected costs. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore excluded from revenue in the consolidated statements of comprehensive income.

(ii) *Petroleum and petrochemicals*

Revenue from the sale of petroleum and petrochemicals products in which the Group has an interest with other producers is recognised based on the Group's share of liftings or offtake arrangements at a point in time. Lifting or off-take arrangements for hydrocarbons produced by certain of the Group's joint operations are such that each participant may not receive its precise share of the overall production, which is based on the Group's working interest and the terms of the relevant production sharing contracts (also known as "entitlements"). There may be an imbalance between cumulative entitlement and cumulative liftings that is termed as 'under lift' or 'over lift'. Under lift and over lift are valued at a) market value b) cost or c) lower of market value and cost, depending on the contractual terms of arrangement requiring physical settlement or cash balancing. Movements during an accounting period are adjusted through cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

(iii) Aircraft maintenance and repairs

The Group is in the business of leasing, trading, repair and maintenance of aircraft engines and components.

Revenue from contracts with customers in relation to maintenance and repair of aircrafts and related components is recognised over time. The Group measures progress towards complete satisfaction of a performance obligation using the input method which considers the basis of the entity's efforts or inputs to the satisfaction of the performance obligation (for example: resources consumed, labour hours expended, costs incurred, time elapsed) relative to the total expected inputs to the satisfaction of that performance obligation.

Revenue from contracts with customers for sale of composite aero-structure parts and provision of services is recognised at a point in time at which the performance obligations are met.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue arising from operating lease and access agreements is measured at the fair value of the consideration received. The Group recognises income from lease and access agreements on a straight-line basis over the agreement terms.

The access agreements have a single performance obligation, the transaction price is fixed based on a monthly access fee rate, and the single performance obligation is met over the access agreement term.

(iv) Satellite capacity leasing revenue

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer and at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to customer (if any).

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Lease revenue is recognised in accordance with IFRS 16. Service revenue is recognised over time as rendered.

Managed solutions revenue represents end-to-end integrated satellite communication and managed solutions provided to customers (which includes supply of services, goods or both). Revenue is typically recognised in profit or loss based on milestones reached, time elapsed units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

3 MATERIAL ACCOUNTING POLICIES continued

(b) Revenue from sale of goods and services continued

Revenue recognition under IFRS 15 continued

(iv) Satellite capacity leasing revenue continued

Mobility solutions revenue includes revenue from mobile satellite services (airtime revenue - voice, data and messaging services) and sale of related equipment and accessories. Service revenue is recognised over the period in which the services are provided. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions.

Revenue from the sale of prepaid cards is recognised on the actual utilisation of the prepaid card and is deferred in deferred revenue until the customer uses the airtime, or the credit expires.

Data solutions revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories. Service revenue is recognised as rendered. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed.

Revenue is recognised net of returns, upfront discounts and sales commissions.

(v) Medical services

Revenue from medical services primarily represents the aggregate invoiced amount for the services provided to the patients (insured and non-insured) during the year and is stated net of any discounts allowed and insurance denials. Revenue is recognised in the accounting period in which services are provided.

(c) Oil and gas exploration, evaluation and development expenditures

Oil and gas exploration, evaluation and development expenditures

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

License and property acquisition costs

Exploration license and leasehold property acquisition costs are capitalised within exploration and evaluation assets. If no future activity is planned, the remaining balance of the license and property acquisition costs is written off.

These costs are initially amortised over the term of the agreement on a straight-line basis during exploration phase. Upon recognition of proven reserves, including internal approval for development, the relevant expenditure is transferred to property, plant and equipment and is then amortised based on unit of production method (once production is underway).

Exploration and appraisal expenditures

Annual lease rentals, exploratory geological and geophysical costs including seismic costs incurred during exploration phase, are charged to profit or loss as and when incurred. Costs associated directly with drilling of exploratory wells are capitalised within exploration and evaluation assets until the drilling of well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals, drilling services and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration expenditures are written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 MATERIAL ACCOUNTING POLICIES continued

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

Oil and gas exploration, evaluation and development expenditures continued

Costs directly associated with appraisal activity, including the costs of drilling appraisal wells and additional seismic, geological and geophysical activities, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, are initially capitalised as part of exploration and evaluation assets.

All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When such intent no longer exists, or if there is a change in circumstances signifying an adverse change in initial judgment, these costs are written off and classified under “exploration costs”. When commercial reserves of hydrocarbons are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment.

Development expenditures

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service, recompletion and unsuccessful development or delineation wells, is capitalised within property, plant and equipment and is depreciated upon the commencement of production as described in the accounting policy for property, plant and equipment.

Depreciation, depletion and amortisation of oil and gas assets

Oil and gas assets are depreciated using a unit of production method, using estimated proven and probable reserves. The unit-of-production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with approved future development expenditure required to develop reserves.

The impact of changes in estimated reserves is dealt with prospectively by amortising the remaining carrying value of the asset over the expected future production. If reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down of the property’s carrying value.

Other mining rights

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

(d) Research and development costs

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

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

Upon initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use over the expected future benefit. During the period of development, the asset is tested for impairment annually.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 MATERIAL ACCOUNTING POLICIES continued

(e) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the translation of equity securities designated at FVOCI or a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges to the extent hedges are effective, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to presentation currency at average exchange rates.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture, that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognised in other comprehensive income.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets (except trade receivables and debt securities) and liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured as:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI (FVOCI) with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Financial assets continued

Business model assessment continued

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Financial assets continued

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of comprehensive income. However, (<i>see note (f)(ii)</i>) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (<i>see note 3(t)(i)</i>). Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, call deposits and term deposits which are readily convertible into known amount of cash and cash equivalents and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents have an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Financial liabilities continued

Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs in the event that a specified party fails to meet its obligation when due in accordance with the contractual terms. Financial guarantee contracts are initially recognised at their fair value, which is likely to equal the premium received on issuance. The received premium is included within other liabilities and is amortised over the life of the financial guarantee. The guarantee liability is subsequently recognised at the higher of this amortised amount and the present value of any expected payments

Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest rate (“EIR”) method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to interest-bearing loans and borrowings.

When a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows, including only fees paid or received between the borrower and the lender, comprising also fees paid or received by either the borrower or lender on the other’s behalf, discounted at the original EIR. This means that the difference cannot be spread over the remaining life of the instrument.

Classification as debt or equity

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

Equity instruments

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

Fair value measurement

The determination of fair values of financial assets and liabilities is based on quoted market prices or dealer quotations for financial instruments traded in active markets. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis. Quoted closing prices are used for financial assets and quoted ask prices are used for financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

For financial instruments not traded on an active market, fair value is determined based on recent transactions, brokers’ quotes or a widely recognised valuation technique. Valuation techniques include using recent arm’s length transaction between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Fair value measurement continued

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of comprehensive income .

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised as cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged item expected future cash flows affect profit or loss.

If the hedged items future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Derivative financial instruments and hedge accounting continued

Hedges directly affected by interest rate benchmark reform

The Group has adopted the Phase 2 amendments and retrospectively applied them from 1 January 2021. When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following change(s):

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated statement of comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of comprehensive income.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

3 MATERIAL ACCOUNTING POLICIES continued

(f) Financial instruments continued

ii. Classification and subsequent measurement continued

Derivative financial instruments and hedge accounting continued

Fair value hedges continued

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income.

Short selling

In certain instances, the Group sells securities that it does not own and therefore, it will be obliged to purchase such securities at a future date. When the Group sells a security short, an amount equal to the proceeds received is recorded as a liability and is subsequently adjusted to the current market value of the securities sold short. Upon the closing of the short position, the difference between the proceeds originally received and the cost of the securities purchased to close the short position is recognised as a realised gain or loss. This is disclosed on the consolidated statement of financial position in liabilities under financial liabilities through profit or loss. These positions are shown as financial liabilities at fair value through profit or loss until they are realised. Upon realisation, they are shown in the consolidated statement of comprehensive income as loss or income from financial investments.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in other comprehensive income is transferred to the consolidated statement of comprehensive income.

Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognised immediately in the consolidated statement of comprehensive income.

Other derivatives

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting or are not designated as such are recognised immediately in the profit or loss.

(g) Government grants

As the Government of the Emirate of Abu Dhabi is the ultimate parent of the Shareholder of the Company, on receipt of any assistance from the Government of Abu Dhabi, the Group evaluates the assistance to determine if the transaction is a transaction with the Government in their capacity as the ultimate parent and therefore treated as equity contribution, or if not, then as a government grant.

This determination is done after considering various factors not limited to the following:

- if the purpose of the assistance was a restricted purpose;
- are there conditions associated with the receipt of the assistance;
- is there evidence of an equity transaction;
- the legal form and documentation of assistance; and
- would similar support or assistance be given by the Government to an entity not owned by the Government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(g) Government grants continued

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants accounting

(i) Land

Management believes that, in most cases, when land is initially received through government grants, the probability that future economic benefits will flow to the Group is uncertain, since, until management has established plans to utilise the land, it is possible that such land may revert back to the Government. In addition, in the absence of identified use of the land, the amount of future economic benefits cannot be determined with reasonable certainty. Accordingly, land so received is not initially recognised in the consolidated financial statements until certain events occur, which enable management to conclude that it becomes probable that future economic benefits will flow to the Group from its ownership of such land.

Land received as government grants that do not meet the criteria that future economic benefits will flow to the Group, are not recognised, but their existence is disclosed in the consolidated financial statements.

Furthermore, for certain plots of land based on their current or intended use, it is certain that no future economic benefits will flow to the Group from use of such lands. These are not recognised as assets, but their existence is disclosed in the consolidated financial statements.

The determination of whether future economic benefits will flow to the Group is made by management using guidelines approved by the Board of Directors; each such determination is also approved by the Board of Directors. Once the determination is made, land is recognised in the consolidated financial statements at nominal value.

At the point of such initial recognition, and subsequently, at each reporting date, an assessment is made by management as to the ultimate use of the land, and based on such assessment, the land is transferred to the relevant asset category (such as investment properties, property, plant and equipment or inventories) depending on its intended use, and is thereafter accounted for using the accounting policy in place for that relevant asset category.

(ii) Others

Other non-monetary government grants are recognised in the consolidated statement of financial position at nominal value, and the granted assets are classified with other assets of the same nature as the granted item.

Monetary government grants

Monetary government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Monetary grants that compensate the Group for expenses to be incurred are initially recognised in the consolidated statement of financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses are recognised.

Where monetary government grants compensate for the cost of assets, such assets are carried at cost, less the value of the monetary government grants received. Asset values so derived are depreciated over the useful life of the relevant asset. Monetary government grants for investments in other business enterprises are credited directly to the consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(h) Finance income and expenses

(i) Finance income from loans

Finance income from loans comprises interest income on loans given to third parties and equity accounted investees. Finance income from loans is recognised in the statement of comprehensive income as they accrue using the effective interest rate method.

(ii) Net finance expense

Net finance expense comprises interest income on short term deposits and advances, effective interest on service concession receivables; and interest expenses on term loans, amortisation of loan arrangement fees and foreign exchange gains and losses that are recognised in the statement of comprehensive income. Interest income and expenses are recognised in the statement of comprehensive income as they accrue using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(i) Dividend income

Dividend income from investments is recognised when the Group's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

(j) Income tax

Income tax expense / benefit comprise current and deferred tax. Current and deferred taxes are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

The Group considers whether it has any material uncertain tax positions based on its tax filings and tax positions taken in different jurisdictions and also considers the probability of these being challenged by the tax authorities. The Group determines that it is probable that its material tax positions will be accepted by the taxation authorities and that the interpretation does not have a material impact on the consolidated financial statements of the Group.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and that does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(j) Income tax continued

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about fact and circumstances have changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in the statement of comprehensive income.

(k) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included; and
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(l) Investment tax credits

The Group accounts for investment tax credits using the cost-reduction approach. Investment tax credits related to the acquisition of assets are deducted from the related assets with depreciation calculated on the net amount. Investment tax credits related to current expenses are included in the determination of income or loss for the year.

(m) Borrowing costs

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(n) Property, plant and equipment

(i) Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any, except for land, received as government grants which are stated at nominal value (*see note 3(g)*). Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of property, plant and equipment acquired in a business combination is stated at fair value as at the date of acquisition.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured based on the amortised cost method. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Right-to-use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. It is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review similar to property, plant and equipment assets. When a right-of-use asset initially meets the definition of investment property, it is presented within the same line as Investment Properties. The right-of-use assets are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(n) Property, plant and equipment continued

(i) Recognition and measurement continued

Group as lessor

Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease. The amounts due from the lessee are recorded in the statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment, if any. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Oil and gas assets are depreciated using the unit-of-production method by reference to the ratio of production in the period and the related proved and probable reserves in the field, taking into account future development expenditure necessary to bring those reserves into production. *See note 3(c)(iv)* for accounting policy on depreciation, depletion and amortisation of oil and gas assets.

Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation on assets other than oil and gas assets, land and leased assets, is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

	<i>Estimated useful lives</i>
Buildings, plant and office equipment	2 - 50 years
Aircraft engines and spares	10 - 30 years
Computers	3 - 5 years
Others	3 - 18 years

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(n) Property, plant and equipment continued

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised within “other income (net)” in the statement of comprehensive income in the period in which the asset is derecognised.

(v) Capital work in progress

The Group capitalises all costs relating to the construction of property, plant and equipment as capital work in progress, up to the date of the completion and commissioning of the asset. These costs are transferred from capital work in progress to the appropriate asset classification upon completion and commissioning, and are depreciated over the useful economic life applicable to the respective asset category, from the date of such completion and commissioning.

(vi) Proceeds before intended use

Proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended, and the cost of those items, are recognised in profit or loss in accordance with applicable Standards.

(o) Intangible assets

(i) Goodwill

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

The recoverable amounts of the cash-generating units are estimated based on the higher of the fair values less cost to sell and value in use. Value in use is determined with the assistance of independent valuers, as well as by internal estimates. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or group of cash-generating units) which is expected to benefit from the synergies of the combination. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Brand and Trademarks

Acquired brands, trademarks and licenses are shown at historical costs. Trademarks and licenses primarily have indefinite useful lives and are subject to impairment testing which is performed annually or in case of triggering events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(o) Intangible assets continued

(iii) Service concession arrangements

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

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

(iv) Other intangible assets

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

Greenhouse gas emission allowances

In the absence of a current IFRS standard or interpretation on accounting for greenhouse gas emission allowances, the following principles have been applied:

- Emission rights granted free of charge are accounted for at market price prevailing at the beginning of the year to which it relates and are recognised with a credit to other liabilities;
- Emission rights acquired from the market are measured at acquisition cost;
- Liabilities resulting from potential differences between available quotas and quotas to be delivered at the end of the compliance period are accounted for as liabilities and measured at acquisition cost; and
- Spot market transactions are recognised in income at cost.

Emission rights are recognised as non-amortisable intangible assets and are derecognised when they are delivered, transferred to third parties or expire. At the end of the compliance period, the Group delivers CO₂ emission rights equal to the volume of emissions made during the year. If the net realisable value of the emissions rights is less than their carrying amount, the value of the emission rights owned will be reduced to market value.

(v) Subsequent expenditure

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

(vi) Business combination

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

(vii) Derecognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(o) Intangible assets continued

(viii) Amortisation

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

Possible and contingent hydrocarbons reserves acquired in a business combination are amortised on a straight-line basis over the life of the project until the reserves move to the proved and probable category. After the reserves move to the proved and probable category, they are amortised based on the unit-of-production method.

Amortisation of other intangible assets is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Estimated useful lives

Trademarks	Indefinite
Patents	3 - 20 years
Technology, license and software	2 - 20 years
Customer contracts	3 - 20 years
Others	3 - 48 years and unit of production

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

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

(p) Investment properties

Investment properties are properties held to earn rental and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gain and losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period in which the property is derecognised.

The investment property portfolio is valued through a mix of internal valuations and / or independent external valuations. Where external independent valuation is used management engages external independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

3 MATERIAL ACCOUNTING POLICIES continued

(p) Investment properties continued

The fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Where appropriate, the specific approved usage of the investment property is given due consideration. In the absence of reliable estimates of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated future cash flows expected to be received from the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value.

For inventories other than petrochemicals and land and building held for sale, cost is based on the weighted average cost method (or standard costs approximately equal to cost based on weighted average cost method) and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cost also comprises directly attributable production costs and a proportionate share of fixed and variable overhead production costs. Allocated overhead costs are primarily calculated based on normal capacity utilisation. Financing costs are not included in production costs.

For inventories of finished goods, work-in-progress and raw materials relating to petrochemicals cost is determined on first-in first-out basis (FIFO method).

The cost of land and building held for sale is determined based on the specific identification method. Where land and building held for sale is transferred from another asset category, the carrying value at the date of change is the deemed cost of inventory for subsequent accounting.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Group assesses the net realisable value of the inventories at the end of each year and recognises the appropriate impairment if this value is lower than the carrying amount. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(r) Provisions and contingent liabilities

Provisions are recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 MATERIAL ACCOUNTING POLICIES continued

(r) Provisions and contingent liabilities continued

Product warranties

The Group warrants that products will meet the stated functionality as agreed to in each sale arrangement. The Group provides for the estimated warranty costs under these guarantees based upon historical experience, a weighting of possible outcomes against their associated probabilities, and management's estimates of the level of future claims and accrues for specific items at the time their existence is known and the amounts can be estimated. The initial estimate of warranty-related cost is revisited annually.

Decommissioning liabilities

Liabilities for decommissioning costs are recognised when the Group becomes legally or constructively obliged to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount of the obligation is estimated at current prices and in accordance with local conditions and requirements. Liabilities for decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. A corresponding item of property, plant and equipment in an amount equivalent to the provision is included in the respective class of asset. This is subsequently depreciated or depleted as part of the capital costs of the facility or item of plant. Subsequent to initial recognition, any change, other than unwinding of discount, is recognised in property, plant and equipment.

Legal provisions

The Group is involved in litigation from time-to-time in the ordinary course of business. At each reporting date, the Group evaluates litigation matters and review with the Group's legal department and external counsel, the status of various outstanding legal cases and, where appropriate, establish provisions and disclose any contingent liabilities as required by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. In order to make an assessment for legal provisions and contingent liabilities, the Group considers various factors including, but not limited to, reviewing, on a case-by-case basis, the underlying facts of pending or threatened litigation, the Group's history with prior claims, the actual or possible claim assessment by internal and external counsel and the status of negotiations.

Based on the Group's overall assessment of the case, if the Group believes it is probable that an outflow of resources will be required to settle the obligation, the Group then determines whether a reliable estimate can be made. The management estimates the amount to be recorded as a provision in the consolidated financial statements based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period

Contingent liabilities

Contingent liabilities are possible obligations, whose existence will only be confirmed by future events not wholly within the Group's control or present obligation where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Also, to the extent any information required is not disclosed because it is not practicable to do so, that fact is stated.

If disclosure of some or all of the information is expected to prejudice seriously the Group's position in a dispute with other parties on the subject matter of a provision or contingent liability, the Group does not disclose such information, but does disclose the general nature of the dispute, together with the fact that, and the reason why, the information has not been disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(r) Provisions and contingent liabilities continued

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(s) Staff terminal benefits and pensions

Entities domiciled in the UAE

For the Group entities domiciled in UAE, a provision for staff terminal benefits is made in accordance with the UAE Federal Labour Law and is determined as the liability that would arise if the employment of all staff were terminated at the reporting date.

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The contribution made by the Group is recognised in profit or loss. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund. Other than the monthly pension contributions, there is no further obligation on the Group.

An actuarial valuation is not performed on staff terminal and other benefits in respect of UAE employees as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

Entities domiciled outside the UAE

For the Group entities domiciled outside the UAE, provision for staff terminal benefits is made in accordance with the applicable provisions under the regulations prevalent in countries in which the respective entity operates. The Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodical actuarial calculations and legally independent from the Group. The Group has both defined benefit and defined contribution schemes. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The cost of defined contribution benefits is expensed as earned by employees. Certain group companies also provide medical care and life insurance to eligible retirees and their dependents. These benefits are unfunded and are expensed as the employees provide service.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

3 MATERIAL ACCOUNTING POLICIES continued

(s) Staff terminal benefits and pensions continued

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of comprehensive income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

For certain defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share option scheme

The Group measures and recognises compensation expense related to share-based transactions, including employee, consultant, and non-employee director share option awards, in the Consolidated Financial Statements based on fair value. The Group estimates the share option fair value at the date of grant using the Black-Scholes option pricing model, which requires management to make certain assumptions of future expectations based on historical and current data. The assumptions include the expected term of the share option, expected volatility, dividend yield, and risk-free interest rate. The expected term represents the amount of time that options granted are expected to be outstanding, based on forecasted exercise behavior. The risk-free rate is based on the rate at grant date of zero-coupon U.S. Treasury notes with a term comparable to the expected term of the option. The Group estimates expected volatility based on the historical volatility of comparable public entities' share price from the same industry. The Group bases its dividend yield on forecasted expected payments, which the Group expects to be zero for the immediate future. The Group recognises compensation expense over the vesting period of the award on a graded attribution basis, and the Group estimates forfeitures. The Group will continue to use judgment in evaluating the assumptions related to our share-based compensation on a prospective basis. As the Group continues to accumulate additional data related to our ordinary shares, the Group may have refinements to its estimates, which could materially impact our future share-based compensation expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 MATERIAL ACCOUNTING POLICIES continued

(t) Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (“ECLs”) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;
- contract assets; and
- finance lease receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, finance lease receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

3 MATERIAL ACCOUNTING POLICIES continued

(t) Impairment continued

i. Non-derivative financial assets continued

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The loss allowance for debt investments at FVOCI is recognised in consolidated profit or loss and reduces the fair value loss otherwise recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit", or "CGU").

