Abu Dhabi Developmental Holding Company PJSC and its subsidiaries

Board of Directors' report and consolidated financial statements

For the year ended 31 December 2022

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Board of Directors' report
For the year ended 31 December 2022

The Board of Directors is pleased to present the consolidated financial statements for the year ended 31 December 2022, covering the overall performance of Abu Dhabi Developmental Holding Company PJSC (the "Company" or "ADQ") and its subsidiaries (together referred to as the "Group").

During 2022, the Group achieved the following significant milestones:

- In February 2022, the Group acquired 100% shareholding of Pharma Strategy Partners GmBH ("Acino"). Acino is Swiss based pharmaceutical group engaged in development, manufacturing and distribution of high-quality medicinal products
- Launch of 'Wio' next generation banking platform in which the Group holds 31.85% effective holding
- In February 2022, AD Ports Company PJSC ("AD Ports") issued 24.56% of its shares to public and listed on Abu Dhabi Stock Exchange
- In April 2022, ADQ invested USD 2 billion in shares of 5 listed companies in Egypt
- In June 2022, the ownership of Image Nation Abu Dhabi FZ LLC ("Image Nation") and the ownership of Abu Dhabi Media Company PJSC ("AD Media") was transferred from the Group to the Government of Abu Dhabi (the "Shareholder")
- In July 2022, the Group acquired 100% shareholding of MEFAR INTERNATIONAL İLAÇ SAN. A.Ş, a group engaged in manufacturing of sterile injectable products
- In September 2022, the Group sold 8.6% of its shareholding in Abu Dhabi National Energy PJSC ("TAQA")
- In October 2022, the Supreme Council for Financial and Economic Affairs passed its resolution No. 20 of 2022 transferring the full ownership of Etihad Airways Group ("EAG") to the Company
- In October 2022, the Group completed acquisition of 45% of Pure Health Holding LLC by transferring its ownership in Abu Dhabi Health Services Co ("SEHA"), The National Health Insurance Company ("Daman"), The Life Corner and 27% shareholding in Pure Health Medical Supplies
- In December 2022, the full ownership of Abu Dhabi Waste Management Center ("Tadweer") was transferred to AD Power Corporation PJSC from the Shareholder pursuant to a law issued by the Ruler of Abu Dhabi

The acquisitions of EAG and Tadweer were accounted for as a reorganisation of companies under common control, using the predecessor values method. These consolidated financial statements reflect the Group's results for both the current period and the comparative period, as if these companies were always combined with ADQ, even though the transfer of control to ADQ only occurred in 2022 as mentioned above.

Financial Highlights

Revenue was AED 100,228 million in 2022 compared to AED 85,895 million in 2021.

Profit for the year attributable to the owner of the Company was AED 11,334 million in 2022 compared to profit of AED 3,766 million in 2021.

Total comprehensive income attributable to the owner of the Company was AED 12,579 million in 2022 compared to total comprehensive income of AED 6,092 million in 2021.

Total assets were AED 607,751 million in 2022 compared to AED 538,078 million in 2021.

Total liabilities were AED 328,904 million in 2022 compared to AED 346,234 million in 2021.

For and on behalf of the Board of Directors,

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ABU DHABI DEVELOPMENTAL HOLDING COMPANY PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Abu Dhabi Developmental Holding Company PJSC ("the Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's 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 the matters that, in our professional judgment, are 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.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition The Group has reported revenue of AED 100,228 million (2021: AED 85,895 million). Revenue recognition is considered to be a key area of focus given there are multiple revenue streams and sources associated with the Group from its various diversified businesses. Revenue recognised comprises revenue from supply and distribution of water and electricity, oil and gas, sale of goods, exhibition and related services, health and insurance services, rental and port and marine services.	We performed the following procedures, inter-alia, in respect of revenue recognition: • We obtained an understanding of the business process flow and performed walkthroughs to identify the key controls; • We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and, where we planned to rely on controls, we determined if they were operating effectively; • We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and is in accordance with the Group's accounting policy and the requirements of IFRSs;

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ABU DHABI DEVELOPMENTAL HOLDING COMPANY PJSC
(CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition (continued) Revenue from the supply and distribution of water and electricity is subject to Maximum Allowed Revenue ("MAR") which is calculated in accordance with a formula defined in the License and Regulatory Control mechanisms document issued by the Department of Energy (DOE). The total revenue recognised from the supply and distribution of water and electricity during the year was AED 36,960 million (2021: AED 31,557 million). We focused on this revenue stream since the calculation of MAR is subject to significant judgements, interpretations and assumptions in respect of the definition of notified items, the determination of certain allowable deductions, performance indicators and derogation charges, and Price Control Return ("PCR") adjustments Management also involved a technical assessor to determine the number of active customers and connections, which is a key input in the MAR calculation. The MAR calculation is also subject to change from time to time when Regulatory Control mechanisms provided by the DOE are amended or as clarifications are received from the DOE. Accordingly, the computation of this revenue stream for the year ended 31 December 2022 is considered to be a key audit matter. The Group's revenue recognition accounting policy is disclosed in Note 5 to the consolidated financial statements and details of the amount of revenue recognised during the year is disclosed in Note 7.	• We performed testing over manual journal entries posted to revenue to assist us in identifying unusual or irregular transactions; and • We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRSs. With respect to revenue recognised from supply and distribution of water and electricity, we performed the following substantive audit procedures: • Reperformance of management's calculation of revenue from the supply and distribution of water; • Agreed the inputs used by management to those stipulated in Regulatory Control 1 (RC 1) and Recycled Water First Regulatory Control (RW 1) files issued by the DoE; • Agreed the adjustments in the Price Control Return to actual amounts based on communications with DOE; • Assessed the skills, competence, independence and objectivity of the technical assessor and reviewed their terms of engagement with the Group to determine if their scope was sufficient for audit purposes; • Evaluated the report of management's expert on the revenue drivers and agreed the details in the report to schedules used in the revenue analysis; • Agreed the pass-through charges to invoices and supporting schedules; • Examined the relevant communications with DOE; • Agreed the regulated and unregulated revenue for sales of water and electricity to the revenue calculation used in the other operating revenue.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ABU DHABI DEVELOPMENTAL HOLDING COMPANY PJSC
(CONTINUED)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Group audit and consolidation process

The Group comprises a large number of subsidiaries, associates and joint ventures ("components") that are significant to the Group's consolidated financial statements. These components are geographically spread and therefore increase the complexity of the Group's overall control environment.

The consolidation process requires extensive knowledge of the history of the transactions by the Group. Considering the complexity and size of inter-group transactions and the number of subsidiaries, the accuracy of the consolidation model and completeness of the consolidation adjustments and elimination entries were identified as critical for our audit.

Based on the factors noted above, the audit of the group consolidation process is considered to be a key audit matter.

The Group's basis of consolidation, list of subsidiaries and material equity-accounted investees are disclosed in notes 5, 35 and 22 to the consolidated financial statements respectively.</td><td>We have performed the following procedures in response to the key audit matter identified:

• We determined the nature and extent of audit procedures to be carried out for components and selected significant Components based on their size and/or risk profile;

• During our audit, we specifically focused on the risks in relation to the decentralized structure and extended our involvement in local audit work performed by component auditors;

• We organised site visits, meetings and conference calls with auditors of the components in our audit scope. We further discussed the audit approach with significant component auditors and also provided detailed instructions to them which covered, inter alia, the significant areas and risks to be addressed. We also set out the information required to be reported back to us as part of group reporting. These scoped in components include subsidiaries as well as equity accounted investees which were scoped in for the audit;

• We assessed the controls around consolidation procedures to determine if they had been appropriately designed and implemented;

• we performed test of details on all significant pro-forma consolidation journal entries;

• we assessed if the pro-form consolidation journal entries were complete. This included determining that all intercompany transactions and balances had been eliminated on consolidation; and

• We recalculated the equity accounted earnings of the associates and joint ventures included in the consolidated statement of profit and loss and consolidated statement of other comprehensive income and recalculated the reconciliation of the equity of these entities to their carrying amount in the consolidated statement of financial position.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ABU DHABI DEVELOPMENTAL HOLDING COMPANY PJSC
(CONTINUED)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Impairment of non-financial assets

As at 31 December 2022, the Group reported AED 328,659 million (2021: AED 326,840 million) of property, plant and equipment, AED 5,737 million (2021: AED 2,544 million) of goodwill and AED 49,028 million (2021: AED 30,517 million) of investments in equity-accounted investees. These assets represent 63% of the Group's total assets (2021: 67%).