3 MATERIAL ACCOUNTING POLICIES continued

(u) Assets and liabilities classified as held for sale

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

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on re-measurement are recognised in the statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates or joint ventures ceases once classified as held for sale or distribution.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

(v) Operating segments

The accounting policy of the reportable segments are the same as the Group's accounting policy as described above. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Investment Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (*see note 8*).

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4 TRANSFERS FROM ENTITIES UNDER COMMON CONTROL

	2023 AED millions	2022 AED millions
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 31 December	<u>46,669</u>	<u>46,107</u>

(i) Transfers of assets from entities under common control

During the year, 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 year, 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.

5 DISCONTINUED OPERATIONS

	2023 AED millions	2022 AED millions
Profit for the year from discontinued operations		
Al Yah Satellite Communications Company PJSC ("Yahsat") (<i>see note 5(i)</i>)	380	221
Mubadala Health LLC ("Mubadala Health") (<i>see note 5(ii)</i>)	4,114	416
OMV Aktiengesellschaft ("OMV") (<i>see note 5(iii)</i>)	-	3,502
Borealis AG ("Borealis") (<i>see note 5(iv)</i>)	-	3,985
Clean Energy Business (<i>see note 5(v)</i>)	-	2,550
Busrakham Oil and Gas Limited ("Busrakham Oil and Gas")	437	579
Others	<u>44</u>	<u>21</u>
Profit for the year from discontinued operations	<u>4,975</u>	<u>11,274</u>

The total assets classified as held for sale as at 31 December 2023 was AED 24,105 million (*31 December 2022: AED 25,404 million*) which mainly includes investment in OMV and assets related to Yahsat (*31 December 2022: investment in OMV and assets related to Mubadala Health and Busrakham Oil and Gas*). The total liabilities directly associated with assets classified as held for sale as at 31 December 2023 was AED 4,104 million (*31 December 2022: AED 3,723 million*) which represents the liabilities of Yahsat (*31 December 2022: Mubadala Health and Busrakham Oil and Gas*).

The comparative information in the consolidated statement of comprehensive income has been re-presented for the impact of discontinued operations.

(i) Yahsat

On 19 December 2023, Yahsat and Bayanat AI PLC ("Bayanat") announced that they had agreed to the terms of a proposed merger between the two companies and their respective Board of Directors had voted unanimously to recommend the merger to their respective shareholders. The merger is subject to the satisfactory completion of various conditions precedent including regulatory and shareholder approvals. Yahsat and Bayanat will continue to operate independently until the merger is effective. It is expected that the Group will not exercise control over the merged entity which will be renamed as "Space42". Accordingly, Yahsat has been classified as held for sale and disclosed as discontinued operations in these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

5 DISCONTINUED OPERATIONS continued

(i) Yahsat continued

The results of operations of Yahsat for the current and comparative years are set out below:

	<i>1 January 2023 to 31 December 2023 AED millions</i>	<i>1 January 2022 to 31 December 2022 AED millions</i>
Revenue	1,678	1,589
Cost of sales	<u>(681)</u>	<u>(622)</u>
Gross profit	997	967
Finance income / (expense) (<i>net</i>)	48	(10)
Other expenses, net of other income	<u>(665)</u>	<u>(736)</u>
Profit from discontinued operations	<u>380</u>	<u>221</u>

Summarised cash flows of Yahsat for the current and comparative years are presented below:

	<i>1 January 2023 to 31 December 2023 AED millions</i>	<i>1 January 2022 to 31 December 2022 AED millions</i>
Net cash generated from operating activities	1,232	1,421
Net cash used in investing activities	(296)	(1,214)
Net cash used in financing activities	<u>(754)</u>	<u>(441)</u>
Net increase / (decrease) in cash and cash equivalents	<u>182</u>	<u>(234)</u>

The total value of assets and liabilities of Yahsat recorded in the consolidated financial statements as held for sale are as follows:

	<i>31 December 2023 AED millions</i>
Non-current assets	4,500
Cash and cash equivalents	2,065
Other current assets	<u>715</u>
Assets held for sale	<u>7,280</u>
Non-current liabilities	(3,074)
Current liabilities	<u>(1,030)</u>
Liabilities held for sale	<u>(4,104)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 DISCONTINUED OPERATIONS continued

(ii) 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 M42 Ltd (“M42”) in exchange for acquiring 45% interest in M42. The Group and G42 own 45% and 55% interest in M42, respectively (*see note 21 (a)(i)*). In January 2023, all conditions precedent to the transaction were completed. Accordingly, the Group recognised the sale in January 2023.

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

	<i>At 1 January</i>	
	2023	2022
	AED	AED
	millions	millions
Revenue	-	2,928
Cost of sales	<u>-</u>	<u>(2,000)</u>
Gross profit	-	928
Other income and expenses (<i>net</i>)	<u>-</u>	<u>(512)</u>
Gain on disposal of Mubadala Health	<u>4,114</u>	<u>-</u>
Profit from discontinued operations	<u>4,114</u>	<u>416</u>

Summarised cash flows of Mubadala Health for the comparative year is presented below:

	2022
	AED millions
Net cash used in operating activities	(986)
Net cash used in investing activities	(250)
Net cash generated from investing activities	<u>456</u>
Net decrease in cash and cash equivalents	<u>(780)</u>

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5 DISCONTINUED OPERATIONS continued

(ii) Mubadala Health continued

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

	<i>At 1 January 2023 AED millions</i>
Non-current assets	3,359
Cash and cash equivalents	2,410
Other current assets	<u>1,007</u>
Total assets	<u>6,776</u>
Non-current liabilities	(913)
Current liabilities	(948)
Non-controlling interest	<u>(292)</u>
Net assets of Mubadala Health	<u>4,623</u>
Fair value of 45% interest in M42	8,067
Present value of deferred consideration (<i>see note 17 (ii)</i>)	<u>670</u>
Total sale consideration	<u>8,737</u>
Gain on disposal of Mubadala Health	<u>4,114</u>

(iii) 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 (“ADNOC”) to transfer its 24.9% interest in OMV to ADNOC. 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*. The Group has discontinued the equity accounting on OMV from the date of classification as held for sale. The sale transaction has been completed in February 2024 (*see note 42*).

Summarised financial information in respect of OMV is set out below. The summarised financial information represents amounts shown in OMV’s financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRS, except for the Group’s share of profits and dividends received.

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5 DISCONTINUED OPERATIONS continued

(iii) OMV continued

	<i>1 January 2022 to 12 December 2022 AED millions</i>
Revenue	241,080
Profit for the period	20,026
Other comprehensive income	<u>3,162</u>
Total comprehensive income	<u>23,188</u>
Group's share of profit	<u>3,502</u>
Dividend received by the Group	<u>731</u>

	<i>At 12 December 2022 AED millions</i>
Current assets	94,534
Non-current assets	127,319
Current liabilities	(55,800)
Non-current liabilities	(61,362)
Non-controlling interest	(29,400)
Hybrid capital not contributed by the Group	<u>(9,767)</u>
Net assets	<u>65,524</u>
Group's ownership in OMV	24.9%
Carrying amount	<u>16,315</u>

(iv) Borealis

In April 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 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 distinguished clearly, both operationally and for financial reporting purposes, from the rest of the Group. Accordingly, the disposal of the Group's interest in Borealis had been disclosed as discontinued operations in the 31 December 2022 consolidated financial statements as per IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Summarised financial information, until its classification as held for sale, in respect of Borealis is set out below. The summarised financial information represents amounts shown in Borealis' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRS, except for the Group's share of profits and dividends received.

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5 DISCONTINUED OPERATIONS continued

(iv) Borealis continued

	<i>1 January 2022 to 22 April 2022 AED millions</i>
Revenue	17,492
Profit for the period	3,031
Other comprehensive income	<u>1,034</u>
Total comprehensive income	<u>4,065</u>
Group's share of profit	671
Gain on disposal of 25% interest in Borealis	<u>3,314</u>
Profit from discontinued operations	<u>3,985</u>
Dividends received by the Group	<u>720</u>
	<i>At 22 April 2022 AED millions</i>
Current assets	21,677
Non-current assets	28,966
Current liabilities	(8,902)
Non-current liabilities	(10,917)
Non-controlling interest	<u>15</u>
Net assets	30,839
Group's ownership in Borealis	25%
Group's share of net assets	7,710
Purchase price allocation adjustments (<i>net</i>)	<u>1,579</u>
Carrying amount	9,289
Sale consideration for disposal of 25% interest in Borealis	12,123
Hedging, translation, and other reserves reclassified to profit or loss	<u>480</u>
Gain on disposal of 25% interest in Borealis	<u>3,314</u>

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

5 DISCONTINUED OPERATIONS continued

(v) 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.

The results of operations of the Clean Energy Business, up until the date of loss of control by the Group, are set out below:

	<i>1 January 2022 to 30 November 2022</i>
	<i>AED millions</i>
Revenue	509
Cost of sales	<u>(246)</u>
Gross profit	263
Other income	582
Finance costs	(85)
Other expenses	(360)
Income taxes	<u>(46)</u>
Profit for the period	354
Gain on disposal of 67% interest in Masdar	<u>2,196</u>
Profit from discontinued operations	<u>2,550</u>

Summarised cash flows of Clean Energy Business are presented below:

	<i>1 January 2022 to 30 November 2022</i>
	<i>AED millions</i>
Net cash used in operating activities	(464)
Net cash generated from investing activities	617
Net cash used in financing activities	<u>(2,392)</u>
Net decrease in cash and cash equivalents	<u>(2,239)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

5 DISCONTINUED OPERATIONS continued

(v) **Clean Energy Business** continued

The total value of the assets and liabilities of the Clean Energy Business recorded in the consolidated financial statements on the date of disposal, and the effects of the disposal were as follows:

	<i>At 30 November 2022</i>
	<i>AED</i>
	<i>millions</i>
Non-current assets	5,318
Cash and cash equivalents	2,967
Other current assets	<u>1,935</u>
Total assets	10,220
Non-current liabilities	(2,436)
Current liabilities	<u>(1,798)</u>
Net assets	<u>5,986</u>
Sale consideration for sale of 67% interest in Masdar	5,840
Fair value of 33% retained interest in Masdar	2,877
Hedging, translation, and other reserves reclassified to profit or loss	<u>(535)</u>
Gain on disposal of 67% interest in Masdar	<u>2,196</u>

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6 MATERIAL SUBSIDIARIES

The Group's material subsidiaries are set out below.

<i>Subsidiaries</i>	<i>Domicile</i>	<i>Ownership interest</i>		<i>Principal business activities</i>
		<i>2023</i>	<i>2022</i>	
GlobalFoundries Inc. ("GlobalFoundries") (<i>see note (i)</i>)	Cayman Islands	84.82%	85.71%	Focused on semiconductor wafer fabrication services and technologies, and manufacturing a broad range of semiconductor devices
NOVA Chemicals Corporation ("NOVA")	New Brunswick, Canada	100%	100%	Engaged in producing and selling ethylene, polyethylene and co-products, which are used in a wide range of applications including rigid and flexible packaging, containers, plastic bags, plastic pipe, consumer electronics, building and construction materials, housewares and other industrial and consumer goods
Mubadala Capital LLC ("Mubadala Capital")	UAE	100%	100%	Engaged in asset management and investment advisory activities, including arranging investment deals, advising on investments, arranging custody, managing assets and collective investment funds
Mubadala Energy Holding Company LLC ("Mubadala Energy")	UAE	100%	100%	Engaged in exploration, development, production and marketing of hydrocarbons
MMJV LP	Cayman Islands	100%	100%	Focused on investing in senior secured middle-market loans in the US and Europe sourced through off-market partnerships
Yahsat (<i>see note 5(i)</i>)	UAE	63%	63%	Engaged in leasing of satellite communication capacity to the UAE Armed Forces and other customers
Masdar City Services LLC ("Masdar City")	UAE	100%	100%	Engaged in infrastructure, commercial, real estate, industrial, power enterprises investments and sustainable real estate business
Dolphin Investment Company LLC	UAE	100%	100%	Engaged in managing investments, which are engaged in development, production, procurement and sale of hydrocarbons and related products
Aerospace Turbine Services & Solutions LLC	UAE	100%	100%	Engaged in aircraft maintenance and repairs, components leasing and sales
Mubadala Health LLC (<i>see note 5 (ii)</i>)	UAE	-	100%	The company is primarily engaged in the operation of hospitals, medical centers and laboratories

Note

- (i) The ownership interest of the Group has reduced as a result of share based payments made to key management personnel of GlobalFoundries

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7 PARTIALLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of partially-owned subsidiaries of the Group which have material non-controlling interests (“NCI”):

	Principal place of business	2023			2022		
		Ownership interest held by NCI %	Profit allocated to NCI AED millions	Accumulated NCI AED millions	Ownership interest held by NCI %	Profit allocated to NCI AED millions	Accumulated NCI AED millions
Subsidiary:							
GlobalFoundries Cayman Islands		15.18%	547	7,718	14.29%	615	6,457
Yahsat ¹	UAE	37%	120	1,534	37%	73	1,633

¹ (see note 5(i))

Summarised financial information in respect of the Group’s subsidiaries that have a material non-controlling interest is set out below. The summarised financial information represents amounts shown in their respective financial statements (before intra-group eliminations) prepared in accordance with IFRS.

	2023		2022	
	GlobalFoundries	Yahsat	GlobalFoundries	Yahsat
<i>All amounts in AED millions</i>				
For the year ended 31 December				
Summarised statement of comprehensive income:				
Revenue	<u>27,155</u>	<u>1,678</u>	<u>29,786</u>	<u>1,589</u>
Net profit for the year	3,740	375	5,312	222
Other comprehensive (loss) / income	<u>(84)</u>	<u>(43)</u>	<u>503</u>	<u>184</u>
Total comprehensive income	<u>3,656</u>	<u>332</u>	<u>5,815</u>	<u>406</u>
Summarised statement of cash flows:				
Net cash generated from operating activities	7,806	1,232	9,639	1,421
Net cash used in investing activities	(6,914)	(296)	(14,907)	(1,214)
Net cash generated (used in) / from financing activities	<u>(779)</u>	<u>(754)</u>	<u>3,093</u>	<u>(441)</u>
Net cash inflows / (outflows)	<u>113</u>	<u>182</u>	<u>(2,175)</u>	<u>(234)</u>
Dividend paid to non-controlling interest	-	<u>147</u>	-	<u>156</u>
As at 31 December				
Summarised statement of financial position:				
Non-current assets	<u>43,042</u>	<u>4,525</u>	<u>44,233</u>	<u>4,728</u>
Current assets	<u>23,242</u>	<u>2,780</u>	<u>21,306</u>	<u>2,709</u>
Non-current liabilities	<u>(13,937)</u>	<u>(3,074)</u>	<u>(16,612)</u>	<u>(2,883)</u>
Current liabilities	<u>(11,384)</u>	<u>(906)</u>	<u>(12,339)</u>	<u>(1,165)</u>
Non-controlling interests	<u>(173)</u>	<u>(232)</u>	<u>(174)</u>	<u>(262)</u>

8 OPERATING SEGMENTS

The Group is organised into four business platforms namely, UAE Investments, Direct Investments, Diversified 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 champions, fostering vibrant industrial and commercial clusters and partnering with world-class global entities. The platform's key portfolio assets include: (i) its investments in subsidiaries such as Mubadala Energy, Dolphin Investment Company LLC, Yahsat, Strata Manufacturing PJSC, Sanad Aero Solutions Holdings LLC, Aerospace Turbine Services & Solutions LLC and Masdar City, (ii) associates such as Aldar Properties PJSC (Aldar), National Central Cooling Company PJSC (Tabreed), M42 and (iii) joint ventures such as Emirates Global Aluminium PJSC (EGA) and Masdar. The aspiration of the platform 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 and sustainability, technology, life sciences, consumer, industrials and business services and financial services. The platform's primary geographical focus is North America, Europe and Asia. Key portfolio assets include: (i) subsidiaries such as GlobalFoundries and NOVA, (ii) joint ventures such as Compañía Española de Petróleos S.A.U. (CEPSA) and Dental Care Alliance and (iii) its financial investments in Reliance Retail Ventures Limited, PCI Pharma Services, Envirotainer Holdings AB, Avalara Inc., Medallia Inc., Culligan International Co., Independent Vetcare Limited trading under the name IVC Evidensia, Truist Insurance Holdings and United States Infrastructure Corporation.

Diversified Investments

This platform encompasses: (i) investments in growth companies globally as well as early stage/early growth opportunities in the MENA region across a range of sectors; (ii) credit investments primarily in the form of direct lending in North America, Western Europe and the APAC region and across different asset classes and industries, (iii) investments in special opportunities across a wide range of sectors and geographies (including the management of some of the platform's key portfolio assets and undertaking co-investment activities) and (iv) Mubadala Capital, a wholly-owned asset management subsidiary. The platform's key portfolio assets include its investments in Silver Lake Partnership, Softbank Vision Fund 1, Getir B.V., Waymo LLC, Bpifrance's LAC I Fund and direct lending programmes with Apollo Global Management, Ares Management Corporation, Goldman Sachs, BlackRock and Kohlberg Kravis Roberts & Co. L.P.

Effective January 2024, Disruptive Investments has been renamed to Diversified Investments. On the same date, a portfolio of investments was transferred from Disruptive Investments to UAE Investments and Direct Investments. We are currently evaluating the impact of this re-organisation on the 2024 reporting period.

Real Estate and Infrastructure Investments

This platform deploys capital into international real estate, traditional and digital infrastructure assets that offer long-term stable and predictable cash flows across business cycles. The platform partners with best-in-class investment managers and capital partners, governments and investment leaders to deliver vital real estate and infrastructure in countries to create long-term sustainable value. The platform is geographically diversified across North America, Europe and Asia. The platform's key portfolio assets include its investments in Jio Platforms Limited, CityFibre, Princeton Digital Group, Calisen Limited, Tata Power Renewable Energy Limited, Terminal Investment Limited Holding SA, Skyborn Renewables GmbH, Nordic Connectivity AB (which owns GlobalConnect Group (GlobalConnect)), Aligned Energy Holdings LP, Rio Grande LNG LLC and Zenobe Energy Limited. The real estate portfolio is heavily focused on the logistics, residential, healthcare/life sciences and credit sectors, with investment managers such as 3650 REIT, Crow Holdings, Barings, Starz Real Estate, Logos and CBC Group.

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. Furthermore, this segment includes strategy acceleration program and treasury activities that include cash management program including fixed income investments, structuring and raising debt, and providing banks and investors relationships management.

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8 OPERATING SEGMENTS continued

	<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>All amounts in AED millions</i>						
For the year ended 31 December 2023						
Revenues from contracts with customers	10,527	586	39,462	-	187	50,762
Other revenue	<u>964</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>66</u>	<u>1,040</u>
Total revenue	<u>11,491</u>	<u>586</u>	<u>39,472</u>	<u>-</u>	<u>253</u>	<u>51,802</u>
Depreciation and amortisation	<u>1,596</u>	<u>42</u>	<u>7,405</u>	<u>10</u>	<u>150</u>	<u>9,203</u>
Investment income (<i>net</i>)	<u>4,686</u>	<u>8,991</u>	<u>7,799</u>	<u>523</u>	<u>536</u>	<u>22,535</u>
Share of results of equity accounted investees	<u>4,697</u>	<u>125</u>	<u>(1,717)</u>	<u>(1,015)</u>	<u>-</u>	<u>2,090</u>
Net (finance cost) / finance income	<u>(169)</u>	<u>3,471</u>	<u>(814)</u>	<u>347</u>	<u>(1,196)</u>	<u>1,639</u>
Profit / (loss) for the year attributable to the Owner of the Group (continuing operations)	<u>10,964</u>	<u>12,304</u>	<u>7,972</u>	<u>(1,955)</u>	<u>(4,201)</u>	<u>25,084</u>
Profit for the year attributable to the Owner of the Group (discontinued operations)	<u>4,812</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>4,856</u>
Total comprehensive income / (loss) for the year attributable to the Owner of the Group	<u>15,360</u>	<u>12,326</u>	<u>8,019</u>	<u>(1,631)</u>	<u>(4,193)</u>	<u>29,881</u>
Additions to non-current assets (<i>see note (i)</i>)	<u>2,093</u>	<u>121</u>	<u>6,049</u>	<u>74</u>	<u>203</u>	<u>8,540</u>
At 31 December 2023						
Investments in equity accounted investees	<u>51,752</u>	<u>3,631</u>	<u>16,526</u>	<u>11,086</u>	<u>-</u>	<u>82,995</u>
Total assets	<u>111,462</u>	<u>134,625</u>	<u>194,599</u>	<u>43,470</u>	<u>55,266</u>	<u>539,422</u>
Total liabilities	<u>21,785</u>	<u>34,995</u>	<u>52,219</u>	<u>1,622</u>	<u>86,660</u>	<u>197,281</u>
For the year ended 31 December 2022						
Revenues from contracts with customers	9,396	493	46,065	-	-	55,954
Other revenue	<u>1,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>1,246</u>
Total revenue	<u>10,589</u>	<u>493</u>	<u>46,065</u>	<u>-</u>	<u>53</u>	<u>57,200</u>
Depreciation and amortisation	<u>1,704</u>	<u>45</u>	<u>7,887</u>	<u>10</u>	<u>119</u>	<u>9,765</u>
Investment income / (loss) (<i>net</i>)	<u>1,002</u>	<u>(18,574)</u>	<u>(4,021)</u>	<u>2,196</u>	<u>(156)</u>	<u>(19,553)</u>
Share of results of equity accounted investees	<u>5,613</u>	<u>23</u>	<u>2,008</u>	<u>129</u>	<u>-</u>	<u>7,773</u>
Net (finance cost) / finance income	<u>(607)</u>	<u>2,220</u>	<u>(606)</u>	<u>28</u>	<u>(667)</u>	<u>368</u>
Profit / (loss) for the year attributable to the Owner of the Group (continuing operations)	<u>7,996</u>	<u>(16,644)</u>	<u>3,143</u>	<u>2,353</u>	<u>(3,519)</u>	<u>(6,671)</u>
Profit for the year attributable to the Owner of the Group (discontinued operations)	<u>3,866</u>	<u>-</u>	<u>7,486</u>	<u>6</u>	<u>-</u>	<u>11,358</u>
Total comprehensive income / (loss) for the year attributable to the Owner of the Group	<u>14,365</u>	<u>(16,628)</u>	<u>10,291</u>	<u>1,985</u>	<u>(3,495)</u>	<u>6,518</u>
Additions to non-current assets (<i>see note (i)</i>)	<u>2,004</u>	<u>45</u>	<u>16,943</u>	<u>11</u>	<u>219</u>	<u>19,222</u>
At 31 December 2022						
Investments in equity accounted investees	<u>47,148</u>	<u>307</u>	<u>19,668</u>	<u>9,489</u>	<u>-</u>	<u>76,612</u>
Total assets	<u>109,632</u>	<u>110,858</u>	<u>187,549</u>	<u>37,226</u>	<u>57,828</u>	<u>503,093</u>
Total liabilities	<u>26,586</u>	<u>30,437</u>	<u>53,387</u>	<u>1,438</u>	<u>80,312</u>	<u>192,160</u>

- (i) Additions to non-current assets includes additions to property, plant and equipment, intangible assets and investment properties.

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8 OPERATING SEGMENTS continued

Geographical information

In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers.

Geographical information

	<i>For the year ended 31 December 2023</i>	<i>As at 31 December 2023</i>	<i>For the year ended 31 December 2022</i>	<i>As at 31 December 2022</i>
	<i>Revenue AED millions</i>	<i>Non-current assets AED millions (see note (i))</i>	<i>Revenue AED millions</i>	<i>Non-current assets AED millions (see note (i))</i>
UAE (<i>country of domicile</i>)	4,082	16,306	3,804	19,359
United States of America	14,341	23,209	17,630	24,802
Republic of Singapore	7,871	12,048	8,511	11,173
Canada	4,023	25,825	4,976	25,947
Taiwan	3,219	-	4,261	-
People's Republic of China	2,578	3	3,084	6
Federal Republic of Germany	2,377	8,442	1,247	8,599
United Kingdom	3,849	50	2,708	126
South Korea	1,568	-	1,636	-
State of Qatar	1,394	2,592	1,659	2,810
Arab Republic of Egypt	1,224	2,808	1,337	4,122
Malaysia	1,217	1,951	1,184	2,018
United Mexican States	565	-	1,103	-
Others	<u>3,494</u>	<u>6,005</u>	<u>4,060</u>	<u>6,054</u>
	<u>51,802</u>	<u>99,239</u>	<u>57,200</u>	<u>105,016</u>

(i) Segment non-current assets consist of property, plant and equipment, intangible assets and investment properties.

Major customers

In 2023 and 2022, none of the Group's customers individually exceeded 10% of the Group's revenue.

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9 REVENUE

	2023 AED millions	2022 AED millions
Revenue from contracts with customers		
Revenue from semiconductor wafers	27,156	29,786
Revenue from petrochemicals	12,307	16,275
Revenue from exploration and production activities	5,518	6,080
Revenue from aircraft maintenance, repairs and sales	3,624	2,259
Revenue from asset management services	513	274
Others	<u>1,644</u>	<u>1,280</u>
	<u>50,762</u>	<u>55,954</u>
Other revenue		
Revenue from aircraft components leasing	134	152
Revenue from property leasing	835	930
Others	<u>71</u>	<u>164</u>
	<u>1,040</u>	<u>1,246</u>
Total revenue	<u>51,802</u>	<u>57,200</u>
	2023 AED millions	2022 AED millions
Timing of revenue recognition		
Over a period of time	7,104	5,007
At a single point in time	<u>43,658</u>	<u>50,947</u>
	<u>50,762</u>	<u>55,954</u>

10 COST OF SALES

	2023 AED millions	2022 AED millions
Raw materials consumed (<i>see note 16</i>)	12,358	13,331
Depreciation of property, plant and equipment (<i>see note 22</i>)	7,748	8,204
Staff costs	5,195	5,909
Maintenance costs	2,859	3,299
Distribution, utilities and related costs	3,987	4,071
Impairment of property, plant, and equipment (<i>see note 22</i>)	549	180
Impairment of intangible assets (<i>see note 23</i>)	326	-
Amortisation of intangible assets (<i>see note 23</i>)	461	583
Other costs	<u>6,508</u>	<u>6,059</u>
	<u>39,991</u>	<u>41,636</u>

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11 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
	AED	AED
	millions	millions
Staff costs	2,701	2,971
Depreciation of property, plant and equipment (<i>see note 22</i>)	327	321
Amortisation of intangible assets (<i>see note 23</i>)	197	238
Selling, distribution and transportation costs	98	92
Reversal of impairment of property, plant and equipment (<i>see note 22</i>)	(184)	-
Impairment of intangible assets (<i>see note 23</i>)	62	-
Other expenses (<i>see note (i)</i>)	<u>5,889</u>	<u>4,435</u>
	<u>9,090</u>	<u>8,057</u>

- (i) In line with Abu Dhabi Accountability Authority's Chairman Resolution No. (27) of 2023 applicable to the Subject Entities, remuneration of auditors in 2023 and 2022 for the Company and all subsidiaries of the Group is as follows:

	2023	2022
	AED	AED
	millions	millions
Audit of financial statements	43	38
Other assurance services (<i>see note (ii)</i>)	3	3
Non-assurance services as required by applicable law	-	-
All other non-assurance services (<i>see note (iii)</i>)	<u>4</u>	<u>2</u>
	<u>50</u>	<u>43</u>

- (ii) Other assurance services primarily include services to provide a reasonable assurance report on the effectiveness of internal controls over financial reporting.
- (iii) All other non-assurance services primarily include services relating to comfort letters issued in connection with issuance of borrowings and services relating to tax advisory and tax filing services permissible under the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants.

12 INVESTMENT INCOME / (LOSS) (NET)

	2023	2022
	AED	AED
	millions	millions
Fair value gains / (losses) on non-derivative financial instruments (<i>net</i>) (<i>see note 18(b)</i>)	18,900	(21,372)
Dividend income	2,442	604
Fair value gain on investment properties (<i>net</i>) (<i>see note 21</i>)	841	346
Fair value gains on derivative financial instruments (<i>net</i>)	<u>352</u>	<u>869</u>
	<u>22,535</u>	<u>(19,553)</u>

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13 OTHER INCOME (NET)

	2023 AED millions	2022 AED millions
Government grant income	284	82
Gain on disposal of property, plant and equipment, intangibles and other assets (net)	44	154
Other income (see note (i))	<u>687</u>	<u>2,394</u>
	<u>1,015</u>	<u>2,630</u>

- (i) Other income for the year ended 31 December 2022 includes AED 1,480 million gain recognised on the completion of the sale of GlobalFoundries's East Fishkill, New York business.

14 CASH AND CASH EQUIVALENTS

	2023 AED millions	2022 AED millions
Bank balances (see note (i)):		
- deposit accounts	7,996	15,469
- call and current accounts	8,466	14,951
Money market funds (see note (ii))	5,515	1,836
Treasury bills (see note (iii))	1,563	-
Cash in hand	<u>3</u>	<u>2</u>
Cash and cash equivalents (see note (iv))	<u>23,543</u>	<u>32,258</u>

- (i) 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 4,254 million (31 December 2022: AED 8,081 million) placed with entities under common control (see Note 31(d)) on arm's length basis. The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 35.
- (ii) Money market funds include investments in fixed income and other liquid investments managed by a third-party manager. The underlying investments are primarily in the United States of America and have an average maturity of less than 3 months.
- (iii) Treasury bills represents quoted investments which are liquid in nature and are convertible into known amounts of cash.
- (iv) Cash and cash equivalents include amount of AED 10,156 million (31 December 2022: AED 16,145 million) which managed by Corporate.

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15 TRADE RECEIVABLES

	2023 AED millions	2022 AED millions
Trade receivables - third parties	7,333	6,524
Trade receivables - related parties (<i>see note 31(d)</i>)	<u>48</u>	<u>100</u>
	7,381	6,624
Less: expected credit losses	<u>(106)</u>	<u>(178)</u>
	<u>7,275</u>	<u>6,446</u>

16 INVENTORIES

	2023 AED millions	2022 AED millions
Work in progress	3,748	4,024
Raw materials and consumables	2,685	1,851
Finished goods	1,007	1,095
Land held for sale (<i>see note 34(i)</i>)	896	1,005
Maintenance spares	932	816
Drilling materials	379	333
Properties held for sale	263	305
Goods in transit	144	37
Others	<u>-</u>	<u>64</u>
	10,054	9,530
Less: provision for obsolescence	<u>(782)</u>	<u>(686)</u>
	<u>9,272</u>	<u>8,844</u>

In 2023, inventories of AED 12,358 million (2022: AED 13,331 million) were recognised as an expense during the year within 'Cost of sales'.

The movement in provision for inventory obsolescence during the year is as follows:

	2023 AED millions	2022 AED millions
At 1 January	686	635
Provision made during the year	393	339
Provision reversed during the year	(161)	(76)
Write off	(113)	(242)
Transfer to held for sale	(40)	(22)
Other movements, including foreign exchange	<u>17</u>	<u>52</u>
At 31 December	<u>782</u>	<u>686</u>

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17 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	2023 AED <i>millions</i>	2022 AED <i>millions</i>
Restricted and long-term deposits (<i>see note (i)</i>)	26,879	24,120
Amounts due from related parties (<i>see notes (ii) and 31(d)</i>)	16,201	20,881
Receivables against disposal of assets	1,769	2,497
Interest receivables	1,124	727
Advances to suppliers and contractors	1,019	1,206
Tax receivables	703	713
Prepaid expenses	674	491
Contract assets	559	302
Finance lease receivables (<i>see note 17(a)</i>)	548	839
Defined benefit plan assets	262	311
Receivables against government grants (<i>see note 34(ii)</i>)	210	190
Other receivables and prepayments	<u>3,141</u>	<u>4,255</u>
	53,089	56,532
Less: expected credit losses	<u>(417)</u>	<u>(444)</u>
	<u>52,672</u>	<u>56,088</u>

(i) Includes long-term deposits of AED 25,898 million (*31 December 2022: AED 23,302 million*) which represent deposits with original maturity of more than three months and which are managed by Corporate (*31 December 2022: AED 22,087 million*). Long-term deposits include AED 3,857 million (*31 December 2022: AED 7,411 million*) placed with entities under common control (*see Note 31(d)*).

(ii) As at 31 December 2023, amounts due from related parties include service concession receivables amounting to AED 3,579 million (*31 December 2022: AED 3,803 million*) (*see note 31(d)*), 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 includes present value of deferred consideration as at the reporting date of AED 703 million relating to the disposal of Mubadala Health. The total deferred consideration of AED 737 million is due in three equal annual installments from the date of disposal. The present value of the deferred consideration on the date of the transaction was AED 670 million (*see note 5(i)*).

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17 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS continued

(a) Finance lease receivables

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

	2023		2022	
	<i>Minimum lease payments receivable</i> AED millions	<i>Present value of payments receivable</i> AED millions	<i>Minimum lease payments receivable</i> AED millions	<i>Present value of payments receivable</i> AED millions
Within one year	161	155	121	94
After one year but not more than five years	225	175	407	278
After five years	<u>2,242</u>	<u>218</u>	<u>4,322</u>	<u>467</u>
Total	2,628	548	4,850	839
Less: unearned finance income	<u>(2,080)</u>	<u>-</u>	<u>(4,011)</u>	<u>-</u>
Present value of minimum lease payments	<u>548</u>	<u>548</u>	<u>839</u>	<u>839</u>

For the purpose of the above calculation, the guaranteed residual value to the lessor is assumed to be nil.

18 OTHER FINANCIAL ASSETS

	2023 AED millions	2022 AED millions
Loans receivable (<i>see note 18(a)</i>)	11,975	14,018
Investment in non-derivative financial instruments (<i>see note 18(b)</i>)	224,362	174,364
Derivative financial instruments (<i>see note 35(d)</i>)	<u>2,749</u>	<u>2,713</u>
	<u>239,086</u>	<u>191,095</u>

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18 OTHER FINANCIAL ASSETS continued

(a) Loans receivable

	2023 AED millions	2022 AED millions
Loans to joint ventures	542	576
Loans to entities under common control	<u>-</u>	<u>122</u>
Loans to related parties	542	698
Less: expected credit losses	<u>(17)</u>	<u>(139)</u>
Loans to related parties (net) (see note 31(d))	<u>525</u>	<u>559</u>
Loans to third parties (see note (i))	13,415	14,099
Less: expected credit losses (see note (ii))	<u>(1,965)</u>	<u>(640)</u>
Loans to third parties (net)	<u>11,450</u>	<u>13,459</u>
Total loans receivable	<u>11,975</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 8,489 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 31 December 2023, this collateral represents approximately 253% (31 December 2022: 248%) of the carrying value of the senior secured loan portfolio. During 2023, the consolidated credit fund sold loans of AED 2,942 million (USD 801 million) to another consolidated credit fund of the Group based on whose business model, the transferred loan portfolio has been classified as FVTPL.
- (ii) The Group had made loan investments in Signa Prime Selection (“SPS”) and Signa Development Selection (“SDS”). The loan receivables have been classified as both amortised cost and fair valued financial instruments based on the individual terms of and rights attached to the loans. Late 2023, Signa Holding, SPS and SDS filed for insolvency. Based on the assessment of recovery of the loans, the Group has recognized an expected credit loss of AED 1,158 million and fair value loss of AED 683 million during the year 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

18 OTHER FINANCIAL ASSETS continued

(b) Investment in non-derivative financial instruments

	2023	2022
	AED	AED
	millions	millions
i. Fair value through profit or loss (“FVTPL”) financial assets		
<u>Quoted investments</u>		
Equity securities (<i>see note (i)</i>)	9,872	16,778
Debt securities (<i>see note (ii)</i>)	9,322	5,716
Exchange traded funds (<i>see note (iii)</i>)	<u>2,067</u>	<u>-</u>
<i>Total quoted investments</i>	<u>21,261</u>	<u>22,494</u>
<u>Unquoted investments</u>		
Convertible bonds and preference shares (<i>see note (iv)</i>)	12,185	8,410
Equity securities (<i>see note (v)</i>)	47,376	28,921
Funds (<i>see note (vi)</i>)	105,184	88,656
Loans receivable (<i>see note (vii)</i>)	<u>32,624</u>	<u>22,070</u>
<i>Total unquoted investments</i>	<u>197,369</u>	<u>148,057</u>
<i>Total financial assets through profit or loss</i>	<u>218,630</u>	<u>170,551</u>
ii. Fair value through other comprehensive income		
Quoted debt securities (<i>see note (viii)</i>)	5,660	3,747
Unquoted equity securities	<u>72</u>	<u>66</u>
<i>Total financial assets through other comprehensive income</i>	<u>5,732</u>	<u>3,813</u>
	<u>224,362</u>	<u>174,364</u>

Details of fair value hierarchy and fair value methodology are disclosed in note 35(d).

- (i) During the year, the Group sold its entire 7.6% interest in Abu Dhabi Islamic Bank PJSC for a consideration of AED 2,517 million and its entire interest in UniCredit S.p.A for a consideration of AED 3,586 million.
- The Group recognised a net fair value gain of approximately AED 1,628 million on its investment in quoted equity securities (2022: net fair value loss of approximately AED 5,695 million).
- (ii) Investments in quoted debt securities includes investments made by the Corporate segment in fixed income and other debt securities directly and through external managers. As at 31 December 2023, the amount invested in fixed income and debt securities was AED 8,310 million (31 December 2022: AED 3,643 million).
- (iii) Exchange-traded funds comprise of investments in funds that aim to closely mirror the performance of selected Asian equity and Asian high-yield bond indices. During the year, the Corporate segment has invested, directly and through external managers, an amount of AED 2,054 million in exchange traded funds.
- (iv) In 2023, the Group acquired 15.4% interest in Nordic Connectivity AB (“GlobalConnect”) through the acquisition of ordinary and preference shares. The Group assessed that it has significant influence over GlobalConnect through the acquisition of ordinary shares (*see note 20(a)(ii)*). The investment in preference shares is classified and measured as FVTPL and the carrying value of the investment in preference shares as at 31 December 2023 is AED 1,922 million. Additionally, during the year, the Group made new investments of approximately AED 2,288 million.

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31 December 2023

18 OTHER FINANCIAL ASSETS continued

(b) Investment in non-derivative financial instruments continued

- (v) In December 2023, the Group signed a Share Purchase Agreement (SPA) with G42's major shareholder to acquire an additional 10.0% interest in G42, Mozn Holding RSC LTD and Astra Group Holding RSC LTD (G42 and its affiliates). As a result of the revisions made to the shareholders agreement, the Group ceased to have significant influence over G42 and its affiliates. Accordingly, the Group's investment in G42 and its affiliates was reclassified from investment in associates to unquoted equity securities measured at FVTPL (*see note 19(v)*). The Group recognized a gain of AED 3,463 million on the transaction.

In addition to above, the Group recognised a net fair value gain of approximately AED 4,860 million on its investment in other unquoted equity securities (*2022: net fair value gain of approximately AED 1,050 million*).

- (vi) During the year, the Group made new investments of approximately AED 16,214 million and received capital distributions of approximately AED 6,122 million from the funds. The Group also recognised a net fair value gain of approximately AED 7,011 million (*2022: net fair value loss of approximately AED 15,387 million*) on its unquoted fund investments.
- (vii) During 2023, the consolidated credit funds of the Group disbursed net additional loans of approximately AED 10,480 million including the new partnerships entered with BlackRock and Apollo.

Loans receivable measured at FVTPL amounting to AED 31,913 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 31 December 2023, this collateral represents approximately a range of 204% - 314% (*31 December 2022: a range of 94% - 311%*) of the carrying value of the secured loan portfolio.

- (viii) During the year, a subsidiary of the Group made additional investment in quoted marketable debt securities at a fair value of AED 1,860 million.

19 INTEREST IN JOINT OPERATIONS

The Group has joint ownership and joint/collective control of certain oil and gas assets through exploration, development and/or production sharing agreements entered into with other parties, for the exploitation of mineral rights, under concession agreements with the governments of the respective countries in which such operations are conducted. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. The Groups interest in those concession blocks are at different stages – exploration, development and / or production, and are located in Qatar, Oman, Israel, Indonesia, Egypt, Malaysia, Thailand, Canada and USA.

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

19 INTEREST IN JOINT OPERATIONS continued

The Group's significant interest in joint operations are as follows:

<i>Contract Area</i>	<i>Description</i>	<i>Group's working interest</i>	
		<i>2023</i> <i>%</i>	<i>2022</i> <i>%</i>
Joint operations in Canada			
Joffree E3 Ethylene Plant	Ethylene production	50.00	50.00
Cogeneration Facility at Joffre	Natural gas power station	20.00	20.00
Joint operations in USA			
Geismar, Louisiana Plant	Ethylene production	88.46	88.46
Joint operations in Egypt			
Mubadala Petroleum (Shorouk) Limited ¹	Exploration and production of condensate gas	10.00	10.00
Joint operations in Qatar			
Development and Production Sharing Agreement, Dolphin Contract Location, North Field ("DPSA") operated by DEL	Development, production and sale of hydrocarbons and related products	51.00	51.00
Joint operations in Israel			
Tamar and Dalit Leases ²	Exploration and exploitation of natural gas and condensate	11.00	11.00
Joint operations in Malaysia			
Block SK320 PSC Malaysia	Exploration and development of oil and gas	55.00	55.00
Joint operations in Oman			
Block 53 Mukhaizna	Production of crude oil	15.00	15.00
Joint operations in Thailand			
PTTEP Energy Development Limited	Exploration of oil and gas	40.00	40.00
KrisEnergy (Gulf of Thailand) Limited	Exploration of oil and gas	30.00	30.00

¹ During the year, an impairment charge was recognised on oil and gas assets and related reserves (*see note 22*).