For property, plant and equipment and investments in equity-accounted investees, the Group undertakes a review of indicators of impairment and, whenever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount, exceeds or is equal to its carrying amount. For goodwill acquired in a business combination, impairment testing is performed annually regardless of whether or not impairment indicators are present.

The evaluation of the recoverable amount of these assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilization of the relevant assets.

Management employed external valuers to assist them in the determination of recoverable amounts in certain instances.

We considered the determination of the recoverable amount of non-financial assets as a key audit matter as management is required to apply significant judgments and make significant estimates including the estimated value of future cash flows, associated discount rates and utilization rates and long-term growth rates based on management's view of future business prospects. The critical accounting estimates made and judgements applied by management are disclosed in Note 6 and further details about impairment of non-financial assets are disclosed in Note 10 to the consolidated financial statements.</td><td>We have performed the following procedures in response to the key audit matter identified:

• We have obtained the valuation models prepared by the component management and assessed the valuation methodology adopted and key inputs and assumptions used in the valuation model.

• For valuation performed by external parties, we assessed the valuer's competence, capabilities, independence and objectivity and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes;

• We involved our valuation experts and utilised external data to assess and corroborate the assumptions used;

• Where we identified estimates that were outside the acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made;

• We reviewed the sensitivity analysis on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amounts;

• We reperformed the arithmetical accuracy of the valuation model and the determination of the impairment loss, if any.

• We reassessed the valuation assumptions used in the valuation and involve our subject matter experts to assess the key assumptions used;

• We held meetings and discussions with management to discuss their impairment assessments;

• We determined that the disclosure in the consolidated financial statements relating to this matter were in accordance with the requirements of IFRSs.</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ABU DHABI DEVELOPMENTAL HOLDING COMPANY PJSC
(CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, 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 IFRSs and their preparation in compliance with the applicable provisions of the Company's Articles of Association and UAE Federal 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.

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.

Auditor's 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 auditor's 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 the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities 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 the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ABU DHABI DEVELOPMENTAL HOLDING COMPANY PJSC
(CONTINUED)

- 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 auditor's 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 auditor's 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities on 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.

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 auditor's report unless law and regulations preclude 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

Pursuant to the requirements of Article 5 of ADAA Chairman Resolution No. 88 of 2021 regarding the examination of internal controls over financial reporting, we have been engaged to perform assurance engagement to provide a reasonable assurance reports over:

1. The effectiveness of internal control over financial reporting on the separate financial statements of the Company; and
2. The effectiveness of internal financial controls over the consolidation process of the Company for the Group consolidated financial statements.

We have not been engaged to perform an independent assurance engagement on the internal control over financial reporting on the consolidated financial statements of the Group.

Further, as required by ADAA Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities except for the above, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2022, that nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2022:

- its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Group's consolidated financial statements.

Deloitte & Touche (M.E.)

Obada Alkowatly
Registration No. 1056
5 May 2023
Abu Dhabi, United Arab Emirates

Consolidated statement of financial position

As at 31 December 2022

	Notes	2022 AED' million	2021 (Restated) AED' million
Assets			
Non-current assets			
Property, plant and equipment	18	328,659	326,840
Intangible assets and goodwill	19	19,543	14,701
Investment properties	20	13,938	8,597
Right-of-use assets	21	11,663	13,023
Investments in equity-accounted investees	22	49,028	30,517
Accounts and other receivables	16	7,633	6,232
Operating financial assets	24	6,790	7,759
Derivative financial instruments	32	1,104	287
Other financial assets	23	63,412	27,796
Deferred tax assets	14	6,116	4,804
Total non-current assets		**507,886**	440,556
Current assets			
Inventories	15	11,946	12,021
Accounts and other receivables	16	36,563	43,071
Operating financial assets	24	1,253	1,275
Derivative financial instruments	32	354	99
Other financial assets	23	16,839	4,973
Cash and bank balances	17	32,256	35,149
Total current assets		**99,211**	96,588
Assets held-for-disposal	41	654	934
Total assets		**607,751**	538,078
Equity and liabilities			
Equity			
Share capital	25	100	100
Contributed capital	25	371,736	310,994
Reserves	25	5,012	2,996
Retained earnings		(116,655)	(129,424)
Equity attributable to the owner of the Company		260,193	184,666
Non-controlling interests		18,654	7,178
Total equity		**278,847**	191,844

Consolidated statement of financial position (continued)

As at 31 December 2022

	Notes	2022 AED' million	2021 (Restated) AED' million
Liabilities			
Non-current liabilities			
Loans and borrowings	26	155,723	178,992
Lease liabilities	27	12,940	14,184
Accounts and other payables	28	13,666	8,351
Deferred government grants	29	36,591	35,796
Derivative financial instruments	32	664	3,040
Retirement benefit obligation	30	2,423	3,953
Provisions	31	22,506	24,178
Deferred tax liabilities	14	2,019	1,454
Total non-current liabilities		**246,532**	269,948
Current liabilities			
Loans and borrowings	26	19,859	12,268
Lease liabilities	27	2,155	2,169
Accounts and other payables	28	55,728	57,580
Deferred government grants	29	889	1,079
Derivative financial instruments	32	260	983
Provisions	31	2,479	2,207
Total current liabilities		**81,370**	76,286
Liabilities directly associated with the assets held-for-disposal	41	1,002	-
Total liabilities		**328,904**	346,234
Total equity and liabilities		**607,751**	538,078

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 5 May 2023 and signed on their behalf by:

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

For the year ended 31 December 2022

	Notes	2022 AED' million	2021 (Restated) AED' million
Revenues	7	100,228	85,895
Other operating income/(loss)		(986)	5,710
Government grants	29	9,564	9,763
Share of results of equity-accounted investees	22	3,908	953
Staff costs	8	(20,555)	(20,768)
Professional and consultancy charges		(1,549)	(1,703)
Cost of insurance services	28	(2,248)	(2,664)
Depreciation and amortisation	9	(17,675)	(18,068)
Impairment of non-financial assets	10	(1,450)	(3,784)
Charge in respect of expected credit loss	10	(1,115)	(702)
Other operating expenses	11	(50,838)	(46,314)
Operating profit		**17,284**	8,318
Other income - net	12	3,433	3,295
Finance income		620	261
Finance cost	13	(7,927)	(7,217)
Profit before income tax		**13,410**	4,657
Income tax expense	14	(1,247)	(771)
Profit for the year		**12,163**	3,886
Profit attributable to:			
Owner of the Company		11,334	3,766
Non-controlling interests		829	120
		12,163	**3,886**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

For the year ended 31 December 2022

	2022 AED' million	2021 (Restated) AED' million
Profit for the year	**12,163**	3,886
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligation	342	90
Share of other comprehensive income of equity-accounted investees - net of tax	-	75
Fair value gain/(loss) on financial assets measured at FVTOCI	61	(24)
	403	141
Items that are or may be reclassified subsequently to profit or loss		
Loss on translation of foreign operations	(1,284)	(41)
Changes in fair values of derivative instruments in cash flow hedges - net	3,062	2,939
Share of other comprehensive gain of equity-accounted investees - net of tax	446	18
Fair value gain/(loss) on financial assets measured at FVTOCI	(91)	35
	2,133	2,951
Other comprehensive income for the year	**2,536**	3,092
Total comprehensive income for the year	**14,699**	6,978
Total comprehensive income attributable to:		
Owner of the Company	12,579	6,092
Non-controlling interests	2,120	886
	14,699	6,978

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital	Contributed capital	Reserves	Retained earnings	Total equity attributable to the Owner of the Company	Non-controlling interests	Total equity
	(Note 25)	(Note 25)	(Note 25)				
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
At 1 January 2021 (as previously reported)	100	147,498	126	(1,019)	146,705	8,309	155,014
Impact of transfer of entities under common control	-	107,165	(54)	(122,862)	(15,751)	(3)	(15,754)
Impact of other restatements	-	-	-	(56)	(56)	(49)	(105)
At 1 January 2021 (restated)	100	254,663	72	(123,937)	130,898	8,257	139,155
Total comprehensive income for the year							
Profit for the year	-	-	-	3,766	3,766	120	3,886
Other comprehensive income for the year	-	-	2,243	83	2,326	766	3,092
	-	-	2,243	3,849	6,092	886	6,978
Transactions with the Owner:							
Contributions from the Shareholder	-	56,558	-	-	56,558	-	56,558
Dividends declared (Note 42)	-	-	-	(8,118)	(8,118)	(882)	(9,000)
Transfer from retained earnings to reserves	-	-	705	(705)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	1,007	1,007
Disposal of a subsidiary	-	-	-	(427)	(427)	(1,911)	(2,338)
Disposal of an associate	-	-	-	54	54	-	54
Transfers to the Shareholder	-	(112)	-	264	152	-	152
Change in ownership of subsidiaries without loss of control	-	-	-	(428)	(428)	(336)	(764)
Other movements	-	(115)	(24)	24	(115)	157	42
	-	56,331	681	(9,336)	47,676	(1,965)	45,711
At 31 December 2021	100	310,994	2,996	(129,424)	184,666	7,178	191,844

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2022

	Share capital (Note 25) AED' million	Contributed capital (Note 25) AED' million	Reserves (Note 25) AED' million	Retained earnings AED' million	Total equity attributable to the Owner of the Company AED' million	Non-controlling interests AED' million	Total equity AED' million
At 1 January 2022	100	310,994	2,996	(129,424)	184,666	7,178	191,844
Total comprehensive income for the year							
Profit for the year	-	-	-	11,334	11,334	829	12,163
Other comprehensive income for the year	-	-	1,176	69	1,245	1,291	2,536
	-	-	1,176	11,403	12,579	2,120	14,699
Transactions with the Owner:							
Contributions from the Shareholder	-	67,652	-	-	67,652	-	67,652
Dividends declared (Note 42)	-	-	-	(4,102)	(4,102)	(1,132)	(5,234)
Transfer from retained earnings to reserves	-	-	994	(994)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	1,528	1,528
Transfers to the Shareholder (Note 37)	-	(5,713)	-	4,245	(1,468)	-	(1,468)
Change in ownership of subsidiaries without loss of control (Note 38)	-	-	-	2,425	2,425	9,067	11,492
Other movements	-	(1,197)	(154)	(208)	(1,559)	(107)	(1,666)
	-	60,742	840	1,366	62,948	9,356	72,304
At 31 December 2022	**100**	**371,736**	**5,012**	**(116,655)**	**260,193**	**18,654**	**278,847**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	2022 AED' million	2021 (Restated) AED' million
Cash flows from operating activities			
Profit before income tax		13,410	4,657
Adjustments for:			
Depreciation and amortisation	9	17,675	18,068
Impairment of non-financial assets	10	1,450	3,784
Charge in respect of expected credit loss	10	1,115	702
Provision for retirement benefit obligation	30	500	434
Provision/(reversal of provision) for slow moving and obsolete inventories	15	(195)	526
Fair value (gain)/loss on financial assets at FVTPL		1,405	(5,631)
Gain on disposal of property, plant and equipment and investment properties	12	(208)	(257)
Share of results of equity-accounted investees	22	(3,908)	(953)
Gain on disposal of investments	12	(2,827)	(1,129)
Government grants income	29	(9,564)	(9,763)
(Gain)/loss on foreign exchange	12	92	(86)
Gain on bargain purchase	12	-	(588)
Dividend income		(420)	(79)
Finance income		(620)	(261)
Finance cost	13	7,927	7,217
Revenue recognised from operating financial assets	24	(1,475)	(1,719)
Operating cash flows before changes in working capital		**24,357**	14,922
Changes in working capital:			
Decrease in inventories		91	285
(Increase)/decrease in accounts and other receivables		1,811	(3,906)
Increase in accounts and other payables		7,421	22,328
Cash generated from operations		**33,680**	33,629
Grants received from the government	29	7,895	9,108
Cash received from service concession arrangements	24	1,963	1,986
Payment in respect of restoration, decommissioning and other provisions	31	(1,895)	(1,449)
Benefits paid in respect of retirement benefit obligation	30	(376)	(858)
Finance income received		580	237
Income tax paid		(2,009)	(298)
Net cash generated from operating activities		**39,838**	42,355

Consolidated statement of cash flows (continued)

For the year ended 31 December 2022

	Notes	2022 AED' million	2021 (Restated) AED' million
Cash flows from investing activities			
Purchase of property, plant and equipment and investment properties	18 & 20	(17,414)	(11,806)
Proceeds on disposal of property, plant and equipment and investment properties		860	6
Purchase of intangible assets	19	(867)	(1,261)
Acquisition of subsidiary, net of cash and cash equivalents acquired	37	(7,083)	(3,564)
Disposal of subsidiary, net of cash and cash equivalents	37	(3,288)	(989)
Transfer of subsidiaries to the Shareholder, net of cash and cash equivalents	37	(218)	(460)
Acquisition of equity-accounted investees and other financial assets		(62,177)	(25,562)
(Increase)/decrease in other deposits with banks - net		180	(1,942)
Proceeds from disposal of equity-accounted investees and other financial assets		3,494	1,447
Dividends received from equity-accounted investees and other financial assets		2,905	768
Loans and advances provided to related parties		(4,987)	(229)
Proceeds from settlement of loans provided to related parties		-	702
Net cash used in investing activities		**(88,595)**	(42,890)
Cash flows from financing activities			
Contributions from the Shareholder		64,883	19,221
Proceeds from loans and borrowings	17	18,593	47,615
Repayment of loans and borrowings	17	(36,651)	(48,257)
Repayment of lease liabilities	27	(2,849)	(3,799)
Finance cost paid		(2,124)	(5,816)
Dividends paid to the Shareholder	42	(3,000)	(3,000)
(Payments to)/received from non-controlling interests		9,223	(2,160)
Net cash from financing activities		**48,075**	3,804
Net increase/(decrease) in cash and cash equivalents		(682)	3,269
Effect of movements in exchange rates on cash and cash equivalents		239	(214)
Cash and cash equivalents at the beginning of the year		28,539	25,484
Cash and cash equivalents at end of the year	17	**28,096**	**28,539**

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Legal status and principal activities

Abu Dhabi Developmental Holding Company PJSC ("ADQ" or "the Company") is registered as a public joint stock company in the Emirate of Abu Dhabi, United Arab Emirates ("UAE"). The Company was incorporated on 26 March 2018 and is wholly owned by the Government of Abu Dhabi (the "Shareholder" or the "Parent" or the "Ultimate parent"). The Company's registered head office is PO Box 164, Abu Dhabi, UAE.