² The Group performed an impairment assessment of the Tamar and Dalit Leases. Based on the impairment assessment, the recoverable amount was assessed to be higher than the carrying value of the assets of AED 1,715 million.

20 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

(a) Investments in equity accounted investees

	<i>2023</i> <i>AED</i> <i>millions</i>	<i>2022</i> <i>AED</i> <i>millions</i>
Investments in associates (<i>see notes (i),(ii), (iii) and (iv)</i>)	30,483	24,950
Investments in joint ventures (<i>see note (vi)</i>)	<u>52,512</u>	<u>51,662</u>
	<u>82,995</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, which is classified as an investment in associate. The carrying value of M42 as at 31 December 2023 is AED 8,193 million (*see note 5 (ii)*).

Mamoura Diversified Global Holding PJSC

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31 December 2023

20 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES continued

(a) Investments in equity accounted investees continued

(ii) GlobalConnect

In 2023, the Group acquired 15.4% interest in GlobalConnect through the acquisition of ordinary and preference shares (*see note 18(b)(iv)*). The Group assessed that it has significant influence over GlobalConnect through the acquisition of ordinary shares. Accordingly, the investment in ordinary shares is classified as an investment in associate and the carrying value of the investment as at 31 December 2023 is AED 424 million.

(iii) CityFibre UK

In January and March 2023, the Group made additional investments of AED 1,342 million (GBP 300 million) in Connect Infrastructure Topco Limited, a company that owns CityFibre Infrastructure Holdings Limited, subsequent to which the Group owns 23.7% (*31 December 2022: 16.5%*) interest in CityFibre UK. The total carrying value of the Group's interest in CityFibre UK as at 31 December 2023 is AED 3,584 million.

(iv) Getir B.V.

In October 2023, the Group made additional investments of AED 312 million in Series F Preferred Shares and converted majority of its existing convertible loan notes into Series F Preferred Shares of Getir B.V., which resulted in effective ownership, on a fully diluted basis, of 29.0% (*31 December 2022: 2.6%*). Subsequent to these transactions and as a result of changes in governance rights, the Group assessed that it has significant influence over Getir B.V. Accordingly, the investment was reclassified from unquoted equity security and convertible bonds measured at FVTPL to an equity accounted investee. The carrying value of AED 2,100 million.

(v) G42

In December 2023, the Group signed a Share Purchase Agreement (SPA) with G42's major shareholder to acquire an additional 10.0% interest in G42, Mozn Holding RSC LTD and Astra Group Holding RSC LTD (G42 and its affiliates). Subsequently, due to revisions made to the shareholders agreement, the Group ceased to have significant influence over G42 and its affiliates. Accordingly, the Group's investment in G42 and its affiliates was reclassified from investment in associate to unquoted equity security measured at FVTPL (*see note 18(b)(v)*).

(vi) Others

Further, in 2022, the Group has ceased to exercise control over a consolidated fund due to revisions made to its shareholders agreement. Based on the revised shareholder agreement, the Group no longer has control over the fund but has joint control of the fund. Accordingly, the existing investment, which was accounted for as a subsidiary, was reclassified to a joint venture and measured at fair value of AED 3,389 million.

(b) Income from equity accounted investees

	2023	2022
	AED	AED
	<i>millions</i>	<i>millions</i>
Share of results from equity accounted investees (<i>see note 20(d)</i>)	2,090	7,773
Loss on divestment of equity accounted investees (<i>net</i>)	(1)	(30)
Impairment loss on equity accounted investees	<u>(519)</u>	<u>(494)</u>
	<u>1,570</u>	<u>7,249</u>

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20 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(e) Investments in associates

The Group has the following material investments in equity accounted associates:

Associates	Domicile	Ownership interest		Principal business activity
		2023	2022	
Aldar Properties PJSC (“Aldar”)	UAE	25.12	25.12	Development, sales, investment, and associated services for real estate. In addition, Aldar is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.
OMV (<i>see note 5(iii)</i>)	Austria	24.90	24.90	Engaged in the business of producing and marketing oil and gas as well as chemical products and solutions.
M42 (<i>see note 20(i)</i>)	UAE	45.00	-	Technology enabled healthcare company. It combines G42 Healthcare's medical and data centric technologies with Mubadala Health's patient services and medical facilities.

Summarised financial information in respect of each of the Group's material associates is set out below (*see note 5(iv) for OMV*). The summarised financial information represents amounts shown in the associates' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRS, except for the Group's share of profits and dividends received.

	2023		2022
	Aldar	M42	Aldar
<i>All amount in AED million</i>			
Revenue	<u>14,161</u>	<u>7,505</u>	<u>11,200</u>
Profit for the year	<u>4,416</u>	<u>227</u>	3,144
Other comprehensive (loss) / income	<u>(288)</u>	<u>68</u>	<u>(391)</u>
Total comprehensive income	<u>4,128</u>	<u>295</u>	<u>2,753</u>
Group's share of profit / (loss)	<u>961</u>	<u>(56)</u>	<u>608</u>
Dividends received by the Group	<u>316</u>	<u>-</u>	<u>296</u>
Current assets	36,560	6,402	30,392
Non-current assets	36,298	16,464	30,884
Current liabilities	(18,080)	(4,268)	(14,773)
Non-current liabilities	(16,595)	(7,011)	(11,957)
Non-controlling interest	(5,303)	(617)	(4,380)
Hybrid capital not contributed by the Group	<u>(1,815)</u>	<u>-</u>	<u>(1,815)</u>
Net assets	<u>31,065</u>	<u>10,970</u>	<u>28,351</u>

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20 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(e) Investments in associates continued

Reconciliation of the above summarised financial information to the carrying amount of the interests in the above associates recognised in the consolidated financial statements is as follows:

<i>All amount in AED million</i>	2023		2022
	<i>Aldar</i>	M42	<i>Aldar</i>
Net assets	31,065	10,970	28,351
Ownership%	<u>25.12%</u>	<u>45.00%</u>	<u>25.12%</u>
Group's share of net assets	<u>7,804</u>	<u>4,937</u>	<u>7,122</u>
Reconciling items:			
Purchase price allocation adjustments (<i>net</i>)	<u>125</u>	<u>3,256</u>	<u>208</u>
Carrying amounts	<u>7,929</u>	<u>8,193</u>	<u>7,330</u>
Market value of investments	<u>10,568</u>	<u>-</u>	<u>8,751</u>

Aggregate information of associates that are not individually material:

	2023	2022
	AED	AED
	millions	millions
Group's share of profit / (loss) (<i>net</i>)	<u>522</u>	<u>(20)</u>
Group's share of other comprehensive loss (<i>net</i>)	<u>(86)</u>	<u>(50)</u>
Group's share of total comprehensive income / (loss) (<i>net</i>)	<u>438</u>	<u>(70)</u>
Carrying value of the Group's share	<u>14,361</u>	<u>17,620</u>

Some of the Group's associates that are not individually material are listed on various stock exchanges. As at 31 December 2023, the market values of these listed associates are AED 8,144 million (*31 December 2022: AED 5,878 million*) while the carrying values were AED 5,726 million as at 31 December 2023 (*31 December 2022: AED 5,705 million*).

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31 December 2023

20 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES continued

(d) Investments in joint ventures

The Group has the following material investments in joint ventures:

Joint ventures	Domicile	Ownership interest %		Principal business activity
		2023	2022	
EGA	UAE	50.00	50.00	Develop, construct, operate, finance and Maintain aluminium smelter
CEPSA	Spain	61.36	61.36	Engaged in exploration and extraction of crude oil, the production of petrochemical and energy products, asphalts, lubricants and polymers, their distribution and marketing, as well as gas distribution and electricity generation

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRS, except for the Group's share of profit and dividends received.

	2023		2022	
	EGA AED millions	CEPSA AED millions	EGA AED millions	CEPSA AED millions
Profit / (loss) for the year	3,444	(925)	7,402	4,255
Other comprehensive (loss) / income	(24)	(442)	777	2
Total comprehensive income / (loss)	<u>3,420</u>	<u>(1,367)</u>	<u>8,179</u>	<u>4,257</u>
Group's share of profit / (loss) (see note (i))	<u>1,669</u>	<u>(854)</u>	<u>3,646</u>	<u>2,241</u>
Dividends received by the Group	<u>2,571</u>	<u>2,052</u>	<u>1,102</u>	<u>1,373</u>
<i>Included in total comprehensive income / loss:</i>				
Revenue	<u>29,533</u>	<u>91,490</u>	<u>34,559</u>	<u>129,431</u>
Depreciation and amortization	<u>(2,898)</u>	<u>(2,824)</u>	<u>(2,851)</u>	<u>(3,258)</u>
Interest income	<u>174</u>	<u>1,795</u>	<u>69</u>	<u>1,567</u>
Interest expense	<u>(1,299)</u>	<u>(2,173)</u>	<u>(863)</u>	<u>(2,237)</u>
Income tax expense	<u>(71)</u>	<u>(671)</u>	<u>(51)</u>	<u>(4,864)</u>

- (i) During the year, the Group's share of results from CEPSA has declined primarily on an account of tax imposed on Spanish energy companies amounting to AED 1,310 million (EUR 323 million). Further, the reduction in global benchmark prices for aluminium prices contributed to the decline in the Group's share of results from EGA, offset with the increase in production and sales volume of EGA.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

20 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

(d) Investments in joint ventures continued

	2023		2022	
	EGA AED millions	CEPSA AED millions	EGA AED millions	CEPSA AED millions
Current assets	11,721	23,552	17,258	37,176
Non-current assets	51,364	30,683	52,440	29,162
Current liabilities	(7,149)	(21,691)	(9,973)	(30,143)
Non-current liabilities	(16,721)	(18,001)	(18,787)	(17,196)
Non-controlling interest	-	(247)	-	(497)
Net assets	<u>39,215</u>	<u>14,296</u>	<u>40,938</u>	<u>18,502</u>
<i>Included in the net assets:</i>				
Cash and cash equivalents	<u>4,512</u>	<u>2,672</u>	<u>8,056</u>	<u>1,871</u>
Current financial liabilities ¹	<u>(1,549)</u>	<u>(872)</u>	<u>(2,895)</u>	<u>(2,178)</u>
Non-current financial liabilities ¹	<u>(16,280)</u>	<u>(11,089)</u>	<u>(18,379)</u>	<u>(10,529)</u>

¹ excluding trade and other payables and provisions.

Reconciliation of the above summarised financial information to the carrying amount of the interests in the above joint ventures recognised in the consolidated financial statements is as follows:

	2023		2022	
	EGA AED millions	CEPSA AED millions	EGA AED millions	CEPSA AED millions
Net assets	39,215	14,296	40,938	18,502
Ownership%	<u>50.00%</u>	<u>61.36%</u>	<u>50.00%</u>	<u>61.36%</u>
Group's share of net assets	19,608	8,772	20,469	11,353
Reconciling items:				
Purchase price allocation adjustments (<i>net</i>)	<u>369</u>	<u>2,820</u>	<u>422</u>	<u>3,028</u>
Carrying amounts	<u>19,977</u>	<u>11,592</u>	<u>20,891</u>	<u>14,381</u>

Aggregate information of joint ventures that are not individually material:

	2023 AED millions	2022 AED millions
Group's share of (loss) / profit (<i>net</i>)	<u>(152)</u>	<u>1,103</u>
Group's share of other comprehensive (loss) / income (<i>net</i>)	<u>(155)</u>	<u>830</u>
Group's share of total comprehensive (loss) / income (<i>net</i>)	<u>(307)</u>	<u>1,933</u>
Carrying amount of Group's share	<u>20,943</u>	<u>16,390</u>

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21 INVESTMENT PROPERTIES

The movement during the year is as follows:

	2023			2022		
	<i>Investment properties</i>	<i>Investment properties under development</i>	<i>Total</i>	<i>Investment properties</i>	<i>Investment properties under development</i>	<i>Total</i>
<i>All amounts in AED millions</i>						
At 1 January	10,430	524	10,954	14,305	219	14,524
Additions	89	468	557	30	170	200
Disposals (<i>see note (i)</i>)	(70)	-	(70)	(4,105)	-	(4,105)
Transfer to held for sale or discontinued operations	(81)	-	(81)	-	-	-
Transfers from / (to) investment properties under development	121	(121)	-	(118)	118	-
Increase / (decrease) in fair value (<i>net</i>)	841	-	841	332	20	352
Effect of movement in foreign exchange rates and other movements	(39)	-	(39)	(14)	(3)	(17)
As at 31 December	<u>11,291</u>	<u>871</u>	<u>12,162</u>	<u>10,430</u>	<u>524</u>	<u>10,954</u>

- (i) In July 2022, the Group sold towers and a parking space in Abu Dhabi Global Market ("ADGM") Square Development, including their related assets and liabilities to Aldar for a consideration of AED 4,300 million.

Amounts recognised in the consolidated statement of comprehensive income for investment properties is as follows:

	2023 AED millions	2022 AED millions
Rental income from investment property (included in revenue - others)	709	753
Direct operating costs, including repairs and maintenance (included in cost of sales)	182	198

As at 31 December 2023 and 31 December 2022, significant investment properties of the Group include the Galleria Mall, Masdar City, Rihan Heights towers and various land banks. The investment properties under development comprise of Masdar City properties. All these properties are located in the UAE and categorised as level 3 under IFRS 13 *Fair Value Measurement*.

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31 December 2023

21 INVESTMENT PROPERTIES continued

The investment properties portfolio including those under development is valued through a mix of internal valuations and / or independent external valuations. Where external independent valuation is used, management engages external independent valuation companies, having appropriate recognised professional accreditations and experience. The fair values are based on valuation methods comprising the Comparable Method and Income Approach. Both valuation methods require the use of discounted future cash flows techniques. Where appropriate, the specific approved usage of the investment property is given due consideration. Cash flow projections which are intended to earn rental are based on estimated future cash inflows, supported by existing leases, current market rents for similar properties and estimated future cash outflows for operational expenses, construction costs and maintenance of the properties. While cash flow for capital appreciation (including property under construction for such purposes) is based on estimated future cash inflows expected for the net lettable area and future cash outflows based on construction contracts already awarded for part of the land and estimate of the development costs where contracts have not yet been awarded.

The Group conducted a sensitivity analysis for the largest assets in its investment properties portfolio with an aggregate amount of AED 11,329 million (31 December 2022: AED 10,068 million). The analysis has been conducted on the capitalisation/discounted rate and rental values. Based on this sensitivity analysis:

- A decrease in the capitalisation/discount rate by 50 basis points (“bps”) would result in an estimated AED 343 million or 3% increase (2022: AED 326 million or 3% increase) in the fair value, whilst an increase in the capitalisation/discount rate by 50bps would result in an estimated AED 316 million or 3% decrease (2022: AED 299 million or 3% decrease) in the fair value; and
- An increase in the rental rates by 10% would result in an estimated AED 663 million or 6% increase (2022: AED 662 million or 7% increase) in the fair value, whilst a decrease in the rental rates by 10% would result in an estimated AED 631 million or 6% decrease (2022: AED 635 million or 6% decrease) in the fair value.

The key assumptions used in the determination of the fair valuation of investment properties are as follows:

	2023 <i>Range</i>	2022 <i>Range</i>
Discount rate	9.0% - 10.0%	8.5% - 10.0%
Rental yield	7.0% - 8.0%	7.0% - 8.0%

22 PROPERTY, PLANT AND EQUIPMENT

	2023 AED <i>millions</i>	2022 AED <i>millions</i>
Property, plant and equipment (see note 22(a))	77,670	84,587
Property, plant and equipment – right-of-use (see note 22(b))	<u>2,785</u>	<u>2,668</u>
	<u>80,455</u>	<u>87,255</u>

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31 December 2023

22(a) PROPERTY, PLANT AND EQUIPMENT continued

	Land	Oil and gas assets	Buildings, plant, and office equipment	Aircraft engines and spares	Computers	Capital work in progress	Others	Total
<i>All amount in AED millions</i>								
Cost								
At 1 January 2023	314	23,107	136,456	3,685	2,565	27,003	223	193,353
Additions	-	658	1,223	1	86	4,362	1	6,331
Borrowing costs capitalized	-	-	-	-	-	248	-	248
Disposals	-	-	(1,678)	(714)	(9)	(109)	-	(2,510)
Transfer to assets classified as held for sale	(18)	-	(7,823)	-	(52)	(1,777)	-	(9,670)
Effect of movement in foreign exchange rates and other movements	-	16	11,997	-	23	(12,097)	3	(58)
At 31 December 2023	296	23,781	140,175	2,972	2,613	17,630	227	187,694
Accumulated depreciation and impairment								
At 1 January 2023	-	(14,481)	(89,200)	(1,328)	(2,287)	(1,311)	(159)	(108,766)
Charge for the year (see note (ii))	-	(1,144)	(6,959)	(120)	(135)	-	(14)	(8,372)
Disposals	-	-	1,518	437	9	-	-	1,964
(Impairment) / reversals of impairment - net (see note (iii))	-	(543)	226	(44)	-	(4)	-	(365)
Transfer to assets classified as held for sale	-	-	5,505	-	48	-	-	5,553
Effect of movement in foreign exchange rates and other movements	-	(1)	(148)	-	(1)	112	-	(38)
At 31 December 2023	-	(16,169)	(89,058)	(1,055)	(2,366)	(1,203)	(173)	(110,024)
Carrying amounts								
At 31 December 2023	296	7,612	51,117	1,917	247	16,427	54	77,670

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31 December 2023

22(a) PROPERTY, PLANT AND EQUIPMENT continued

	Land	Oil and gas assets	Buildings, plant, and office equipment	Aircraft engines and spares	Computers	Capital work in progress	Others	Total
<i>All amount in AED millions</i>								
Cost								
At 1 January 2022	405	29,170	138,456	4,028	2,610	18,517	232	193,418
Additions	2	621	1,206	34	86	15,443	-	17,392
Borrowing costs capitalised	-	-	-	-	-	454	-	454
Disposals	-	-	(5,395)	(377)	(72)	(994)	-	(6,838)
Transfer to assets classified as held for sale	(76)	(7,053)	(2,261)	-	(135)	(46)	(10)	(9,581)
Divestment of subsidiary	-	(1,426)	-	-	-	-	-	(1,426)
Other movements	(22)	1,855	4,567	-	76	(6,313)	1	164
Effect of movement in foreign exchange rates	5	(60)	(117)	-	-	(58)	-	(230)
At 31 December 2022	314	23,107	136,456	3,685	2,565	27,003	223	193,353
Accumulated depreciation and impairment								
At 1 January 2022	-	(19,650)	(87,801)	(1,256)	(2,295)	(1,394)	(151)	(112,547)
Charge for the year (see note (ii))	-	(1,646)	(7,229)	(132)	(158)	-	(18)	(9,183)
Disposals	-	-	4,540	189	65	84	-	4,878
(Impairment) / reversals of impairment – net (see note (iii))	-	(180)	106	(106)	-	-	-	(180)
Transfer to assets classified as held for sale	-	6,938	1,207	-	96	2	7	8,250
Divestment of subsidiary	-	56	-	-	-	-	-	56
Effect of movement in foreign exchange rates	-	1	(23)	(23)	5	(3)	3	(40)
At 31 December 2022	-	(14,481)	(89,200)	(1,328)	(2,287)	(1,311)	(159)	(108,766)
Carrying amounts								
At 31 December 2022	314	8,626	47,256	2,357	278	25,692	64	84,587

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22(b) PROPERTY, PLANT AND EQUIPMENT – RIGHT-OF-USE continued

<i>All amount in AED millions</i>	<i>Land</i>	<i>Oil and gas assets</i>	<i>Buildings, plant and office equipment</i>	<i>Others</i>	<i>Total</i>
Cost					
At 1 January 2023	407	-	2,536	1,299	4,242
Additions	13	-	612	81	706
Transfers to assets classified as held for sale	-	-	(23)	-	(23)
Disposals	-	-	(156)	(46)	(202)
Effect of movement in foreign exchange rates and other movements	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
At 31 December 2023	<u>420</u>	<u>-</u>	<u>2,967</u>	<u>1,333</u>	<u>4,720</u>
Accumulated depreciation and impairment					
At 1 January 2023	(115)	-	(1,097)	(362)	(1,574)
Charge for the year (<i>see note (ii)</i>)	(31)	-	(307)	(151)	(489)
Transfers to assets classified as held for sale	-	-	4	-	4
Disposals	-	-	83	46	129
Effect of movement in foreign exchange rates and other movements	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>1</u>	<u>(5)</u>
At 31 December 2023	<u>(146)</u>	<u>-</u>	<u>(1,323)</u>	<u>(466)</u>	<u>(1,935)</u>
Carrying amounts:					
At 31 December 2023	<u>274</u>	<u>-</u>	<u>1,644</u>	<u>867</u>	<u>2,785</u>

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31 December 2023

22(b) PROPERTY, PLANT AND EQUIPMENT – RIGHT-OF-USE continued

<i>All amount in AED millions</i>	<i>Land</i>	<i>Oil and gas assets</i>	<i>Buildings, plant and office equipment</i>	<i>Others</i>	<i>Total</i>
Cost					
At 1 January 2022	419	652	2,988	968	5,027
Additions	-	42	357	427	826
Transfers to assets classified as held for sale	(12)	(694)	(352)	-	(1,058)
Disposals	-	-	(427)	(98)	(525)
Effect of movement in foreign exchange rates and other movements	-	-	(30)	2	(28)
At 31 December 2022	<u>407</u>	<u>-</u>	<u>2,536</u>	<u>1,299</u>	<u>4,242</u>
Accumulated depreciation and impairment					
At 1 January 2022	(85)	(355)	(1,135)	(320)	(1,895)
Charge for the year (<i>see note (ii)</i>)	(31)	(93)	(477)	(135)	(736)
Transfers to assets classified as held for sale	1	448	128	-	577
Disposals	-	-	388	95	483
Effect of movement in foreign exchange rates and other movements	-	-	(1)	(2)	(3)
At 31 December 2022	<u>(115)</u>	<u>-</u>	<u>(1,097)</u>	<u>(362)</u>	<u>(1,574)</u>
Carrying amounts:					
At 31 December 2022	<u>292</u>	<u>-</u>	<u>1,439</u>	<u>937</u>	<u>2,668</u>

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22 PROPERTY, PLANT AND EQUIPMENT continued

- (i) Land includes plots of land recorded at nominal value, carrying amounts of which are insignificant. It also includes rights granted to certain subsidiaries to use plots of land free of charge (*see note 36(a)(ii)*).
- (ii) Depreciation charge for the year was allocated as follows:

	2023 AED millions	2022 AED millions
Cost of sales (<i>see note 10</i>)	7,748	8,204
Research, development and exploration expenses	227	148
General and administrative expenses (<i>see note 11</i>)	327	321
Discontinued operations	<u>559</u>	<u>1,246</u>
	<u>8,861</u>	<u>9,919</u>

Property, plant and equipment of AED 29,897 million (*31 December 2022: AED 30,531 million*) have been pledged as security against certain borrowings (*see note 26(a)*).