The Company was established pursuant to the Abu Dhabi Law No. 2 of 2018 dated 20 February 2018 for the purpose of investing in and managing the developmental companies transferred from the Shareholder to enable them to achieve excellence in performance, productivity, efficiency and quality of the services provided by them.

The Company aims to promote developmental companies through providing guidance, following-up and supervising the operations of these companies in line with their Articles of Association or with the agreements concluded with other stakeholders.

In 2022 and previous years, shares owned by the Shareholder on certain developmental companies were transferred from the Shareholder to the Company.

The acquisition of developmental companies was accounted for as a reorganisation of companies under common control. The Group's historical results were presented to reflect the historical results of developmental companies from the beginning of comparative period presented wherein the entity has been under common control. The carrying amount of assets and liabilities included are based on the historical carrying amounts of such assets and liabilities recognised by the developmental companies.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law").

These consolidated financial statements comprise ADQ and its subsidiaries (together referred to as the "Group").

These consolidated financial statements were authorised for issue by the Board of Directors on 5 May 2023.

2. Statement of compliance and basis of preparation

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the applicable requirements of the UAE Federal Law No. 32 of 2021 on Commercial Companies and the requirements of Abu Dhabi Law No. 2 of 2018 concerning the establishment of the Company.

2.2. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- Certain financial assets and financial liabilities (including derivative instruments) – measured at fair value; and
- Defined benefit pension liability - measured at fair value;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Statement of compliance and basis of preparation (continued)

2.2. Basis of preparation (continued)

The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. Details of the Group's significant accounting policies are included in Note 5. Judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates with a significant risk of material adjustments in the subsequent years are disclosed in Note 6.

The Board of Directors have, at the time of approving these consoldiated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

3. Functional and presentation currency

These consolidated financial statements are prepared in UAE Dirham ("AED"). The functional currency of the Company is AED. All financial information is presented in AED and has been rounded to the nearest million, unless otherwise stated.

4. Adoption of new and revised Standards

4.1. New and amended IFRS Standards that are effective for the current year

Amendments to IFRS 3 Reference to the Conceptual Framework	The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use	The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Adoption of new and revised Standards (continued)

4.1. New and amended IFRS Standards that are effective for the current year (continued)

Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract	The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards. • IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). • IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements. • IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The application of these amendments did not have a material impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Adoption of new and revised Standards (continued)

4.2. New and revised IFRS Standards in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2023.	1 January 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.
Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current providing a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments - Disclosure of Accounting Policies related to the amendments to replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. 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.	1 January 2023. Early application permitted.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates replaces the definition of a change in accounting estimates with a definition of accounting estimates - "monetary amounts in financial statements that are subject to measurement uncertainty".	1 January 2023. Early application permitted.
Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction introduces a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	1 January 2023. Early application permitted.

Management anticipates that these new standards, interpretations and amendments will have limited impact on the Group's consolidated financial statements once they are applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies

5.1. Basis of consolidation

The consolidated financial statements include the accounts of ADQ and its subsidiaries.

5.1.1. 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 Company controls an investee if and only if the Company 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

The Company 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company 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.

5.1.2. Transactions between entities under common control

Acquisition of interests in entities that are under common control of 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 beginning of the comparative period provided that the combined entities were under common control. 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.

Disposal of interest in entities under common control of the Shareholder are accounted for on the date of transfer without restatement of prior periods. Any gain or loss arising on such transaction is recorded directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.1. Basis of consolidation (continued)

5.1.3. Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

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 acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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 and IAS 19, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

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. The goodwill is tested annually for impairment.

The excess of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed over 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) is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.1. Basis of consolidation (continued)

5.1.3. Business combinations and goodwill (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the 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 as of the acquisition date that, if known, would have affected the amounts recognised as of that date

5.1.4. Non-controlling interest (NCI)

Non-controlling interests ("NCI") in subsidiaries are identified separately from the Group's equity therein. These interests entitle their holders to a proportionate share of net assets upon liquidation. These may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

5.1.5. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees 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

5.1.6. Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owner of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. 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 owner of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.2. Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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.

Under the equity method, an investment in equity-accounted investee is recognised initially in the consolidated statement of financial position at cost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income, including changes in the equity-accounted investees' net assets such as declaration of dividends, until the date on which significant influence or joint control ceases. Loans advanced to equity-accounted entities that have the characteristics of equity financing are also included in the investment on the consolidated statement of financial position.

An investment in equity-accounted investee is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in equity-accounted investee, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss in the period which the investment is acquired.

When the Group acquires additional interest in an equity-accounted investee and continues to account for the investee using equity method, the consideration transferred to acquire the additional shares is added to the existing carrying amount of the investment without specific allocation to the underlying assets and liabilities of the investee. The additional ownership interest effectively increases the notional goodwill relating to the equity-accounted investee. Subsequent to the acquisition, the share of investee's profit or loss and other comprehensive income is recognised by the Group based on the new ownership interest.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture (see Note 5.8). When necessary, the entire carrying amount of the investment in equity-accounted investee (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal (FVLCD)) with its carrying amount. Any impairment loss recognised is allocated to the investment, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in associate or joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.2. Investments in equity-accounted investees (continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 associate or joint venture is disposed of.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

5.3. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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.

When a Group 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 accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.4. Property, plant and equipment

5.4.1. Recognition and measurement

Items of property, plant and equipment (except land) are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets (net of credits received from manufacturers in connection with the acquisition of assets, where applicable), including borrowing costs and the initial estimate of the decommissioning obligation. The estimate of the decommissioning obligation is reviewed annually and any changes to the estimate based on revised cost estimates or discount rates applied are added to or deducted from the cost of the relevant asset.

The cost of the 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 include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the assets 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. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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. The cost of spare parts that are essential for the continuity of operations and which are designated as capital spare parts are depreciated on a straight-line basis over the estimated remaining operating life of the property, plant and equipment to which they relate.

When the Group receives items of property, plant and equipment as contributions from another entity (e.g. the Shareholder, a related party or any other third party) for no consideration, the Group recognises the receipt of assets at nil value. These arrangements are not contractual but are equity transactions: either specific capital contributions or non-cash distributions.

5.4.2. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in which they are incurred.

5.4.3. Depreciation and derecognition

Depreciation is calculated to allocate the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives (except for oil and gas assets) and is recognised in profit or loss. Land is not depreciated. Property, plant and equipment is assessed for impairment whenever there is an indication that the property, plant and equipment asset maybe impaired.

The estimated useful lives of property, plant and equipment for current and comparative years are as follows:

- Buildings — 3 to 55 years
- Plant and equipment — 3 to 40 years
- Fixtures and fittings — 1 to 20 years
- Leasehold improvements — 3 to 55 years
- Aircraft, components and parts — 10 to 20 years
- Motor vehicles — 1 to 10 years
- Oil and gas assets — Unit of production

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.4. Property, plant and equipment (continued)

5.4.3. Depreciation and derecognition (continued)

Oil and gas properties in the development and production phase ("D&P" assets) and other related assets, which are depreciated on a unit-of-production basis over the proved and probable ("2P") reserves of the field concerned. The unit-of-production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with estimated future development expenditure. Depreciation on oil and gas properties does not commence until the commencement of production from the property.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.5. Capital work-in-progress

Properties or assets in the construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, net of accumulated impairment losses, if any. Cost includes all direct costs attributable to the design and construction of the property including related staff cost, and for qualifying assets, borrowing cost capitalised in accordance with the Group's accounting policy. The capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed, the asset is commissioned and is available for use

5.6. Non-current assets held-for-sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the 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.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property 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 remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.7. Intangible assets

5.7.1. Recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses, if any. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

5.7.2. 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 is recognised in profit or loss as incurred.