- (iii) Impairment / (reversal of impairment) charge for the year was allocated as follows:

	2023 AED millions	2022 AED millions
Cost of sales (<i>see note 10</i>)	549	180
General and administrative expenses (<i>see note 11</i>)	<u>(184)</u>	—
	<u>365</u>	<u>180</u>

Details of significant impairment charges are described below.

Impairment assessment of oil and gas assets and reserves

During the year, a net impairment charge of AED 549 million (*2022: net impairment charge of AED 180 million*) was recognised within “Cost of sales”. Further, an impairment charge of AED 326 million (*2022: nil*) was recognised within “Cost of sales” on oil and gas reserves (*see note 23*). The recoverable amounts of the CGUs (the oil fields that produce hydrocarbons) were estimated based on their value in use by discounting the future cash flows from the continuing use of the CGUs and using the following key assumptions:

- cash flows were projected for each field based on the projected production plan of the fields' 2P (proved and probable) reserves;
- oil/condensate or gas prices linked to Brent are based on forecasted Brent prices and are adjusted for regional price differences;
- for gas prices based on long term contracts, the underlying contracts are used and suitable assumptions made for period beyond the contract term as approved by the management; and
- a discount rate of 16% (*2022: 8% to 18%*) was applied in determining the recoverable amount of the respective units.

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23 INTANGIBLE ASSETS

	<i>Licences trademarks and patents</i>	<i>Oil and gas reserves</i>	<i>Goodwill</i>	<i>Software</i>	<i>Customer contracts</i>	<i>Exploration and evaluation assets</i>	<i>Others</i>	<i>Total</i>
<i>All amount in AED millions</i>								
Cost								
At 1 January 2023	2,307	5,618	1,570	6,192	1,961	749	2,184	20,581
Additions	-	-	-	601	-	336	9	946
Acquisitions through business combinations	-	-	92	-	-	-	22	114
Disposals	-	-	-	(157)	-	-	(106)	(263)
Transfers to assets classified as held for sale or discontinued operations	-	-	(14)	(58)	-	-	(56)	(128)
Effect of movement in foreign exchange rates and other movements	-	-	1	33	-	-	73	107
At 31 December 2023	<u>2,307</u>	<u>5,618</u>	<u>1,649</u>	<u>6,611</u>	<u>1,961</u>	<u>1,085</u>	<u>2,126</u>	<u>21,357</u>
Accumulated amortisation and impairment								
At 1 January 2023	(937)	(3,957)	(577)	(4,885)	(1,481)	(296)	(1,641)	(13,774)
Charge for the year (<i>see note (i)</i>)	-	(147)	-	(492)	(82)	(153)	(35)	(909)
Impairment	-	(326)	(62)	-	-	-	-	(388)
Disposals	-	-	-	156	-	-	106	262
Transfers to assets classified as held for sale or discontinued operations	-	-	-	20	-	-	53	73
Effect of movement in foreign exchange rates and other movements	-	(1)	(1)	2	-	(3)	4	1
At 31 December 2023	<u>(937)</u>	<u>(4,431)</u>	<u>(640)</u>	<u>(5,199)</u>	<u>(1,563)</u>	<u>(452)</u>	<u>(1,513)</u>	<u>(14,735)</u>
Carrying amounts								
At 31 December 2023	<u>1,370</u>	<u>1,187</u>	<u>1,009</u>	<u>1,412</u>	<u>398</u>	<u>633</u>	<u>613</u>	<u>6,622</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

23 INTANGIBLE ASSETS continued

	<i>Licences trademarks and patents</i>	<i>Oil and gas reserves</i>	<i>Goodwill</i>	<i>Software</i>	<i>Customer contracts</i>	<i>Exploration and evaluation assets</i>	<i>Others</i>	<i>Total</i>
<i>All amount in AED millions</i>								
Cost								
At 1 January 2022	2,914	6,028	2,789	5,921	2,159	632	2,454	22,897
Additions	-	-	-	612	16	163	13	804
Disposals	(11)	-	-	(216)	-	-	(29)	(256)
Divestment of interest in subsidiary	-	(398)	-	-	-	-	-	(398)
Transfers to assets classified as held for sale or discontinued operations	(565)	-	(1,190)	(126)	(201)	-	(141)	(2,223)
Effect of movement in foreign exchange rates and other movements	<u>(31)</u>	<u>(12)</u>	<u>(29)</u>	<u>1</u>	<u>(13)</u>	<u>(46)</u>	<u>(113)</u>	<u>(243)</u>
At 31 December 2022	<u>2,307</u>	<u>5,618</u>	<u>1,570</u>	<u>6,192</u>	<u>1,961</u>	<u>749</u>	<u>2,184</u>	<u>20,581</u>
Accumulated amortisation and impairment								
At 1 January 2022	(897)	(3,799)	(647)	(4,579)	(1,475)	(127)	(1,774)	(13,298)
Charge for the year (<i>see note (i)</i>)	(72)	(170)	-	(614)	(103)	(153)	(48)	(1,160)
Disposals	11	-	23	214	-	-	-	248
Transfers to assets classified as held for sale or discontinued operations	16	-	46	103	97	-	55	317
Divestment of interest in subsidiary	-	11	-	-	-	-	-	11
Effect of movement in foreign exchange rates and other movements	<u>5</u>	<u>1</u>	<u>1</u>	<u>(9)</u>	<u>-</u>	<u>(16)</u>	<u>126</u>	<u>108</u>
At 31 December 2022	<u>(937)</u>	<u>(3,957)</u>	<u>(577)</u>	<u>(4,885)</u>	<u>(1,481)</u>	<u>(296)</u>	<u>(1,641)</u>	<u>(13,774)</u>
Carrying amounts								
At 31 December 2022	<u>1,370</u>	<u>1,661</u>	<u>993</u>	<u>1,307</u>	<u>480</u>	<u>453</u>	<u>543</u>	<u>6,807</u>

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31 December 2023

23 INTANGIBLE ASSETS continued

(i) Amortisation charge for the year was allocated as follows:

	2023	2022
	AED	AED
	millions	millions
Cost of sales (<i>see note 10</i>)	461	583
Research, development and exploration expenses	243	271
General and administrative expenses (<i>see note 11</i>)	197	238
Discontinued operations	<u>8</u>	<u>68</u>
	<u>909</u>	<u>1,160</u>

(ii) Impairment charge for the year was allocated as follows:

	2023	2022
	AED	AED
	millions	millions
Cost of sales (<i>see note 10</i>)	326	-
General and administrative expenses (<i>see note 11</i>)	<u>62</u>	<u>-</u>
	<u>388</u>	<u>-</u>

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

24 INCOME TAX

	2023 AED millions	2022 AED millions
<i>Income tax recognised in profit or loss:</i>		
<i>Current tax (expense) / benefit</i>		
On taxable profit of the year	(154)	(179)
Adjustment in respect of prior years' current tax	<u>35</u>	<u>(11)</u>
	(119)	(190)
<i>Deferred tax (expense) / benefit</i>		
Origination and reversal of temporary differences (see note (i))	(101)	(1,113)
Impact of tax losses and tax credits carryforwards	(271)	(162)
Deferred tax adjustment on depreciation, depletion and amortisation	(58)	(32)
Foreign exchange difference and other movements	<u>51</u>	<u>(19)</u>
Income tax expense recognised in profit or loss (see notes (ii) and (iii))	<u>(498)</u>	<u>(1,516)</u>

- (i) Income tax expense excludes tax expense from discontinued operations of AED 70 million (2022: AED 641 million)
- (ii) Income tax is calculated at tax rates prevailing in the respective jurisdictions, and primarily arises from GlobalFoundries, NOVA, and Mubadala Energy for the years ended 31 December 2023 and 31 December 2022.

The total income tax recognised in profit or loss for the year can be reconciled to the results from continuing operations as follows:

	2023 AED millions	2022 AED millions
Profit / (loss) before income tax from continuing operations	<u>26,233</u>	<u>(4,091)</u>
Effect of different tax rates of subsidiaries operating in other jurisdictions	(299)	(1,119)
Effect of expenses that are not deductible in determining taxable profit	65	(183)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(86)	222
Others	<u>(213)</u>	<u>(429)</u>
	(533)	(1,509)
Adjustments recognised in the current year in relation to the current tax of prior years	<u>35</u>	<u>(7)</u>
Income tax expense recognised in profit or loss (net)	<u>(498)</u>	<u>(1,516)</u>

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

24 INCOME TAX continued

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 has not identified any material temporary differences that would trigger any deferred taxes, as of and for the year ended 31 December 2023. In performing this assessment, the Group considered the provisions of the Law and the Cabinet Decisions issued. The Group will review future Cabinet decisions to assess if there is any impact on previously concluded position on deferred tax.

Deferred tax assets and liabilities

The movements in the net deferred tax position during the year are as follows:

	2023	2022
	AED	AED
	millions	millions
At 1 January	(3,715)	(2,329)
Tax charges recognised in profit or loss	(379)	(1,325)
Other adjustments	<u>115</u>	<u>(61)</u>
At 31 December disclosed as deferred tax liabilities (<i>net</i>)	<u>(3,979)</u>	<u>(3,715)</u>

The Group has recognised deferred tax assets based on the assessment that it is probable that future taxable profits will be available to realise the deferred tax assets. Subject to the agreement of the relevant tax authorities, the Group's unrecognised tax losses, investment allowances or unrecovered cost pools in various jurisdictions as at 31 December 2023 amounted to AED 40,229 million (*31 December 2022: AED 44,738 million*) and are available for offset against future taxable income. The Group has not recognised deferred tax assets of AED 13,664 million (*31 December 2022: AED 13,785 million*) in relation to these losses as it is not probable that these losses will be utilised. Out of these losses on which deferred tax assets have not been recognized, losses amounting to AED 28,988 million (*31 December 2022: AED 33,799 million*) are expected to expire between 2026 to 2043 (*2022: 2026 to 2042*). The remaining losses can be carried forward indefinitely.

Deferred tax liabilities in certain jurisdictions are primarily in respect of the excess of the carrying amount over the tax written down value of property, plant and equipment.

The Group has entered into various exploration and production sharing agreements for which the Group shall pay their own taxes under the laws of the country in which the agreements are executed. Since these are still in exploratory and development stage, it is not yet probable that future taxable profits will be available against which the temporary difference can be utilised and hence no deferred tax assets are recognised.

As at 31 December 2023, the carrying value of income tax payable is AED 243 million (*31 December 2022: AED 163 million*) and is included within "Trade and other payables".

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

24 INCOME TAX continued

Recognised deferred tax assets and liabilities are attributable to:

	2023			2022		
	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
<i>All amounts in AED millions</i>						
Property, plant and equipment	(1,201)	(5,588)	(6,789)	(2,468)	(4,912)	(7,380)
Intangible assets	-	(45)	(45)	2,137	(190)	1,947
Financial assets measured at FVTPL	-	(370)	(370)	-	(138)	(138)
Derivatives	7	-	7	12	(78)	(66)
Receivables, prepayments and other assets	27	(1)	26	4,873	(2)	4,871
Other liabilities	87	1,063	1,150	1,169	476	1,645
Tax losses recognised, net of valuation allowances	2,314	(4)	2,310	(4,378)	-	(4,378)
Others	<u>1</u>	<u>(270)</u>	<u>(269)</u>	<u>(15)</u>	<u>(201)</u>	<u>(216)</u>
Deferred tax assets / (liabilities)	<u>1,235</u>	<u>(5,215)</u>	<u>(3,980)</u>	<u>1,330</u>	<u>(5,045)</u>	<u>(3,715)</u>

Income tax recognised in other comprehensive income:

	2023			2022		
	<i>Before tax</i>	<i>Tax benefit</i>	<i>Net of tax</i>	<i>Before tax</i>	<i>Tax expense</i>	<i>Net of tax</i>
<i>All amounts in AED millions</i>						
Exchange difference on translation of foreign operations	1,038	(4)	1,034	(628)	-	(628)
Gain on hedge of net investment in foreign operations (<i>net</i>)	(490)	-	(490)	174	-	174
Share of other comprehensive income of equity accounted investees	(388)	-	(388)	1,452	-	1,452
Effective portion of changes in fair value of cash flow hedges and other reserves (<i>net of tax</i>)	(291)	76	(215)	1,144	(67)	1,077
Net movement in defined benefit plan	<u>(67)</u>	<u>18</u>	<u>(49)</u>	<u>36</u>	<u>(5)</u>	<u>31</u>
	<u>(198)</u>	<u>90</u>	<u>(108)</u>	<u>2,178</u>	<u>(72)</u>	<u>2,106</u>

Mamoura Diversified Global Holding PJSC

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25 OPERATING LEASE ARRANGEMENTS

The minimum lease receivable relating to the Group's leases on the investment properties and property, plant and equipment are as follows:

	2023 AED <i>millions</i>	2022 AED <i>millions</i>
Within one year	573	1,202
After one year but not more than five years	1,620	3,457
After five years	<u>2,770</u>	<u>1,581</u>
	<u>4,963</u>	<u>6,240</u>

26 BORROWINGS AND LEASE LIABILITIES

	2023 AED <i>millions</i>	2022 AED <i>millions</i>
Borrowings (<i>see note 26(a)</i>)	145,691	134,315
Lease liabilities (<i>see note 26(b)</i>)	<u>3,197</u>	<u>3,415</u>
	<u>148,888</u>	<u>137,730</u>

(a) Borrowings

Unsecured bonds	81,209	78,771
Unsecured bank borrowings	17,580	14,395
Secured bank borrowings	45,457	41,149
Secured bonds (<i>see note (ii)</i>)	<u>1,445</u>	-
	<u>145,691</u>	<u>134,315</u>

Included in unsecured bonds and unsecured bank borrowings at 31 December 2023 were borrowings of AED 14,645 million (*31 December 2022: AED 17,573 million*) which have been designated as a hedge of the net investments in certain foreign operations of certain assets (*see note 36(c)*).

Total undrawn borrowing facilities, as at the reporting date, amount to AED 32,077 million (*31 December 2022: AED 22,634 million*), of which AED 15,802 million pertains to Corporate undrawn facilities (*31 December 2022: AED 9,184 million*). Total undrawn borrowing facilities with financial institutions classified as related parties as of 31 December 2023 stand at AED 3,306 million (*31 December 2022: AED 2,103 million*).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

26 BORROWINGS AND LEASE LIABILITIES continued

(a) Borrowings continued

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

	2023 AED millions	2022 AED millions
Corporate (<i>see note (i)</i>)	88,633	79,556
NOVA (<i>see note (ii)</i>)	13,938	13,610
GlobalFoundries (<i>see note (iii)</i>)	8,715	9,222
GR Sowwah Retail Mezz Ltd (“GAMI”)	2,689	2,744
Al Maqsed Development Company PJSC	2,124	2,260
Sanad Aero Solutions Holdings LLC	1,038	1,258
Mubadala Energy Holding Company LLC	1,195	1,249
Yahsat (<i>see note 5 (ii)</i>)	-	1,914
Consolidated credit funds (<i>see note (iv)</i>)	25,036	20,121
Other subsidiaries	<u>2,323</u>	<u>2,381</u>
	<u>145,691</u>	<u>134,315</u>

- (i) In September 2023, the Company entered into an Islamic loan facility with Abu Dhabi Islamic Bank PJSC of AED 1,837 million (USD 500 million). As of 31 December 2023, an amount of AED 735 million (USD 200 million) has been drawn against the facility.

In November 2023, the Company through its wholly owned subsidiary MDGH GMTN RSC Ltd, issued its inaugural Green Bond of AED 2,755 million (USD 750 million) with a tenor of 10.5 years and coupon of 5.9% and its inaugural AED Bond of AED 750 million with a tenor of 5 years and coupon of 5.7%.

Further, in December 2023, the Company has prepaid its AED 4,335 million (EUR 1,090 million) unsecured bank borrowings due in 2024.

- (ii) In November 2023, NOVA completed a private offering of AED 1,445 million (USD 400 million) secured bonds with a tenor of 5 years and coupon of 8.5% and subsequently repaid an amount of AED 1,445 million (USD 400 million) relating to outstanding unsecured bonds due in 2024.
- (iii) As at 31 December 2023, GlobalFoundries’ borrowings include AED 3,627 million (USD 987 million) (*31 December 2022: AED 3,567 million (USD 971 million)*) drawn from the AED 4,221 million (USD 1,149 million) (*31 December 2022: AED 4,221 million (USD 1,449 million)*) loan facility under a loan agreement with the Singapore Economic Development Board (“EDB”). The loan carries a fixed nominal interest rate of 1.4%. The difference between this nominal interest rate and the market interest rate for an equivalent loan is treated as a government grant. The loan repayment is due in 2041.
- (iv) During 2023, the consolidated credit funds of the Group have drawn approximately AED 9,816 million (*31 December 2022: AED 7,894 million*) from their total loan facilities of AED 31,701 million (*31 December 2022: AED 22,577 million*). Additionally, during the year, the consolidated credit funds repaid AED 5,848 million (*31 December 2022: AED 517 million*).

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26 BORROWINGS AND LEASE LIABILITIES continued

(a) Borrowings continued

Movement in borrowings during the year is as follows:

	2023	2022
	AED	AED
	millions	millions
At 1 January	134,315	122,802
Proceeds from issuances and drawdowns	39,029	36,479
Repayments	(26,855)	(20,537)
Transfer to liabilities associated with assets classified as held for sale (<i>see note 6(i)</i>)	(1,597)	(1,897)
Foreign exchange fluctuations and other movements	<u>799</u>	<u>(2,532)</u>
At 31 December	<u>145,691</u>	<u>134,315</u>

The estimated fair value of borrowings is as follows:

	2023	2022
	AED	AED
	millions	millions
Level 1	74,354	71,383
Level 2	1,163	2,848
Level 3	<u>64,387</u>	<u>53,642</u>
	<u>139,904</u>	<u>127,873</u>

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26 BORROWINGS AND LEASE LIABILITIES continued

(a) Borrowings continued

Summarised below are the key terms of the outstanding borrowings as at 31 December:

<i>Particulars</i>	<i>Currency</i>	<i>Nominal interest rate</i>	<i>Year of maturity</i>	2023 AED millions	2022 AED millions
Unsecured bonds	EUR	Fixed	2024-2034	5,026	8,271
Unsecured bonds	JPY	Fixed	2031	379	413
Unsecured bonds	USD	Fixed	2024-2053	72,253	67,337
Unsecured bonds	AED	Fixed	2034	748	-
Unsecured bonds	GBP	Fixed	2026	2,803	2,750
Total				81,209	78,771
Unsecured bank borrowings	EUR	EURIBOR + margin	2024-2028	11,878	10,728
Unsecured bank borrowings	USD	SOFR/LIBOR + margin / fixed	2024-2028	5,702	3,651
Unsecured bank borrowings	BRL	BRAZILIAN LIBOR + margin / fixed	-	-	2
Unsecured bank borrowings	AED	EIBOR + margin / fixed	-	-	14
Total				17,580	14,395
Secured bank borrowings	AED/SGD	EIBOR + margin	2025-2041	8,669	8,553
Secured bank borrowings	USD	SOFR/LIBOR + margin / fixed	2024-2035	31,576	28,326
Secured bank borrowings	EUR	EURIBOR + margin / fixed	2024-2026	5,212	4,270
Total				45,457	41,149
Secured bonds	USD	Fixed	2028	1,445	-
				145,691	134,315

Summarised below are assets pledged as securities against secured bank borrowings and bonds as at 31 December:

	2023 AED millions	2022 AED millions
Secured bank borrowings and bonds:		
Property, plant and equipment	29,530	30,531
Debt and equity securities	30,149	21,012
Loans receivable from third parties	9,127	10,744
Inventory	2,575	2,344
Restricted cash	1,876	312
Investment properties	1,717	1,717
Finance lease receivables	157	157
	75,131	66,817

In addition to the above, borrowings with a carrying value of AED 1,195 million (31 December 2022: AED 1,249 million) are secured through net investment in joint operations.

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26 BORROWINGS AND LEASE LIABILITIES continued

(b) Lease liabilities

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

	2023		2022	
	<i>Minimum lease payments</i>	<i>Present value of lease liabilities</i>	<i>Minimum lease payments</i>	<i>Present value of lease liabilities</i>
<i>All amounts in AED millions</i>				
Within one year	502	553	632	553
After one year but not more than five years	1,795	1,305	1,614	1,305
After five years	<u>1,905</u>	<u>1,557</u>	<u>2,355</u>	<u>1,557</u>
Total	4,202	3,415	4,601	3,415
Less: future finance charges	<u>(1,005)</u>	<u>-</u>	<u>(1,186)</u>	<u>-</u>
Present value of minimum lease payments	<u>3,197</u>	<u>3,415</u>	<u>3,415</u>	<u>3,415</u>

The movement in lease liabilities is set out below:

	2023 AED millions	2022 AED millions
At 1 January	3,415	4,003
Additions	651	837
Rentals paid	(623)	(932)
Transfers	(344)	(475)
Interest expense on leases	179	93
Foreign exchange and other movements	<u>(81)</u>	<u>(111)</u>
At 31 December	<u>3,197</u>	<u>3,415</u>

27 OTHER LIABILITIES

	2023 AED millions	2022 AED millions
Amounts due to related parties (<i>see note 31(d)</i>) (<i>see note (i)</i>)	6,846	10,004
Advances from customers (<i>see note (ii)</i>)	6,044	6,106
Accrued expenses (<i>see note (iii)</i>)	5,075	5,309
Advances, loans and deposits from related parties (<i>see note 31(d)</i>) and (<i>iv</i>)	5,477	5,490
Unearned revenue	2,346	2,141
Derivative financial instruments (<i>see note 35(d)</i>)	1,241	1,319
Staff costs payable	656	1,236
Employees' benefit liabilities	498	502
Deferred government grants	290	116
Taxes payable	77	52
Other liabilities	<u>2,591</u>	<u>3,546</u>
	<u>31,141</u>	<u>35,821</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

27 OTHER LIABILITIES continued

- (i) Included in amounts due to related parties are financial liabilities designated at FVTPL amounting to AED 2,205 million (*31 December 2022: AED 1,931 million*) and are classified as “Level 3” within the fair value hierarchy.
- (ii) This includes amounts received by GlobalFoundries relating to multiple long-term supply agreement with its customers. Many of these contracts include customer advanced payments and capacity reservation fees in order to secure future supply.
- (iii) During the year, the Group recognised interest expense of AED 5,935 million (*2022: AED 4,484 million*) and paid interest of AED 6,239 million (*2022: AED 6,240 million*) on borrowings and related financing activities.
- (iv) During 2021, a subsidiary of the Group and one of its joint ventures entered into an agreement pursuant to which the joint venture made available to each of its shareholder certain amount of cash advances. The advances received by the subsidiary of the Group is interest free and is repayable on demand. As at 31 December 2023, the outstanding balance of advance is AED 3,007 million (USD 819 million) (*31 December 2022: AED 3,307 million (USD 900 million)*).

During 2023, the Group received AED 1,625 million as dividend from OMV which is part of the total sale consideration of OMV (*see note 31(c)*).

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28 PROVISIONS

Movement in provisions during the year is set out below:

<i>All amounts in AED millions</i>	<i>Provision for decommissioning costs (see note (i))</i>	<i>Other provisions (see note (ii))</i>	<i>Total</i>
At 1 January 2022	3,551	1,597	5,148
Additions	25	139	164
Divestment of subsidiary	(48)	-	(48)
Transfer to liabilities associated with assets classified as held for sale (see note 5(i))	(698)	(31)	(729)
Utilisation and reversal	(351)	(17)	(368)
Foreign exchange and other movements	<u>(618)</u>	<u>(6)</u>	<u>(624)</u>
At 31 December 2022	1,861	1,682	3,543
Additions	192	33	225
Utilisation	(36)	(9)	(45)
Foreign exchange and other movements	<u>5</u>	<u>(55)</u>	<u>(50)</u>
At 31 December 2023	<u>2,022</u>	<u>1,651</u>	<u>3,673</u>

- (i) Provision for decommissioning costs mainly relates to asset retirement obligations of the Group and expected costs to be incurred upon termination of operations, the closure of active manufacturing plant facilities and the abandonment of crude oil production fields.
- (ii) Other provisions primarily include provision for legal disputes which covers the best estimate of the Group's exposure to the outcome of several litigations from the area of product liability, patent infringement, tax lawsuits, etc. (see note 35). It also includes the estimated amounts for environmental action to remedy the risk of gradual soil pollution.

29 SHARE CAPITAL

	<i>2023 AED millions</i>	<i>2022 AED millions</i>
<i>Authorised, issued and fully paid up:</i>		
56,135,590,000 equity shares of AED 1 each	<u>56,136</u>	<u>56,136</u>

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31 December 2023

30 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 2022	1,582	(899)	383	-	1,066
Exchange difference on translation of foreign operations	-	(3,182)	-	-	(3,182)
Gain on hedge of net investment in foreign operations	-	1,554	-	-	1,554
Effective portion of changes in fair values of cash flow hedges and other reserves (<i>net of tax</i>)	-	-	887	-	887
Share of other comprehensive income of associates and joint ventures	-	-	2,479	-	2,479
Net movement in defined benefit plan (<i>net of tax</i>)	-	-	38	-	38
Recycling of reserve on disposal of Borealis (<i>see note 5(iv)</i>)	-	641	(1,121)	-	(480)
Recycling of reserve on disposal of Clean Energy Business (<i>see note 5(v)</i>)	-	538	(3)	-	535
Transfer of reserve related to assets classified as held for sale (<i>see note 5 (iii)</i>)	<u>-</u>	<u>504</u>	<u>(797)</u>	<u>293</u>	<u>-</u>
At 31 December 2022	<u>1,582</u>	<u>(844)</u>	<u>1,866</u>	<u>293</u>	<u>2,897</u>
Exchange difference on translation of foreign operations	-	1,025	-	-	1,025
Loss on hedge of net investment in foreign operations	-	(490)	-	-	(490)
Effective portion of changes in fair values of cash flow hedges and other reserves (<i>net of tax</i>)	-	-	(153)	-	(153)
Share of other comprehensive loss of associates and joint ventures	-	-	(389)	-	(389)
Net movement in defined benefit plan (<i>net of tax</i>)	-	-	(52)	-	(52)
Transfer of reserve related to assets classified as held for sale (<i>see note 5 (iii)</i>)	<u>-</u>	<u>(213)</u>	<u>-</u>	<u>213</u>	<u>-</u>
At 31 December 2023	<u>1,582</u>	<u>(522)</u>	<u>1,272</u>	<u>506</u>	<u>2,838</u>

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 reserve is not available for distribution.

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 or 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 of all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that were designated to hedge the Group's net investment in foreign operations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

30 OTHER RESERVES continued

As at 31 December 2023, borrowings with notional amounts of AED 14,678 million (EUR 3,620 million) (31 December 2022: AED 17,509 million (EUR 4,453 million)) were designated as a hedge of net investments in OMV and CEPESA 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 375 million (31 December 2022: gains of AED 610 million) were recognised in other comprehensive income to offset gains or losses on translation of OMV and CEPESA into reporting currency of the Group. There was no ineffectiveness recorded during the year.

The Group, as at 31 December 2023, has also designated the EUR leg of certain swaps as hedging instruments for net investment in OMV and CEPESA with EUR functional currencies, with notional amount of AED 3,800 million (EUR 937 million) (31 December 2022: AED 3,684 million (EUR 937 million)). A component of the net fair value movement on the hedging instruments comprising of foreign exchange losses of AED 115 million (31 December 2022: AED 5 million), was recognised in other comprehensive income to offset gains or losses 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 3 million (31 December 2022: gain of AED 349 million), was recorded in profit or loss within fair value gains from derivative financial instruments. There was no ineffectiveness recorded during the year.

Disposal of Borealis in 2022

Prior to disposal of Borealis in 2022 (see note 5(iv)), the Group had designated a borrowing with notional amount of AED 4,299 million (EUR 1,093 million) and the EUR leg of certain swaps with notional amount of AED 2,526 million (EUR 642 million) as hedging instruments in relation to the Group's net investment in Borealis.

Gains on the translation of these borrowings amounting to AED 598 million and a portion of the fair value gains on the hedging instruments, relating to foreign exchange gains amounting to AED 351 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 421 million, was recorded in profit or loss within fair value gains from derivative financial instruments.

Upon disposal of the Group's interest in Borealis, the hedge relationships between the Group's net investment in Borealis and the above hedging instruments ended and a loss of AED 1,442 million on hedging reserves was recycled from other comprehensive income to profit or loss in 2022. Subsequent to disposal of Borealis, the Group redesignated a portion of the borrowings and EUR leg of certain swaps with notional amounts of AED 3,439 million (EUR 874 million) and AED 2,020 million (EUR 514 million), respectively, as hedging instruments in relation to the Group's net investment in CEPESA.

31 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 key management personnel and Board of Directors*

The charge for key management personnel from the Parent to the Company during the year was AED 352 million (2022: AED 305 million)

(c) *Related party transactions*

In the ordinary course of business, the Group provides services to and receives services from related parties on mutually agreed terms.

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31 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(c) *Related party transactions* continued

Significant transactions with related parties during the year (*other than those disclosed in notes 4 and 5*) were as follows:

	Revenue	Purchases of goods and services	Borrowings and lease liabilities drawn	Borrowings and lease liabilities repaid	Loans and other funding given	Loans recovered	Finance income	Finance cost
<i>All amounts in AED millions</i>								
2023								
Entities under common control	1,052	20	471	325	-	-	655	398
Associates	20	4	-	-	-	-	-	-
Joint ventures	620	363	-	-	43	75	-	-
Ultimate parent	90	-	-	-	-	-	2	-
	<u>1,782</u>	<u>387</u>	<u>471</u>	<u>325</u>	<u>43</u>	<u>75</u>	<u>657</u>	<u>398</u>
2022								
Entities under common control	2,059	10	73	320	-	-	531	280
Associates	166	-	-	-	-	-	-	-
Joint ventures	390	299	-	-	-	-	-	-
Ultimate parent	99	-	-	-	-	-	2	-
	<u>2,714</u>	<u>309</u>	<u>73</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>533</u>	<u>280</u>
							2023	2022
							<i>AED millions</i>	<i>AED millions</i>
<i>Other significant transactions:</i>								
Settlement / reimbursement by Ultimate Parent for recoverable project (<i>see note (i)</i>)							<u>9,055</u>	<u>7,653</u>
Recharge of expenses from the Shareholder							<u>2,643</u>	<u>2,378</u>
Dividend and distributions from equity accounted investees							<u>7,201</u>	<u>5,398</u>
Investment contributions to equity accounted investees							<u>16,529</u>	<u>4,798</u>
Income from provision of manpower, project management and consultancy services to joint ventures							<u>227</u>	<u>210</u>
Other miscellaneous transactions and re-charges with / from Shareholders, associates, joint ventures and to entities under common control (<i>see note (ii)</i>)							<u>384</u>	<u>194</u>
Movement in shareholder current account (<i>see notes 4</i>)							<u>563</u>	<u>161</u>
Advance consideration (<i>see note 27</i>)							<u>1,625</u>	<u>-</u>
Other significant transactions (<i>see note 20(a)(i)</i>), (<i>see note 21(i)</i>) and (<i>see (i) of Consolidated Statement of Changes in Equity</i>)								

(i) In 2022, a receivable of AED 7,653 from the Ultimate Parent related to a project managed by the Group on behalf of the Ultimate Parent was settled through a non-cash transaction.

(ii) In 2023, other miscellaneous transactions include the sale of the 30% stake in a jointly controlled entity for a consideration of AED 351 million to Aldar, an associate of the Group.

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31 December 2023

31 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES continued

(d) Related party balances

<i>All amounts in AED millions</i>	<i>Bank balances</i>	<i>Long term deposits</i>	<i>Amounts due to related parties (see notes (i) and (ii))</i>	<i>Amounts due from related parties (see note (iii))</i>	<i>Advances from related parties (see note (ii))</i>	<i>Loans to related parties (see note (iv))</i>	<i>Borrowings and lease liabilities</i>	<i>Derivative Assets</i>	<i>Derivative Liabilities</i>	<i>Additional shareholder contributions (see note (v))</i>
Entities under common control	4,254	3,857	2,864	8,779	-	-	15,980	119	397	-
Associates	-	-	-	802	-	-	-	-	-	-
Joint ventures	-	-	129	876	4,676	525	-	-	-	-
Ultimate parent	-	-	25	5,472	801	-	-	-	-	-
Shareholder	-	-	3,828	-	-	-	-	-	-	117,860
31 December 2023	<u>4,254</u>	<u>3,857</u>	<u>6,846</u>	<u>15,929</u>	<u>5,477</u>	<u>525</u>	<u>15,980</u>	<u>119</u>	<u>397</u>	<u>117,860</u>
Entities under common control	8,081	7,411	2,739	8,437	1,394	-	12,315	26	363	-
Associates	-	-	28	75	-	-	-	-	-	-
Joint ventures	-	-	62	616	3,306	559	-	-	-	-
Ultimate parent	-	-	25	11,535	790	-	-	-	-	-
Shareholder	-	-	7,150	-	-	-	-	-	-	117,860
31 December 2022	<u>8,081</u>	<u>7,411</u>	<u>10,004</u>	<u>20,663</u>	<u>5,490</u>	<u>559</u>	<u>12,315</u>	<u>26</u>	<u>363</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, advances from related parties and loans and deposits from related parties are included in other liabilities (see note 27).

(iii) Amounts due from related parties are included in receivables, prepayments and other assets (see note 17) and trade receivables (see note 15), 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 18(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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32 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments - Group

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

	2023 AED millions	2022 AED millions
Commitments for capital expenditure (<i>see note (i)</i>)	6,099	13,661
Commitments for equity and debt instruments (<i>see note (ii)</i>)	65,416	65,666
Other commitments, including feedstock and raw materials	59,314	59,606
Unfunded loan commitments	3,092	2,298
Commitments for exploration of oil and gas	66	132
Lease commitments	<u>-</u>	<u>74</u>
	<u>133,987</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 commitments for equity and debt instruments include the following:

	2023 AED millions	2022 AED millions
Equity accounted investments	5,628	6,904
Unquoted funds	54,796	55,685
Unquoted equity securities	4,001	1,831
Unquoted debt securities	991	-
Unquoted preference shares	<u>-</u>	<u>1,246</u>
	<u>65,416</u>	<u>65,666</u>

(b) Contingencies

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

	2023 AED millions	2022 AED millions
Contingent liabilities of the Group (<i>see notes (i)</i>)	<u>907</u>	<u>923</u>

(i) Contingent liabilities include bank guarantees, performance bonds, advance payment bonds and completion guarantees.

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31 December 2023

33 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 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 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. 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. Discovery and dispositive motion practice has been completed and the parties are awaiting a trial date from the court. GlobalFoundries believes, based on discussions with legal counsel, 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.

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33 LITIGATIONS continued

NOVA - Dow Litigations

In 2006, Dow Chemical Canada ULC and its European affiliate (collectively, "Dow") filed a claim against NOVA in the Court of Queen'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 Queen's Bench of Alberta awarding Dow damages and interest (for the period 2001-2012 in the aggregate amount of CAD 1,430 million (AED 3,964 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 Queen's Bench of Alberta for redetermination (the "Base Trial").
- ii. Trial in the Court of Queen'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 ("the Mall"). The Mall work has been delayed for number of reasons as claimed by Multiplex. However, GR position is that due to delay caused by Multiplex, they are entitled for Delay Damages. Both parties disagreed as to the Contractor's culpability for these delays, including any additional payments.

In 2021, Multiplex issued its Request for Arbitration. Emergency Arbitrator proceedings were commenced and concluded in April 2021.

On 7 May 2024, GR and Multiplex executed a settlement agreement and agreed to discontinue the arbitration.

Proyecto Soto Norte S.A.S. ("PSN") (previously Sociedad Minera de Santander S.A.S)

The Luis Carlos Pérez Lawyers Collective Corporation (CCALCP), an NGO based in Bucaramanga, initiated a guardianship action against the Ministry of Environment and Sustainable Development (MADS), to annul Resolution 2090 of 2014 that delimited the Paramo of Santurbán where PSN carries out the mining activities. The ruling in the first instance by Superior Court of Bucaramanga resolved that guardianship is not the ideal mechanism for the protection of the rights allegedly violated and this was confirmed in the second instance by the Council of State. The Constitutional Court selected the guardianship for review. During 2017, the Constitutional Court ruled through Judgment T 361/17 to annul resolution No. 2090 of 2014 and established a procedure for the MADS to issue a new delimitation of Paramo of Santurban. No impact is anticipated by the orders issued in this ruling, however, the final effects can only be established once the MADS issues the administrative act with the new delimitation of the Paramo of Santurban. The Public Prosecutors Office and MADS have issued various reports of compliance with the activities carried out by the MADS to comply with the requirements of the sentence. So far, the delimitation process has progressed in several phases and agreements have been reached with some municipalities in the region, although several points still need to be agreed upon with other municipalities. The management has estimated that the probability of an adverse ruling is possible. No provisions are recognized as at 31 December 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.

Mamoura Diversified Global Holding PJSC

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34 GOVERNMENT GRANTS

(i) Non-monetary government grants

Non-monetary grants include rights to use of land, provided by UAE Armed Forces - General Head Quarters and the Urban Planning Council to certain subsidiaries which are free of charge, for the construction of building. In the below table, PPE stands for Property, Plant and Equipment and IP stands for Investment Property. The Group also received the following parcels of land by way of government grants:

Land identification	Granted in year	Approximate area in square feet (see notes (f) and (g))	Carrying amount as at 31 Dec 2023 AED millions	Carrying amount as at 31 Dec 2022 AED millions	Currently classified as
Future economic benefits certain					
Healthpoint	2006	179,403	-	-	PPE
Headquarter and parking lot – Al Mamoura	2004/2009	172,675	-	-	PPE
Al Maryah Island - Plots for sale (see note (a))	2006	3,564,574	465	571	Inventory
Al Maryah Island (see note (a))	2006	697,864	50	50	PPE
New Fish Market - Mushrif Mall land	2006	484,448	28	28	IP
Old Fish Market Land - New York Institute of Technology	2006	-	-	52	IP
Masdar City Land (see note (d))	2008	24,122,936	361	364	Inventory
Masdar City Land (see note (d))	2008	2,308,564	-	-	PPE
Masdar City Land (see note (d))	2008	<u>2,515,158</u>	399	398	IP
			<u>34,045,622</u>		
Future economic benefits uncertain / no future economic benefits (see note (b))					
Masdar City Land (see note (d))	2008	16,713,782	-	-	N/A
Al Maryah Island - Cleveland Clinic (see note (a))	2006	1,007,158	-	-	N/A
Al Maryah Island (remaining portion) (see note (a))	2006	5,198,543	-	-	N/A
Masdar Institute of Science and Technology (see note (e))	2008	356,817	-	-	N/A
Khalifa City - Zayed University (see note (c))	2006	8,207,745	-	-	N/A
Al Reem Island - Sorbonne University (see note (c))	2006	1,001,934	-	-	N/A
East Al Reem Island	2006	3,586,836	-	-	N/A
Al Falah – Plots 3 and 5	2007/2008	24,679,740	-	-	N/A
Others	2004-2009	<u>61,084,430</u>	-	-	N/A
			<u>121,836,985</u>		

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31 December 2023

34 GOVERNMENT GRANTS continued

(i) *Non-monetary government grants* continued

Non-monetary government grants continued

- (a) On Al Maryah Island, out of the total unsold land area of 10,468,139 square feet (*31 December 2022: 10,746,799 square feet*), an area of 1,007,158 square feet (*31 December 2022: 1,007,158 square feet*) have been allocated for the Cleveland Clinic Project, which is a Government of Abu Dhabi project and during 2023 the management of this project has been transferred by the Group to M42C SPV RSC LTD, an entity jointly controlled by the Group and G42. No future economic benefit from this project is likely to flow to the Group. Further, the Group identified and earmarked certain plots of land for sale at Al Maryah Island. Accordingly, these plots of land with a land area of 3,564,574 square feet (*31 December 2022: 4,133,827 square feet*), have been classified as inventory.