5.7.3. Amortisation and derecognition

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired. The amortisation period and amortisation method for an intangible asset with finite useful life are reviewed at least at end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as change in accounting estimates.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill is not amortised. The estimated useful lives for current periods are as follows:

- Customer contracts and relationships — 10 to 28 years
- IT software and licenses — 2 to 7 years
- Rights — 28 years

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, and are recognised in profit or loss when the asset is derecognised.

5.7.4. Intangible assets with indefinite useful life

Certain brands, trademarks and landing slots within the Group are considered intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

5.7.5. Research and development costs

In accordance with IAS 38 Intangible Assets, expenditure incurred on research and development, excluding known recoverable amounts on contracts, and contributions to share engineering programmes, is distinguished as relating either to a research phase or a development phase. All research phase expenditure is charged to the consolidated income statement. For development expenditure, this is capitalised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits. Expenditure that cannot be classified into these two categories is treated as being incurred in the research phase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.7. Intangible assets (continued)

5.7.6. Exploration and evaluation assets

Pre-license costs and geological and geophysical exploration costs incurred prior to obtaining the rights to explore are recognised in the consolidated profit or loss when incurred. Exploration licences are recognised as an exploration and evaluation ("E&E") asset. The cost of that licence includes the directly attributable costs of its acquisition. Examples of such costs may include non-refundable taxes and professional and legal costs incurred in obtaining the licence. Costs incurred after the rights to explore have been obtained, such as geological and geophysical costs, drilling costs, appraisal and development study costs and other directly attributable costs of exploration and evaluation activity, including technical and administrative costs for each exploration asset, are capitalised as intangible E&E assets. E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset is reclassified as a development and production ("D&P") asset. This category reclassification is only performed after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. If commercial reserves are not discovered at the completion of appraisal activity of each asset and it is not expected to derive any future economic benefits, the E&E asset is written off to the consolidated profit or loss.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

5.8. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested at least annually for impairment.

For impairment testing, assets (net of any associated outstanding deferred government grant) 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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct expenses incurred in bringing the inventories to its present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work-in-progress and finished goods comprise cost of materials plus direct labour and attributable overheads. Work-in-progress is valued by reference to the stage of completion.

Provision for slow, non-moving and expired inventories is made principally on the aging of the inventories held.

Nuclear fuel comprising of uranium concentrate in stock, the corresponding services and elements of nuclear fuel are recorded at their acquisition cost.

The consumption of nuclear fuel elements is proportionally recognised in the profit or loss, considering the monthly electricity actually generated in relation to the total energy provided for each fuel element. Inventory and evaluation of used nuclear fuel elements is carried out periodically.

5.10. Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 ("FVTPL") are recognised immediately in profit or loss.

Account receivables (i.e. trade receivables) and debt securities issued are initially recognised when they are originated. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.10. Financial instruments (continued)

5.10.1. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, which in case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- its contractual terms or the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). By default, all other financial assets are measured subsequently at FVTPL.

5.10.2. Derecognition of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.10. Financial instruments (continued)

5.10.3. Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

5.10.4. 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.

5.10.5. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.10. Financial instruments (continued)

5.10.5. Financial liabilities (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

5.10.6. Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, expired or contributed as a capital injection by the lender. 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 profit or loss, other than situations where financial liabilities are contributed as capital injections, in which case they are recognised in equity.

5.10.7. Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for expected credit loss.

5.10.8. Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to fuel price risk, interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.10. Financial instruments (continued)

5.10.8. Derivative financial instruments and hedge accounting (continued)

Hedge accounting (continued)

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

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 profit or loss.

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 in a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.10. Financial instruments (continued)

5.10.8. Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

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 expected future cash flows affect profit or loss.

If the hedged 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.

5.11. Expected Credit Loss

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost;
- debt investments measured at FVTOCI; and
- contract assets

The Group also recognizes loss allowances for ECLs on finance lease receivables, which are disclosed as part of accounts and other 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 account receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.11. Expected Credit Loss (continued)

5.11.1. Significant increase in credit risk

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 that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.11. Expected Credit Loss (continued)

5.11.2. Definition of default

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing 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'. The Group considers this to be Baa3 or higher per 'Moody's' or BBB- or higher per 'S&P' or 'Fitch'.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing expected credit losses. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired.

5.11.3. Credit impaired financial assets

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 debtor;
- 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 debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.11. Expected Credit Loss (continued)

5.11.4. Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. This is generally the case wherein the Group has exhausted all legal and remedial efforts to recover from the customers. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

5.11.5. Measurement and recognition of ECL

ECLs are a probability-weighted measure 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). ECLs are discounted at the effective interest rate of the financial asset.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payment to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

The Group recognises a charge/reversal in respect of expected credit losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.12. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

5.12.1. Legal provisions

The Group is involved in litigation from time-to-time in the ordinary course of business. At each reporting date, relevant management and legal counsel within the Group and external counsel where necessary evaluate litigation matters, 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, various factors are considered including, but not limited to, reviewing, on a case-by-case basis, the underlying facts of pending or threatened litigation, the history with prior claims, the actual or possible claim assessment by internal and external counsel and the status of negotiations.

Based on the overall assessment of the case, if it is believed it is probable that an outflow of resources will be required to settle the obligation, it is determined whether a reliable estimate can be made. If so, an estimate of the provision under various scenarios, ranging from best case to worst case is made. The "best estimate" outcome is used and the Group records a provision in the consolidated financial statements.

5.12.2. Asset retirement obligations

Certain subsidiaries have legal obligations in respect of site restoration and abandonment of their power generation and water desalination assets and oil and gas properties at the end of their useful lives (decommissioning costs). The Group records a provision for the site restoration and abandonment based upon estimated costs at the end of their useful lives. Accordingly, a corresponding asset is recognised in property, plant and equipment. Decommissioning costs are recorded at the present value of expected costs to settle the obligations using estimated cash flows and are recognised as part of the cost of each specific asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The accretion is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future costs of the asset retirement obligations are reviewed annually and adjusted as appropriate. Changes to provisions based on revised cost estimates or discount rates applied are added to or deducted from the cost of the relevant asset.

5.12.3. Provision for onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.13. Employee benefits

5.13.1. Short-term benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

5.13.2. Long-term incentive plans

The Group recognises a liability and an expense for long-term incentive plans which are settled in cash based on a formula that takes into consideration the performance of the Group or subsidiaries after certain adjustments. The Group recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

5.13.3. Retirement benefit obligation

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the consolidated statement of profit or loss in the period during which the services are rendered by employees.

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 the consolidated statement of 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.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and relevant provisions of labour laws of countries in which foreign operations are carried out by subsidiaries. This is based on periods of cumulative service and levels of employees' basic salaries at the end of employment contract. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value.

Any unrecognised past service costs are deducted. The discount rate is the yield at the valuation date on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is the relevant proxy market as determined by the actuaries.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the consolidated statement of profit or loss on a straight-line basis over the average period until the benefits becomes vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans within the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.13. Employee benefits (continued)

5.13.3. Retirement benefit obligation (continued)

Defined benefit plan (continued)

Gains and losses on the curtailment or settlement of a defined benefit plan are recognised when the curtailment or settlement occurs.

An actuarial valuation is not performed on end of service benefits in respect of UAE employees for certain group subsidiaries 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.

5.14. Foreign currency transactions

5.14.1. Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the consolidated statement of profit or loss and presented within 'Other income/expense'.