Further, the Group has identified and earmarked plots of approximately 697,864 square feet (*31 December 2022: 697,864 square feet*) for production or supply of goods and services. Accordingly, these plots of land have been classified as property, plant and equipment. Al Maryah Island includes 5,198,543 square feet (*31 December 2022: 4,907,950 square feet*) of land earmarked for roads and waterfront for common public use.

- (b) 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 back to the Government of Abu Dhabi. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of these parcels of land, and therefore, such properties have not been recognized by the Group.
- (c) These parcels of land have been allocated for the purpose of construction of universities and other educational institutions on a Build, Operate and Transfer (BOT) basis. At the end of the BOT term of 31 July 2036, 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.
- (d) The overall masterplan of Masdar City has been updated. Some of the land areas originally allocated to certain projects have been divided into a number of newly allocated plots and, where there is certainty of use, classified as future economic benefit certain, with the remainder being classified under future economic benefits uncertain. For the plots of land where the future economic benefit is certain, the classification is based on the intended use of the plots. The plots classified as PPE are recognized based on the expectation that plot will be used for Masdar City's operations. The plots classified as inventory are recognized based on the expectation that the plots are held for sale. The plots classified as IP are recognized based on the expectation that the plots are held to earn rental and / or for capital appreciation.
- (e) Construction of Masdar Institute of Science and Technology building is complete and the building has been handed over. Legal title to the building is in the process of being transferred to Mohamed Bin Zayed University of Artificial Intelligence. There are no envisaged future economic benefits accruing to Masdar from the underlying land and accordingly this parcel of land has been classified in the future economic benefit uncertain / no future economic benefits category.
- (f) Land areas reported above are as per registration documents received from Municipality of Abu Dhabi.
- (g) Land areas reported above exclude land portfolio leased out as finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

34 GOVERNMENT GRANTS continued

(ii) *Monetary government grants*

During 2006, the Group received an amount of USD 100 million, equivalent to AED 367 million, from the Government of the Emirate of Abu Dhabi for investment in Masdar Clean Tech Fund L.P. (the “Fund”) registered in the Cayman Islands. Since this is a monetary grant for investments in other business enterprises, this amount has been credited directly to the consolidated statement of changes in equity.

The Group has certain grants and allowances from government bodies outside UAE, which are primarily provided in connection with construction and operation of manufacturing facilities, employment and research and development.

The Group receives grants primarily in relation to construction and operation of wafer manufacturing facilities, employment and research and development. Certain investment grants are subject to forfeiture in declining amounts over the life of the agreement if the Group does not maintain certain agreed employment levels and fulfil other conditions specified in the relevant subsidy documents. In addition, certain investment allowances are repayable in full if investment or other conditions of the applicable regulations are not met over a specified period of time. Accordingly, should the Group fail to meet the terms and conditions of the respective investment grants and allowances, the Group may in the future be required to make repayments of investment grants and allowances. Receivables against government grants of AED 210 million (*31 December 2022: AED 190 million*) is included in receivables, prepayments and other assets (*see note 17*).

35 FINANCIAL RISK MANAGEMENT

Overview

The Group, in its normal course of business, is exposed to credit risk, liquidity risk, and market risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing these risks, and the Group’s management of capital.

Financial risk management framework

The Board of Directors of the Parent establishes and oversees the Company’s risk management framework, while the management and respective boards of certain companies within the Group takes responsibility for the establishment and oversight of risk management frameworks at the entities’ levels.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent’s Audit, Risk and Compliance Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises principally from Group's financial assets.

Financial assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

The Group invests in various financial instruments, both quoted and unquoted. All investments are approved by the Board of Directors or the Investment Committee of the Parent as per the delegation of authority. Adequate background checks and financial and legal due diligence are conducted with the aim of ensuring that default risk is low or mitigated.

Approximately 32% (31 December 2022: 39%) of other receivables are from related parties being parties under common control of the Parent, joint ventures and associates. However, the Group monitors these receivables closely to mitigate any concentration risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is set out below.

	2023	2022
	AED	AED
	millions	millions
Trade receivables (see note (i))	7,275	6,446
Other receivables (see note (i))		
Amounts due from related parties (net)	15,891	20,573
Finance lease receivables	548	839
Restricted and long-term deposits	26,866	24,120
Others	6,638	7,605
Other financial assets (see note (ii))		
Loans receivable (see note (iii))	11,975	14,018
Investments in non-derivative financial instruments (see note (iv))	59,791	39,943
Cash at bank (see note (v))	<u>23,540</u>	<u>32,256</u>
	<u>152,524</u>	<u>145,800</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

- (i) As at 31 December 2023, restricted and long-term deposits include balances with entities under common control amounting to AED 3,857 million (*31 December 2022: AED 7,411 million*) (*see note 31(d)*), whose credit ratings are of investment grade. The remaining AED 23,022 million (*31 December 2022: AED 16,709 million*) are held with other banks, of which 99% are held with banks whose credit ratings are of investment grade. As at 31 December 2023, expected credit loss of AED 310 million (*31 December 2022: AED 310 million*) was recognised on amounts due from related parties, nil (*31 December 2022: nil*) on restricted and long-term deposits and AED 201 million (*31 December 2022: AED 312 million*) on the remaining balance of trade and other receivables, measured using IFRS 9 simplified approach.
- (ii) Other financial assets do not include financial derivative instruments measured at fair value. However, these instruments also result in exposure to credit risk. The maximum exposure to credit risk in derivative instruments is the gross or net settled amounts which is included in liquidity risk disclosure (*see note 35(b)*).
- (iii) Loan receivables of AED 11,975 million (*31 December 2022: AED 14,018 million*), include AED 525 million (*31 December 2022: AED 559 million*) of loans to related parties and AED 11,450 million (*31 December 2022: AED 13,459 million*) of loans to third parties. Refer to note 18(a) for details on the loan receivables, including information on collateral and ECL. As at 31 December 2023, expected credit loss of AED 17 million (*31 December 2022: AED 139 million*) was recognized on for loans receivable from related parties and AED 1,965 million (*31 December 2022: AED 640 million*) for loan receivables from third parties. Loan receivables from third parties are monitored and reassessed for each loan based on the borrower's financial performance and position and adequacy of the collateral securing the loan. As at 31 December 2023, 1.4% (*31 December 2022: 0.9%*) of loan portfolio was grouped as special mention or below on the risk scale and accordingly, ECL was assessed and recorded.
- (iv) Investment in non-derivative financial instruments consist of convertible bonds and unquoted debt securities measured at FVTPL of AED 12,185 million (*31 December 2022: AED 8,410 million*), loans receivable measured at FVTPL of AED 32,624 million (*31 December 2022: AED 22,070 million*), quoted debt securities measured at FVTPL of AED 9,322 million (*31 December 2022: AED 5,716 million*) and debt securities measured at FVOCI of AED 5,660 million (*31 December 2022: AED 3,747 million*). Management has estimated that the ECL on debt securities measured at FVOCI is nil (*31 December 2022: AED nil million*). Debt securities measured at FVOCI are in investment-grade instruments. Refer to note 35(d) for fair value and collateral disclosures on investments measured at fair value.
- (v) Out of AED 23,540 million (*31 December 2022: AED 32,256 million*) of cash at bank, AED 4,254 million (*31 December 2022: AED 8,081 million*) is held with entities under common control. The credit ratings of these banking entities are of investment grade. Cash at bank of AED 19,286 million (*31 December 2022: AED 24,175 million*) are held with third party banks of which 98% have credit ratings of investment grade.

The Group follows a 'three-stage' model in line with IFRS 9 for impairment of loans receivable, cash at bank (including restricted and long-term deposits), and financial investments based on changes in credit quality since initial recognition as summarised below:

- i. Stage 1: No significant deterioration in credit risk since origination (12-month ECL used);
- ii. Stage 2: Significant deterioration in credit risk (lifetime ECL used); and
- iii. Stage 3: Significant deterioration in credit risk and credit impaired i.e. incurred loss

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

The table below shows the credit risk exposure and ECL information of the following financial assets by stages.

	<i>Gross exposure AED millions</i>	<i>Provision AED millions</i>	<i>Net amount AED millions</i>
31 December 2023			
<i>Stage 1</i>			
Loans receivable	11,245	(88)	11,157
Debt Securities measured at FVOCI	5,660	-	5,660
Cash at bank, including restricted and long-term deposits	<u>50,419</u>	<u>(13)</u>	<u>50,406</u>
	67,324	(101)	67,223
<i>Stage 2</i>			
Loans receivable	<u>59</u>	<u>(1)</u>	<u>58</u>
<i>Stage 3</i>			
Loans receivable	<u>2,653</u>	<u>(1,893)</u>	<u>760</u>
	<u>70,036</u>	<u>(1,995)</u>	<u>68,041</u>
31 December 2022			
<i>Stage 1</i>			
Loans receivable	14,037	(148)	13,889
Debt Securities measured at FVOCI	3,747	-	3,747
Cash at bank, including restricted and long-term deposits	<u>56,376</u>	<u>-</u>	<u>56,376</u>
	74,160	(148)	74,012
<i>Stage 3</i>			
Loans receivable	<u>760</u>	<u>(631)</u>	<u>129</u>
	<u>74,920</u>	<u>(779)</u>	<u>74,141</u>

The movement in the allowance for expected credit losses during the year was as follows:

	2023 AED millions	2022 AED millions
At 1 January	779	1,695
Provision for ECL during the year	1,391	136
Reversals during the year	-	(7)
Write offs during the year and other adjustments	<u>(175)</u>	<u>(1,045)</u>
At 31 December	<u>1,995</u>	<u>779</u>

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(a) Credit risk continued

For financial assets other than those mentioned above, the Group applies the IFRS 9 simplified approach to measure ECL using a lifetime expected credit loss provision. The following table provides information about the exposure to credit risk of these financial assets.

	<i>Ratio of expected credit loss %</i>	<i>Estimated gross carrying amount at default AED millions</i>	<i>Expected credit loss AED millions</i>	<i>Net carrying amount AED millions</i>
31 December 2023				
Neither past due nor impaired	0.03%	27,228	(7)	27,221
Less than 30 days	0.08%	1,471	(1)	1,470
31 - 90 days	0.17%	476	(1)	475
91 - 120 days	0.27%	631	(2)	629
Past due 121 - 180 days	5.32%	215	(11)	204
Above 180 days	<u>57.97%</u>	<u>843</u>	<u>(489)</u>	<u>354</u>
	<u>1.65%</u>	<u>30,864</u>	<u>(511)</u>	<u>30,353</u>
31 December 2022				
Neither past due nor impaired	0.01%	33,369	(4)	33,365
Less than 30 days	1.12%	1,254	(14)	1,240
31 - 90 days	0.29%	255	(1)	254
91 - 120 days	3.14%	32	(1)	31
Past due 121 - 180 days	13.02%	63	(8)	55
Above 180 days	<u>55.35%</u>	<u>1,074</u>	<u>(594)</u>	<u>480</u>
	<u>1.73%</u>	<u>36,047</u>	<u>(622)</u>	<u>35,425</u>

The movement in the allowance for expected credit losses in respect of financial assets measured applying the simplified approach was as follows:

	2023 AED millions	2022 AED millions
At 1 January	622	826
Provision for ECL during the year	42	63
Reversals during the year	(19)	(9)
Write offs during the year	(71)	(175)
Transfer to assets classified as held for sale	(57)	(81)
Other adjustments	<u>(6)</u>	<u>(2)</u>
At 31 December	<u>511</u>	<u>622</u>

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35 FINANCIAL RISK MANAGEMENT continued

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities as and when they fall due. The Group's approach to managing liquidity is to forecast, as far as possible, that it will always have sufficient liquidity in the form of available cash, short-term liquid assets and credit lines to meet its liabilities when due, sufficient to withstand both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Notes	2023					2022				
		Carrying value	Contractual cash flows	1 year or less	1-5 years	More than 5 years	Carrying value	Contractual cash flows	1 year or less	1-5 years	More than 5 years
<i>All amounts in AED millions</i>											
Trade and other payables		4,017	(4,017)	(4,017)	-	-	6,135	(6,135)	(6,135)	-	-
Borrowings		148,888	(192,435)	(26,134)	(82,174)	(84,127)	137,730	(165,512)	(15,337)	(81,119)	(69,056)
Other liabilities		13,162	(14,199)	(13,775)	(424)	-	16,034	(16,464)	(15,150)	(840)	(474)
Derivative financial liabilities	35(d)	1,241	(7,840)	(909)	(3,345)	(3,586)	1,319	(8,282)	(1,087)	(3,600)	(3,595)
Total financial liabilities		167,308	(218,491)	(44,835)	(85,943)	(87,713)	161,218	(196,393)	(37,709)	(85,559)	(73,125)
Off-balance sheet											
Financial commitments	32(a)	133,987	(133,987)	(24,389)	(75,483)	(34,115)	141,437	(141,437)	(34,635)	(73,923)	(32,879)

To the extent that interest is based on floating rates, the undiscounted amount is derived from foreign exchange rates at the reporting date. For the derivative instruments, where the payable or receivable is not fixed, the amount disclosed has been determined by reference to the foreign exchange rates at the reporting date.

The derivative financial liabilities disclosed in the above table are the gross undiscounted cash outflows. However, those amounts may be settled gross or net. The following table shows the corresponding gross future cash inflow and outflow amounts of the derivative financial instruments:

	2023				2022			
	Contractual cash flows	1 year or less	1-5 years	More than 5 years	Contractual cash flows	1 year or less	1-5 years	More than 5 years
<i>All amounts in AED millions</i>								
Cash inflows	7,049	290	3,247	3,512	7,323	281	3,273	3,769
Cash outflows	(7,840)	(909)	(3,345)	(3,586)	(8,282)	(1,087)	(3,600)	(3,595)
	(791)	(619)	(98)	(74)	(959)	(806)	(327)	174

35 FINANCIAL RISK MANAGEMENT continued

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and commodity prices, will affect the Group's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. In addition to taking advantage of diversification benefits within the portfolio, the Group utilised financial derivatives to actively manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors of the Parent.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency), borrowings, financial assets at fair value through profit or loss and the Group's net investments in foreign subsidiaries, associates and joint ventures.

The Group manages its foreign currency risk by first taking advantage of natural offsets and then managing excess unwanted risks through use of derivatives or foreign currency borrowings.

When a derivative is entered into for the purpose of being a hedge instrument, the Group structures the terms of the derivative to match the terms of the hedged exposure. For hedges of forecasted transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into AED of its foreign operations by holding net borrowings in foreign currencies.

Hedge of net investments in foreign operations

The Company uses certain Euro borrowings and swap derivatives to hedge their exposure to foreign exchange risk on certain investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the Euro borrowings and swap derivatives. The Company has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. Hedge ineffectiveness will arise when the amount of the investment in the foreign operations becomes lower than the amount of the designated borrowings and swap derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35 FINANCIAL RISK MANAGEMENT continued

(c) *Market risk* continued

Currency risk continued

Hedge of net investments in foreign operations continued

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2023 AED millions	2022 AED millions
Notional value of borrowings designated as hedge instruments	<u>14,678</u>	<u>17,509</u>
Carrying value of borrowings designated as hedge instruments	<u>14,645</u>	<u>17,573</u>
Notional value of derivatives designated as hedge instruments	<u>3,800</u>	<u>3,684</u>
Fair value of derivative liabilities designated as hedge instruments	<u>213</u>	<u>101</u>
Change in fair value of the hedging instruments used for measuring ineffectiveness for the year	<u>(490)</u>	<u>1,554</u>
Change in the value of hedged items used for measuring ineffectiveness for the year	<u>(490)</u>	<u>1,544</u>
Total hedging (losses) / gains recognised in OCI included in net gains arising on hedge of net investments in foreign operations	<u>(490)</u>	<u>1,544</u>

Sensitivity analysis

The following table demonstrates the sensitivity of AED on the Group's profit and equity to a reasonably possible strengthening by 1,000bps against the following foreign currencies, with all other variables held constant. The impact of translating the net assets of foreign operations into AED and USD is excluded from the sensitivity analysis.

	2023 <i>Total exposure</i> AED millions	2022 <i>Total exposure</i> AED millions	2023 <i>Effect on equity and profit or loss</i> AED millions	2022 <i>Effect on equity and profit or loss</i> AED millions
EUR	9,428	13,617	943	1,367
GBP	975	2,482	98	248
Others	2,128	4,680	213	468

The effect of weakening or 1,000bps decrease in AED against the above foreign currencies is expected to be equal but opposite impact. The movement in equity will offset the translation of the foreign operations to the Group's functional currency.

Interest rate risk

The Group is exposed to cash flow interest rate risk because entities in the Group borrow funds at fixed and floating interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(c) *Market risk* continued

Interest rate risk continued

At the reporting date, the Group's variable interest-bearing financial instruments was:

	2023	2022
	AED	AED
	millions	millions
<i>Financial assets</i>		
Loans receivable	8,862	10,664
Cash and cash equivalents	997	793
Receivables, prepayments and other assets	<u>28,718</u>	<u>18,488</u>
	38,577	29,945
<i>Financial liabilities</i>		
Borrowings	(48,600)	(41,319)
Other liabilities	<u>(5,509)</u>	<u>(1,402)</u>
	<u>(54,109)</u>	<u>(42,721)</u>
	<u>(15,532)</u>	<u>(12,776)</u>

Sensitivity analysis

An increase of 100bps in interest rates at the reporting date would have decreased the profit or loss by an amount of AED 155 million (2022: AED 128 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity does not consider the fixed interest rate instruments which may be rolled over / refinanced at different interest rates. The effect of a decrease of 100bps in interest rates at the reporting date is expected to have an equal but opposite impact.

Equity price risk

Equity price risk arises from financial assets at fair value through profit or loss. Material investments of the Company within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Board of Directors of the Parent or by the relevant committee as delegated by the Board of Directors.

The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 500bps decrease in the price of its equity holdings, assuming all other variables, in particular foreign currency rates, remain constant. The effect of an increase of 500bps in the price of its equity holdings at the reporting date is expected to have an equal but opposite impact.

	2023		2022	
	<i>Effect on profit or loss</i>	<i>Effect on equity</i>	<i>Effect on profit or loss</i>	<i>Effect on equity</i>
<i>All amounts in AED millions</i>				
Effect of change in equity portfolio of the Group	<u>(8,217)</u>	<u>(8,217)</u>	<u>(6,722)</u>	<u>(6,722)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(c) *Market risk* continued

Commodity price risk

The Group is affected by the volatility of certain commodities. Its operating activities require the on-going purchase and manufacturing of certain commodities such as crude oil, natural gas, natural gas liquids, electricity and petrochemical feedstock. Due to the significant volatility of the price of the underlying commodities, the Group's management has a commodity risk management strategy for commodity price risk and its mitigation.

The Group actively monitors commodity price risks and where appropriate enters into commodity derivative contracts to mitigate such risks. The Group does not enter into physical commodity contracts other than to meet the Group's expected usage and sale requirements.

Fluctuations in crude oil prices also have an inverse effect on product refining and marketing operations, the extent of which depends on the speed with which price changes in energy products or base petrochemical products at source is relayed to the international and local finished goods markets.

Sensitivity analysis

The following table shows the effect of price changes after the impact of hedge accounting:

	<i>Change</i>	2023		2022	
		<i>Effect on profit before tax</i>	<i>Effect on OCI</i>	<i>Effect on profit before tax</i>	<i>Effect on OCI</i>
<i>All amounts in AED millions</i>					
Natural gas	+10%	(165)	(36)	(230)	(25)
Electricity	+10%	(48)	(48)	(74)	(74)
<i>Petrochemical feedstock</i>					
Propylene	+10%	21	-	29	-
Polyethylene	+10%	797	-	1,066	-
Other petrochemical feedstock*	+10%	273	-	281	-

*Other petrochemical feedstock includes products such as ethane, naphtha, ethylene, propane, butane and others.

The effect of decreases in commodity prices is expected to have an equal and opposite to the effect of the increases shown.

(d) **Fair value**

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

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

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

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

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(d) Fair value continued

As at 31 December 2023

All amounts in AED millions	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value					
<i>Investment in non-derivative financial assets</i>					
<u>Financial assets at FVTPL</u>					
Quoted investments					
Equity securities	9,872	9,872	9,872	-	-
Debt securities	9,322	9,322	2,822	4,156	2,344
Exchange traded funds	2,067	2,067	2,067	-	-
Unquoted investments					
Convertible bonds and preference shares	12,185	12,185	-	995	11,190
Equity securities	47,376	47,376	2	-	47,374
Funds	105,184	105,184	-	1,008	104,176
Loans receivable	32,624	32,624	-	294	32,330
<u>Financial assets at FVOCI</u>					
Quoted debt securities	5,660	5,660	4,514	1,146	-
Unquoted equity securities	72	72	-	-	72
	<u>224,362</u>	<u>224,362</u>	<u>19,277</u>	<u>7,599</u>	<u>197,486</u>

As at 31 December 2022

Financial assets measured at fair value

Investment in non-derivative financial assets

Financial assets at FVTPL

Quoted investments					
Equity securities	16,778	16,778	16,443	335	-
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>					
Quoted debt securities	3,747	3,747	3,747	-	-
Unquoted equity securities	66	66	66	-	-
	<u>174,364</u>	<u>174,364</u>	<u>23,641</u>	<u>3,320</u>	<u>147,403</u>

Mamoura Diversified Global Holding PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(d) Fair value continued

As at 31 December 2023

All amounts in AED millions	Notional amount	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Derivative financial assets						
<i>Cash flow hedge</i>						
Currency forwards	13,920	459	459	-	455	4
Interest rate swaps	5,348	794	794	-	794	-
Commodity forwards	33	6	6	-	6	-
<i>Financial assets at fair value</i>						
Commodity swaps	146	105	105	-	7	98
Currency forwards	1,365	107	107	-	107	-
Equity options	3,839	1,278	1,278	-	55	1,223
	<u>24,651</u>	<u>2,749</u>	<u>2,749</u>	<u>-</u>	<u>1,424</u>	<u>1,325</u>
Financial liabilities measured at fair value						
Derivative financial liabilities						
<i>Fair value hedge</i>						
Currency forwards	2,567	44	44	-	44	-
<i>Cash flow hedge</i>						
Currency forwards	1,445	55	55	-	55	-
Commodity forwards	844	153	153	-	153	-
<i>Financial liabilities at fair value</i>						
Interest rate swaps	8,104	406	406	-	406	-
Currency forwards	10,879	221	221	-	221	-
Commodity swaps	1,281	362	362	-	362	-
	<u>25,120</u>	<u>1,241</u>	<u>1,241</u>	<u>-</u>	<u>1,241</u>	<u>-</u>
As at 31 December 2022						
Derivative financial assets						
<i>Fair value hedge</i>						
Currency forwards	655	9	9	-	9	-
<i>Cash flow hedge</i>						
Currency forwards	13,157	675	675	-	675	-
Interest rate swaps	7,253	880	880	-	880	-
<i>Financial assets at fair value</i>						
Commodity swaps	1,194	176	176	-	176	-
Currency forwards	1,484	148	148	-	148	-
Equity options	3,932	825	825	-	162	663
	<u>27,675</u>	<u>2,713</u>	<u>2,713</u>	<u>-</u>	<u>2,050</u>	<u>663</u>
Financial liabilities measured at fair value						
Derivative financial liabilities						
<i>Fair value hedge</i>						
Currency forwards	1,134	17	17	-	17	-
<i>Cash flow hedge</i>						
Currency forwards	903	207	207	-	207	-
Commodity forwards	172	35	35	-	35	-
Others	5	5	5	-	5	-
<i>Financial liabilities at fair value</i>						
Interest rate swaps	6,825	337	337	-	337	-
Currency forwards	5,698	269	269	-	269	-
Exchange traded securities	325	325	325	-	325	-
Equity options	107	48	48	-	48	-
Commodity swaps	75	76	76	-	76	-
	<u>15,244</u>	<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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(d) Fair value 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.

Type of financial asset / liability	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity analysis for change on level 3 investments fair value (All amounts in AED millions)		
			Change	Effect of + change	Effect of - change
Financial assets at FVTPL – Quoted					
Quoted equity securities – Level 1	Quoted bid prices in an active market	-	-	-	-
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 15-18%% including company risk premium 	+/-5%	150	(135)
Quoted exchange traded funds– Level 1	Quoted bid prices in an active market	-	-	-	-
Financial assets at FVTPL – Unquoted					
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 7.9-8.5% Volatility of 48.6-51% 	-	-	-
Unquoted convertible bonds – Level 3	Net asset value provided by the fund manager and calibration approach	<ul style="list-style-type: none"> 5% discount to total value 1x of the investment value 	+/-5%	60	(60)
Unquoted preference shares – Level 3	Combination of calibration and income approach	<ul style="list-style-type: none"> Enterprise value (“EV”)/EBITDA multiple of 20x Exit multiples of 18x 	+/-5%	25	(25)
Unquoted funds – Level 2	Net asset value provided by the fund manager (underlying investments are quoted)	-	-	-	-
Unquoted funds – Level 3	Net asset value provided by the fund manager	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(d) Fair value 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.

Type of financial asset / liability	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity analysis for change on level 3 investments fair value (All amounts in AED millions)		
			Change	Effect of + change	Effect of - change
<u>Financial assets at FVTPL – Unquoted</u>					
Unquoted equity securities – Level 3	Combination of market, income approach and transaction price	<ul style="list-style-type: none"> Discount rate of 9.5-35% Enterprise value (“EV”)/EBITDA multiple of 6.5x to 30x where applicable 1x of the investment value 9.5%-10% Weighted average cost of capital Return rate of 4.9% - 13% 	+/-5%	2,633	(1,950)
Loans receivable – Level 2	Discounted cash flows	<ul style="list-style-type: none"> Discount rate of 9.5 – 9.7% 	-	-	-
Loans receivable – Level 3	Discounted cash flows, combination of market and income approach	<ul style="list-style-type: none"> Discount rate of 3.5 - 42.6% Market yield of 1%-18.1% 6.55x to 23x on EBITDA 	+/-5%	(817)	365
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 exchange rates (from observable forward exchange	<ul style="list-style-type: none"> Volatility 33.6% Yield of 1.9% 	+/-5%	83	(83)
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 reporting period)	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

35 FINANCIAL RISK MANAGEMENT continued

(d) Fair value continued

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

	2023	2022
	AED	AED
	millions	millions
At 1 January	148,066	142,057
Additions and other movements	42,174	42,476
Change in fair value recognised in profit or loss (<i>net</i>)	18,465	(13,323)
Disposals, capital distributions and other movements	(10,082)	(21,794)
Transfers in / (out) of level 3	<u>188</u>	<u>(1,350)</u>
At the end of the year	<u>198,811</u>	<u>148,066</u>

(e) Capital management

The policy of the Board of Directors of the Parent is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors return on capital. The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no significant changes in the Group's approach to capital management during the year.

Certain subsidiaries are subject to debt covenants requiring the maintenance of specific debt to equity ratios.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company's policy is to keep the gearing ratio within a range to meet the business needs of the Group. Net debt is calculated as borrowings and lease liabilities less cash and long term deposits.

	2023	2022
	AED	AED
	millions	millions
Borrowings (<i>see note 26(a)</i>)	145,691	134,315
Lease liabilities (<i>see note 26(b)</i>)	3,197	3,415
Less: Cash and long-term deposits (<i>see notes (i), 17 and 14</i>)	<u>(49,441)</u>	<u>(55,560)</u>
Net debt	99,447	82,170
Total equity	<u>342,141</u>	<u>310,933</u>
Total equity and net debt	<u>441,588</u>	<u>393,103</u>
Gearing ratio	<u>23%</u>	<u>21%</u>

(i) Cash and cash equivalents, for the purpose of gearing ratio calculation, includes long-term deposits, but excludes restricted cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

36 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>
31 December 2023			
Assets			
Cash and cash equivalents	23,543	-	23,543
Trade receivables	7,275	-	7,275
Inventories	9,272	-	9,272
Other receivables and prepayments	44,649	8,023	52,672
Other financial assets	7,346	231,740	239,086
Investment in equity accounted investees	-	82,995	82,995
Investment properties	-	12,162	12,162
Property, plant and equipment	-	80,455	80,455
Intangible assets	-	6,622	6,622
Deferred tax assets	-	1,235	1,235
Assets classified as held for sale	<u>24,105</u>	<u>-</u>	<u>24,105</u>
Total assets	<u>116,190</u>	<u>423,232</u>	<u>539,422</u>
Liabilities			
Trade and other payables	4,260	-	4,260
Borrowings and lease liabilities	18,969	129,919	148,888
Other liabilities	23,943	7,198	31,141
Provisions	1,530	2,143	3,673
Deferred tax liabilities	-	5,215	5,215
Liabilities directly associated with assets classified as held for sale	<u>4,104</u>	<u>-</u>	<u>4,104</u>
Total liabilities	<u>52,806</u>	<u>144,475</u>	<u>197,281</u>
Net	<u>63,384</u>	<u>278,757</u>	<u>342,141</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

36 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			
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 and other payables	6,298	-	6,298
Borrowings and lease liabilities	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>

37 OTHER RISK MANAGEMENT OBJECTIVES AND POLICIES

Macroeconomics and geopolitics risks

The global operations of the Group are exposed to macro-economic risks across geographies, including inflation, interest rates, monetary policies, global prices of oil, natural gas and other commodities.

The Group is also exposed to global political dynamics, policy change and global events. The crisis in Russia, Ukraine and the conflict in Gaza have resulted in increased global economic uncertainty and volatility. Such geopolitical fragmentation has impacted policy decisions, supply chains, trade and has implications for performance and market sentiment.

Market risk impacting valuations

The Group is exposed to public market volatility, either directly (listed equity) or indirectly (sensitivity to public markets). Weaker than expected earnings growth or deterioration of a macro fundamentals could impact valuations, particularly for growth assets (e.g. technology). Value creation may be challenged by declining margins, due to persistent inflation, supply chain issues and tight labor markets.

Legal and regulatory change, and protectionism

The activities carried out by the Group are subject to various legislations, including in new jurisdictions into which the Group expands. As the Group expands its operations, it may become subject to legal uncertainties or regulations to which it is not currently subject or from which it is currently exempt, which may lead to greater exposure to risk or higher compliance costs.

Protectionism poses the risk of increased costs, reduced market access, and supply chain disruptions for parts of the Group that operate in global markets. This can lead to lower profitability, hindered growth opportunities, and heightened regulatory complexity, ultimately impacting competitiveness and long-term sustainability.

Risks relating to service providers and Business Partners

The Group's reliance on third-party providers, including contractors and business partners, is crucial for various operational needs. Failures by these providers or by the Group to maintain these relationships could significantly harm the Group. The industry's structure often limits the Group's ability to renegotiate contracts with key providers, and uncovering deficiencies in vendors may offer few alternative solutions. Operational errors or data inaccuracies from these providers can adversely affect the Group. Transferring contracts between providers can be costly and complex, exposing the Group to heightened risks.

Sustainability and technology

Sustainability risk involves potential environmental impact from the Group's activities, including emissions and waste handling, despite efforts to minimize it through rigorous control measures and compliance with environmental permits. Additionally, the Group's performance may be influenced by stakeholder expectations regarding social, environmental, and governance (ESG) matters, particularly concerning climate change and the transition to net zero emissions.

The emergence of disruptive technologies, such as Artificial Intelligence, may affect the viability of business models of the Group. Technology change in the semiconductor industry, energy and chemicals sector, or a shift towards alternative energy, could have a material detrimental impact on the Group's business or create new business opportunities, in particular those supporting digital and energy transitions.

Data and Cybersecurity

Data security exposes the Group to the risk of revealing confidential or business information/data without permission (e.g., wrong collection, storage, transfer of information/data). There is also the risk that financial data in systems and/or reports is wrong, distorted, misunderstood, or used incorrectly.

The rise in cyber-attacks, coupled with the changing landscape of cyber threats and reliance on third-party vendors, heightens the likelihood of data loss, damage, or misuse, as well as disruptions to business operations, potentially resulting in reputational harm.

37 OTHER RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Risks related to tax

The Group's financial results could be adversely affected by changes in tax-related matters. The Group conducts operations and sells 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.

Risks related to specific operations

The Group is exposed to risks relating to specific operations in the energy and semiconductor sectors.

The worldwide semiconductor foundry industry is highly competitive and has been cyclical and subject to downturns in the past, because of global economic conditions as well as industry-specific factors and that may have an adverse impact on the semiconductor operations of the Group. Furthermore, semiconductor manufacturing processes are highly complex, costly, and potentially vulnerable to impurities and other disruptions that can significantly increase the cost related to the semiconductor operations of the Group.

The Group's energy businesses are exposed to a variety of risks including, but not limited to, cyclicity in supply and demand, price fluctuations and disruptions in feedstock availability and project execution risk, which could materially and adversely affect the Group's results of operations. The Group's operations in O&G could also face significant liabilities for damages, clean-up costs or penalties under environmental and safety laws and changes in such laws could materially increase the Group's operating costs.

Talent and Business Conduct

The performance and standards of operations may be affected by difficulties in finding, keeping or training talent to match changing business needs.

The Groups employees, contractors, or third parties may intentionally or negligently bypass established controls to engage in fraudulent activities, bribery, or other misconduct. There is heightened exposure in the current economic climate, increasing regulatory requirements and by the Group's expansion into new geographies where governance may be less stringent.

38 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Relevant significant accounting estimates and judgements have been disclosed throughout the consolidated financial statements and below.

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

38 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(a) Significant accounting judgements continued

Classification of investments

The Group's principal activity is in investing and managing investments through different holdings in investees. The Group applies significant judgement with respect to the classification of investments with respect to control (including de-facto control), joint control and significant influence exercised on those investments or an investment is simply a financial investment.

For assessing control, the Group has considered power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group has considered all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considered the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group has considered potential voting rights.

For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group has considered whether it has joint control on rights to the net assets of the arrangements, in which case these are treated as joint ventures or rights to the assets, and obligations for the liabilities, relating to the arrangement, in which case these are treated as joint operations.

For assessing significant influence, the Group has considered the ability to participate in the financial and operating policy decisions of the investee. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of investee. The Group has further considered the extent of representation on the board of directors, including the ability of other vote holder to operate the investee without regard to the views of the Group, or equivalent governing body of the investee, participation in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the Group and its investee, interchange of managerial personnel and provision of essential technical information.

Structured Entities

The Group has indirect interests in various GPs and funds managed by those GPs. The Group has assessed that the management and operation of the GPs are conducted by certain key persons who, exclusively manages and controls each of the funds, their operations and all investment and investment management decisions to be taken on their behalf with no control direction or influence from the Group.

(b) Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Quantities of proven oil and gas reserves

Depreciation on certain property, plant and equipment is estimated based on oil and gas reserves. The level of estimated commercial reserves is a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired. There are numerous uncertainties inherent in estimating quantities of proven and probable oil reserves. Oil reserve engineering is a subjective process of estimating underground volumes of oil that cannot be precisely measured and estimates of other engineers might differ materially from the estimates utilised by the Group. The accuracy of any reserve estimate is a function of the quality of available data and associated engineering and geological interpretations and judgements. Results of drilling, testing, and production subsequent to the date of the estimate may justify the revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered. The Group's share of the oil and gas reserves that may be ultimately recovered from the joint ventures is subject to the production sharing agreements.

38 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(b) Significant estimates and assumptions continued

Impairment losses and determination of fair values

The Group reviews its investments in equity accounted investees, financial investments and receivables to assess impairment losses at each reporting date (*see note 3(t)*). The Group's credit risk is primarily attributable to its unquoted financial assets at fair value through profit or loss, trade and other receivables and other items disclosed in notes 20, 18, 17 and 15. In determining whether impairment losses should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data including revised business plans of investee companies, indicating that there is a measurable decrease in the estimated future cash flows on a case by case basis. Accordingly, an allowance for impairment is made where there is an identified loss event or a condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For financial instruments not traded on an active market, fair value is determined on widely recognised valuation techniques (*see note 3 (f)*). The judgements taken in estimating the fair value include considerations of liquidity and model inputs such as volatility, growth rates, and discount rates among others.

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. As of 31 December 2023, the Group has recognised a balance of AED 1,235 million (*31 December 2022: AED 1,330 million*) as deferred tax asset. The uncertain tax positions, for example tax disputes, are accounted for by applying the most likely amount. The most likely amount is the single most likely amount in a range of realistically possible options. The Group evaluates the unit of account related to the uncertain tax positions on a case-by-case basis.

Provision for decommissioning liabilities

The Group recognised a provision for decommissioning obligations associated with its manufacturing facilities. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the facility, restore the site, and the expected timing of those obligations.

Legal claims and contingencies

When assessing the possible outcomes of legal claims and contingencies, the Group rely on the opinions of the legal counsels. The opinions of the Group's legal counsel are based on the best of their professional judgement and take into consideration the current stage of the proceedings and legal experience accumulated with respect to the various matters. As the results of the claims may ultimately be determined by courts, or otherwise settled, they may be different from such estimates. Further details on legal claims and contingencies are disclosed in notes 32 and 33.

Estimated useful lives of property, plant and equipment

The management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and has determined that no adjustment is necessary. Refer to *note 3(n(iii))* for details of the estimated useful lives of property, plant and equipment.

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31 December 2023

38 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(b) Significant estimates and assumptions continued

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various identifiable assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgement by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of licenses and other assets and market multiples. The Group's management uses all available information to make these fair value determinations.

39 SIGNIFICANT NON-CASH TRANSACTIONS

The Group had entered into significant non-cash transactions as disclosed in note 4, 5, 31 (d) and consolidated statement of changes in equity, which are not reflected in the consolidated statement of cash flows.

40 OFF BALANCE SHEET ITEMS

As at 31 December 2023, the Group, through its wholly owned subsidiary, Mubadala Capital, managed third party capital of AED 40,399 million (31 December 2022: AED 21,209 million). These third-party assets under management are not part of these consolidated financial statements as they are not assets of the Group, but only being managed by the Group.

41 STRUCTURED ENTITIES

The table below describes the types of Structured Entities that the Group does not consolidate but in which it holds an interest:

<i>Type of Structured Entity</i>	<i>Nature and purpose</i>	<i>Interest held by the Group</i>
Various investment funds	To manage assets on behalf of investors, including third party investors and generate income for the GPs and/or the investment manager and the investors.	Investment in units issued by the funds.

The exposure to investments in Structured Entities at fair value, by strategy, is disclosed in the following table.

	2023				2022			
	<i>Number of Structured Entities</i>	<i>Net asset value of the Structured Entities AED millions</i>	<i>Group's share of the Structured Entities fair value AED millions</i>	<i>Net Assets attributable to the Group %</i>	<i>Number of Structured Entities</i>	<i>Net asset value of the Structured Entities AED millions</i>	<i>Group's share of the Structured Entities' fair value AED millions</i>	<i>Net Assets attributable to the Group %</i>
Private Equity	9	17,654	4,370	61%	7	14,563	6,394	67%
Ventures	5	4,420	1,668	32%	4	4,230	1,393	25%
Multi Strategy	1	11,792	10,900	92%	-	-	-	-

The Group's maximum exposure of loss from its interest in Structured Entities is equal to the total fair value of its investments. Once the Group has disposed of its shared in a structured entity, the Group ceases to be exposed to any risk from that Structured Entity.

During the years ended 31 December 2023 and 31 December 2022, the Group did not provide any financial support to unconsolidated Structured Entities.

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42 COMPARATIVE FIGURES

Certain comparative figures have been reclassified, wherever necessary. These reclassifications, except as they relate to the impact of discontinued operations (*see note 5*), were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Group.

43 MATERIAL SUBSEQUENT EVENTS

- (i) In January 2024, the Group signed a share purchase agreement to acquire 100% interest in Kelix Bio Limited. The transaction is subject to satisfaction of conditions precedents. Upon completion of the transaction, the Group is expected to exercise control over Kelix Bio Limited.
- (ii) In February 2024, the Group completed the sale of its interest in OMV to ADNOC (*see note 5(iii)*).
- (iii) In February 2024, NOVA completed a private offering of AED 2,388 million (USD 650 million) senior unsecured notes due in 2030.
- (iv) In February 2024, the U.S. Department of Commerce announced AED 5,510 million (USD 1,500 million) in planned direct funding for GlobalFoundries as part of the CHIPS and Science Act. Furthermore, the State of New York also announced that it intends to provide AED 2,112 million (USD 575 million) in planned direct funding to GlobalFoundries. The preliminary awards are non-binding commitments and receipt of any funding will be subject to terms and conditions, including GlobalFoundries Inc meeting specific milestones.
- (v) On 4 April 2024, the Company, through its subsidiary SPV MDGH Sukuk Limited, issued its inaugural Sukuk of AED 3,673 million (USD 1,000 million) with a tenor of 10 years.
- (vi) On 16 April 2024, Microsoft Corp (“Microsoft”) and G42 announced that Microsoft will invest AED 5,510 million (USD 1,500 million) in G42 to acquire a minority interest and will appoint one representation in the Board of Directors of G42. The impact of this acquisition on the Group is currently being assessed.
- (vii) On 25 April 2024, Bayanat and Yabsat announced that their shareholders have approved the proposed merger between the two companies (*see note 5(i)*).