5.14.2. Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owner of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognizes revenue from the following major sources:

- Supply and distribution of water and electricity
- Oil, gas and fuel
- Sale of goods
- Construction services
- Aviation services
- Exhibitions and related services
- Health services
- Media services
- Port and marine services
- Insurance services
- Rental and concessionaires
- Other revenues

5.15.1. Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

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

1. 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.
2. 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. 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.
4. 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.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.1. Revenue from contracts with customers (continued)

The Group combines two or more contracts entered into at or near the same time with the same customer and accounts for the contracts as a single contract if one or more of the following criteria are met:

- The two or more contracts entered into at or near the same time with the same customer are negotiated as a package, with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

If the above criteria is met, the arrangements are combined and accounted for as a single arrangement for revenue recognition. Pre-contract cost of obtaining a contract with a customer is recognised as an asset if those costs are expected to be recovered.

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 one of the above conditions are not 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. IFRS 15 requires contract assets and contract liabilities for individual customers to be presented on a net basis.

Variations which are in the nature of an extension of the existing scope of work are accounted for using cumulative catch up adjustments to the cost to complete method of revenue recognition. Variation orders which require addition of distinct goods and services to the scope at discounted prices are accounted for prospectively and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

A loss is recognised in the consolidated statement of profit or loss when the expected contract costs exceed the total anticipated contract revenue. The Group assesses its revenue arrangements against specific criteria to determine, if it is acting as principal or agent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.1. Revenue from contracts with customers (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies.

Revenue from supply and distribution of water and electricity	Revenue earned from distribution and supply business includes charges recoverable from customers. Revenue is recognised at point in time when the units of electricity and water are supplied to customers and includes an estimate of the value of the units supplied to customers between the date of the last meter reading and the reporting date. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur based on accumulated historical experience of the Group. The Group also earns revenue from distribution of electricity and water in the region of Abu Dhabi. Revenue from distribution of electricity and water in the region of Abu Dhabi is subject to Maximum Allowed Revenue ("MAR") calculated in accordance with a formula as defined in the License document issued by Department of Energy (DOE) previously known as Regulation and Supervision Bureau (RSB). Subsidies in respect of sale of water and electricity for the year are based on the difference between MAR and revenue billed to customers for the supply and distribution of water and electricity. The revenue recognition of the Group's power and water generation business is as follows: (i) Where the Group determines that the PPA meets the financial asset model requirements for service concession arrangements, consideration receivable is allocated by reference to the relative fair values of the services delivered. Construction revenue is recognised commensurate with completion of construction when the outcome of the contract can be estimated reliably by reference to the stage of completion, operating revenue is recognised as the service is provided and finance revenue is recognised using the effective interest rate method on the financial asset. (ii) Where the Group determines that the PPA contains an operating lease, capacity payments are recognised as operating lease rental revenue on a systematic basis to the extent that capacity has been made available to the offtaker during the year. Those payments, which are not included as capacity payments (e.g. fuel revenue), are recognised as revenue in accordance with the contractual terms of the PPA. (iii) Energy and water payments are recognised as revenue when the contracted power and water is delivered to the offtaker. (iv) Fuel revenue represents reimbursements from the offtakers in the power and water subsidiaries at market prices for fuel consumed in power generation in accordance with the terms of the power and water purchase agreements and the power purchase agreements. Fuel revenue is recognised as and when fuel is consumed in the production of power and water. Liquidated damages in respect of loss of revenue due to late commissioning are included in revenue net of liquidated damages payable to the offtaker when the right to receive the liquidated damages is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.1. Revenue from contracts with customers (continued)

Revenue from oil, gas and power	Revenue from the sale of oil and gas, except revenue from gas storage, is recognised at point in time when control of the product is transferred to the customer, which is generally when the product is physically transferred into a vessel, pipe or other delivery mechanism and the customer accepts the product. The Group's sales of oil and gas are priced based on market prices and where necessary adjusted for a quality differential based on the American Petroleum Institute (API) gravity of the oil and gas sold. Lifting or offtake arrangements for oil and gas produced by certain of the Group's jointly owned assets are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative production entitlement and cumulative sales attributable to each participant at a reporting date represents 'underlift' or 'overlift'. Underlift and overlift are valued at market value and included within current assets and current liabilities respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis. Fuel revenue represents reimbursements from the offtakers in the power and water subsidiaries at market prices for fuel consumed in power generation in accordance with the terms of the power and water purchase agreements and the power purchase agreements. Fuel revenue is recognised as and when fuel is consumed in the production of power and water.
Revenue from sale of goods	The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Some contracts for the sale of goods provide customers with several considerations including a right of return and volume rebates. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved. Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and included in revenue only to the extent that it is highly probable that a significant reversal in the cumulative revenue will not occur when the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products, if any. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Group presents a refund liability and an asset for the right to recover products from a customer separately in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.1. Revenue from contracts with customers (continued)

Revenue from construction contracts	Lump-sum engineering, procurement and construction project execution services contracts contain distinct goods and services that are not distinct in the context of the contract. These are therefore combined into a single performance obligation. The Group recognises revenue from its lump-sum engineering, procurement and construction project execution services contracts over time as the assets constructed are highly customized for the customers' needs with no alternative use and the Group has right to payment for performance completed to date. Contract modifications, e.g. approved variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. Liquidated damages, penalties and similar payments, price concession (discounts) or deductions are accounted for as variable considerations. When management concludes on the existence of variable consideration, the Group estimates the amount of variable consideration at contract inception by using either (i) the expected value approach or (ii) the most likely amount. The Group use the method that best predicts the amount of consideration to which it will be entitled based on the terms of the contract. This would also apply to contractual incentive payments or early completion bonuses, if any. Variable consideration is recognised to the extent it is 'highly probable' that a significant revenue reversal will not occur in future periods, when the related uncertainty associated with the variable consideration is subsequently resolved.
Revenue from aviation services	The Group provides services for aeroplane landing and parking, handling and cargo, airport operation and passenger fees and facilitation charges for which revenue is recognised when the services are provided. The Group sells foods and beverages and other similar items to restaurants, hotels, and lounges at airports and in events. The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.
Revenue from rendering of transportation services	The Group recognises revenue at a point in time when the transportation service is rendered. Passenger tickets and cargo airway bills sold but unused are presented in the consolidated statement of financial position under 'Accounts and other payables' at the reporting date. Commission costs are recognised in the same period as the revenue to which they relate.
Revenue from customer loyalty programme	The Group's customer loyalty program entitles customers to miles which can be redeemed to purchase tickets or other products. The total consideration in respect of the initial sale is allocated between the miles and other components of the sale. The amount allocated to the miles is estimated by reference to the relative standalone price of miles by considering the amount of discounts or incentives that would otherwise be offered to customers who have not earned miles from an initial sale. The miles that are not redeemed by customers are recognised as revenue upon actual expiry of miles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.1 Revenue from contracts with customers (continued)

Revenue from sale of guest miles	The Group issues guest miles under the loyalty programs operated by it. Miles issued for promotional purposes, at a discount or no value, are included in gross billings at their issue price. The total consideration in respect of gross billings is allocated between performance obligations with respect to redemption of miles and the marketing services, where marketing services are deemed to constitute a separate performance obligation. Hence revenue is recognised at the time of sale of guest miles since the performance obligation is deemed to be satisfied at the time of sale. Marketing component is allocated to the transaction price using the residual approach (i.e., allocate value to the performance obligation component relating to redemption services by estimating the amount of discount or incentives that would be offered to customers on redemption of such miles and the residual to the marketing component). Balance of gross billings after recognising the marketing component is deferred and recognised as revenue upon redemption of miles.
Revenue from exhibitions and related services	The Group provides catering, licensing and registration, venue services, exhibition and events services. Revenue from providing such services is recognised in the accounting period in which the services are rendered or when the event is held at point in time. Hotel revenue represents the value of services provided by the hotels during the period, net of rebates and allowances. Revenue is recognised as services are performed.
Revenue from health services	The Group provides health services which are measured at the fair value of consideration that is expected to be received for services in the regular course of business. Claim denials, discounts and un-submitted claims are deducted from the transaction price. Revenue arising from health services primarily comprises of fees charged for inpatient and outpatient medical services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory, medical consumables and pharmaceutical goods used. Revenue is recorded and recognised during the period in which the medical service is provided, based on the amounts due from patients and/or funding entities. Fees are calculated and billed based on various tariff agreements with counterparties. A fee-for-service model is used. The Group invoices the counterparties for medical services (such as diagnostics, treatments, nursing, pharmaceutical goods, medical screening, etc.). The revenue is recognised as the services are rendered. The Group has been mandated by the Government of Abu Dhabi to provide certain treatments and services under a program named 'Activity Based Mandates' program (ABM). Revenue from claims submitted under this program is accounted for in line with regular patient fees.
Revenue from port, marine and logistic services	The Group renders property management, marine channel and logistic serves to its customers. Revenue from property management is recognised when the services are provided. Revenue from marine channel charges is recognised as revenue when the marine channel is used by vessels mainly for passage and cargo operations. Revenue from logistics operations including freight forwarding, trucking, transportation and warehousing is recognised when these services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.1 Revenue from contracts with customers (continued)

Revenue from media services	The Group sells newspapers and magazines. Revenue is recognised at a point in time when the control of the asset is transferred to the buyer, generally on delivery of the goods. The Group recognises revenue from advertisements in all of the Group's media outlets. It is recognised at the time of broadcasting / publishing of the advertisement and is stated net of discounts, returns and allowances. The Group's publishing and printing revenue represent the invoiced value of goods and services delivered to customers during the period and is stated net of discounts, returns and allowances. It is recognised at a point in time when the control of the asset is transferred to the buyer, generally on delivery of the goods. Station revenue represents the revenue from other media agencies that use the Group's frequencies and satellite services. Station revenue is recognised when the service is rendered or over the life of the relevant service contract. Any advances received from customers against service contracts are recognised as deferred revenue and is recognised as "contract liabilities" in the consolidated statement of financial position. The Group provides TV production services for which revenue represents the revenue from renting out the vehicles, live broadcasting equipment along with the relevant experts and studios to other companies for TV production services. It is recognised over the term of the service contracts. The Group enters into sponsorship arrangements where revenue represents the revenue from sponsorships on TV and radio. Sponsorship revenue is recognised when the sponsorship services are rendered or over the life of the sponsorship contract, if the sponsorship event spans a period of time. The Group enters into barter agreement providing services to its customers. Barter revenue is measured at the fair value of the consideration received or receivable. If the fair value of the services received cannot be measured reliably, the revenue is measured at the fair value of the services provided, adjusted by the amount of any cash or cash equivalents transferred. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.15. Revenue recognition (continued)

5.15.2. Other revenues

Revenue from insurance services	Premiums are recognised as revenue (earned premium) on a time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability. Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.
Rental and concession income	Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Rental income represents the value of space rented out by the Group during the period. This income is recognised on a time apportionment basis.
Other revenues	Other revenues are recognised as the services are provided in accordance with the contractual terms. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates.

5.15.3. Interest income

Interest income is recognised as the interest accrues using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset.

5.15.4 Dividend income

Dividend income is recognised when the right to receive payment is established.

5.15.5. Other operating income

The Group discloses following amounts under this line item:

- Gains/losses resulting from changes in the fair values of financial instruments; and
- Dividend income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.16. Service concessions

The Group accounts for service concession arrangements under IFRIC 12 when the following conditions are met:

- the grantor (usually a government entity) controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor (usually a government entity) controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

In view of the above, concession infrastructure that does not meet the requirements of IFRIC 12 is presented as property, plant and equipment. Under IFRIC 12, the operator's rights over the plant operated under concession arrangements are accounted for based on the party primarily responsible for payment:

- the "intangible asset model" is applied when users have primary responsibility to pay for the concession services; and
- the "financial asset model" is applied when the grantor has the primary responsibility to pay the operator for the concession services.

Where the grantor guarantees the amounts that will be paid over the term of the contract (e.g. via a guaranteed internal rate of return), the financial asset model is used to account for the concession infrastructure, since the grantor is primarily responsible for payment. The financial asset model is used to account for "Build, Operate and Transfer ("BOT")" contracts entered into with the grantor. The Group recognises financial assets from service concession arrangements in the consolidated statement of financial position as operating financial assets.

5.17. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown under current liabilities in the consolidated statement of financial position.

In line with one of the Group's subsidiary's fiduciary duty towards shareholders of listed companies, dividends publicly distributed to shareholders are routed through the Group's subsidiary, and usually kept for a period of 30 days until distribution to shareholders. The Group records these balances as 'restricted bank balances', with a corresponding liability of 'Dividends payable to shareholders of listed companies'. Interest generated from these deposits is recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.18. Government grants

5.18.1. Identification and recognition of a government grant

As the Government of Abu Dhabi is 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 Shareholder 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;
- if there is evidence of an equity transaction;
- the legal form and documentation of assistance; and
- would similarly support or assistance be given by the Government to an entity not owned by the Government.

Government grants are assistance by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to a contribution to the capital of the Group, it is recognised as additional capital in equity (‘Contributed capital’).

Government grants that are receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

5.18.2. Non-monetary government grants

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.

Management believes that, in some 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 of subsidiaries using guidelines approved by their Board of Directors; each such determination is also approved by their Board of Directors. Once the determination is made, land is recognised in the consolidated financial statements at nominal value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.18. Government grants (continued)

5.18.2. Non-monetary government grants (continued)

At the point of 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 or property plant and equipment) depending on its intended use, and is thereafter accounted for using the accounting policy in place for that relevant asset category.

5.18.3. 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. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-monetary assets are recognised as deferred government grant in the consolidated statement of financial position and transferred to the consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

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. Other government grants related to assets are initially recognised as deferred income at fair value; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

5.19. Leases

5.19.1. The Group as Lessee

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 short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate ("IBR"). Generally, the Group uses its IBR as the discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.19. Leases (continued)

5.19.1. The Group as Lessee (continued)

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The right-of-use asset and lease liability is presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of non-financial assets' policy.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index, rate or expected payments under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group did not make any such adjustments during the periods presented.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.19. Leases (continued)

5.19.1. The Group as Lessee (continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.19.2. The Group as Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and expected credit loss requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other revenue'.

5.20. Investment properties

Investment properties comprise of land, completed properties and properties under development. Land and completed properties are properties held to earn rentals and/or for capital appreciation and properties under development are properties being constructed or developed for future use as investment property.

Investment properties are measured initially at cost, including transaction costs. In case of properties under development all direct costs attributable to the design and construction, including related staff costs, are capitalised as part of the initial cost. Subsequent to initial recognition, investment properties are measured at cost, including transaction costs less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of properties over their estimated useful life of 10 to 50 years, using straight-line method. No depreciation is provided on land. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Upon completion of construction or development, a property is transferred from properties under development to completed properties.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.20. Investment properties (continued)

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

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.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

5.21. Deferred income or revenue

Deferred revenue or income represents the deferred rental income in relation to leases held by the Group as a lessor and is amortised to the consolidated statement of profit or loss and other comprehensive income in accordance with revenue recognition policies.

5.22. Fair value of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.22. Fair value of financial instruments (continued)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Where necessary, external valuers are involved for valuation of significant assets, when fair value is not readily available. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

5.23. Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

5.23.1. Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

5.23.2. Value added tax

Output value added tax ("VAT") related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis – unless the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Where provision has been made for the ECL of receivables, the charge is recorded for the gross amount of the debtor, including VAT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.23. Taxes (continued)

5.23.3. Deferred income tax

Deferred income 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 income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be amortised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of other comprehensive income. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.24. Insurance contracts

5.24.1. Definition

The Group issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk.

5.24.2. Recognition and measurement

The contracts allow the Group customers to obtain healthcare coverage and protect them against medical expenditures and related costs in accordance with an agreed medical plan. The healthcare coverage pays for medical and surgical expenses that are incurred by the insured customers.

For all insurance contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs or unallocated loss adjustment expenses ("ULAE") and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Group.

Taking into consideration the fact that significant time lags may exist between loss events and notification of the claims to the Group, incurred but not reported claims ("IBNR") are established on the basis of the Group's own estimates for claims that have already been incurred but not yet reported. The liability relating to IBNR and ULAE reserve is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

5.24.3. Receivables and payables related to insurance contracts

Insurance receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. Their ECL is worked in line with the requirements of IFRS 9.

5.24.4. Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.24. Insurance contracts (continued)

5.24.5 Liability adequacy test

Where necessary, a provision is made when the expected value of claims and administrative expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision in relation to such policies. The assessment of whether a provision is necessary is made separately considering each category of business accounted for on an annual basis of accounting, on the basis of information available as at the reporting date, taking into account related expenses and attributable future investment return. Any deficiency is immediately charged to the consolidated statement of profit or loss by establishing a provision for losses arising from the liability adequacy tests.

5.25. Contingencies

From time to time the Group receives claims in the ordinary course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. A liability is accrued only if an adverse outcome is probable and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the claim is disclosed as a contingent liability, if material.

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. The actual outcome of a claim may differ from the estimated liability and consequently may affect the financial performance and position of the Group.

5.26. 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.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.27. Islamic financing arrangements (Sukuks)

Islamic financing arrangements are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, Islamic borrowings are subsequently measured at amortised cost using the effective interest method. Interest on term loans and profit charges on Islamic financing arrangements are charged as an expense as they accrue, with unpaid amounts included in "Accounts and other payables".

5.28. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated 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 realize the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Significant accounting policies (continued)

5.29. Dividends

Dividend payable is recorded for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

5.30. Current versus non-current classifications

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out below:

6.1. Critical judgments in accounting policies

6.1.1. Business model assessment

Classification and measurement of financial assets related to new investment initiatives depend on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group performs assessment of whether the business model continues to be appropriate for financial assets that are held by the Group; where there is a change in the business model, classification of those assets is changed prospectively.

6.1.2. Assessment of control and significant influence

One of the Group's principal activities is investing and managing investments through different holdings in investees. The Group applies significant judgement with respect to the classification of investments regarding whether there is control or 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. Despite the Group owning a majority of the shareholdings in the investee, if there are certain control impediments, including but not limited to restrictions on the Group's financial and operating decision-making ability, management concludes that the Group cannot exercise control over the investee. If management conclude that there is control, these investee companies will be consolidated.

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 the 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 and 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.

Specifically, significant judgement has been applied in assessing the classification of the Company's investment in Etihad Rail Company ("ERC"). The Company owns 70% of the shares of ERC. However, there are certain control impediments, including but not limited to restrictions on the Company's financial and operating decision-making ability related to ERC. Management has assessed that the Company has significant influence over ERC by virtue of its right pursuant to Federal Decree - Law No. 2 of 2009 to appoint two out of nine directors to the Board of Directors of ERC. Consequently, ERC has been classified as an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Critical accounting estimates and judgments (continued)

6.2. Key sources of estimation uncertainty

6.2.1. Calculation of loss allowance

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating). The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the hospitality sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 16.

6.2.2. Impairment of non-financial assets (other than goodwill)

A decline in the value of non-financial assets could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property, plant and equipment, investment properties, right-of-use assets and capital work-in-progress whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include:

- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.
- significant decline in the market value that would be expected from the downturn in general market conditions.
- changes in technology, markets, economies and laws that may cause the asset to become outdated or obsolete.

6.2.3. Useful lives of property, plant and equipment and investment properties

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

6.2.4. Ultimate liability arising from claims made under insurance contracts

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date but not approved and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date It can take a significant period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of outstanding claims is estimated by a related party and reviewed by an independent qualified consultant using the chain ladder and Bornhuetter-Ferguson actuarial techniques. The main assumption underlying those techniques is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Critical accounting estimates and judgments (continued)

6.2. Key sources of estimation uncertainty (continued)

6.2.5. Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its IBR.

IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment.

The Group determines its IBR with reference to its existing and historical cost of borrowing adjusted for the term and security against such borrowing.

6.2.6. Determining the lease term of contracts with renewal and termination options – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., 3 to 5 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

6.2.7. Measurement and classification of Land transferred from the Shareholder

Management has made judgements, estimates and assumptions regarding the measurement and classification of the Land transferred from the Shareholder. The Land is recorded at fair value based on a valuation exercise performed by an external valuer, which is based on significant unobservable inputs and valuation adjustments. The classification is based on management's intention/project plan for the use of the Land and accordingly classified it as property, plant and equipment, or investment properties.

6.2.8. Provision for claim denials on revenue from health services

Revenues from health services are measured at the fair value of consideration that is expected to be received for goods and services in the regular course of business. Determination of fair value of consideration includes adjustments of claim denials, discounts and time-barred un-submitted claims, which are deducted from the transaction price. This requires management to use a number of assumptions and estimates with respect to the variable consideration within the transaction price. Accordingly, management considers the historical claim denials, ability to pay and other factors for each type of payer to estimate the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Critical accounting estimates and judgments (continued)

6.2. Key sources of estimation uncertainty (continued)

6.2.9. Estimation of oil and gas reserves

Oil and gas reserves and resources used for accounting purposes are estimated using internationally accepted methods and standards. The Group's annual oil and gas reserves and resources review process includes an external audit process conducted by appropriately qualified parties. All reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. Changes in oil and gas reserves are an important indication of impairment or reversal of impairment and may result in subsequent impairment charges or reversals as well as affecting the unit-of-production depreciation charge in the consolidated income statement.

6.2.10. Deferred tax asset

The Group recognises the net future tax benefit to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

6.2.11. Provision for lease return conditions

The measurement of the provision for lease return conditions requires management to anticipate: (i) the condition of the asset at the end of lease term based on the expected usage; (ii) the maintenance cost required to be incurred using current values; and (iii) applying appropriate escalation rates in the range of 4% to 7% to the current cost. Management then applies an appropriate interest rate that discounts the provision to its present value. The present value of the provision is then recognised as a right-of-use asset and depreciated over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Revenue

	Revenue from contracts with customers	**Other revenue**	**Total**
	AED' million	**AED' million**	**AED' million**
Revenue from supply and distribution of water and electricity	36,960	-	36,960
Revenue from oil, gas and power	11,223	-	11,223
Revenue from sale of goods	17,279	-	17,279
Revenue from health services - net	5,285	58	5,343
Revenue from insurance services	-	2,718	2,718
Rental income	-	2,115	2,115
Revenue from exhibitions and related services	848	-	848
Revenue from port, marine and logistic services	2,977	-	2,977
[1]Revenue from aviation services	19,490	45	19,535
Revenue from media services	714	-	714
Others	460	56	516
For the year ended 31 December 2022	**95,236**	**4,992**	**100,228**

	Revenue from contracts with customers	Other revenue	Total
	AED' million	AED' million	AED' million
Revenue from supply and distribution of water and electricity	31,557	-	31,557
Revenue from oil, gas and power	9,674	-	9,674
Revenue from sale of goods	13,104	-	13,104
Revenue from construction contracts	2,235	-	2,235
Revenue from health services - net	7,986	-	7,986
Revenue from insurance services	-	3,126	3,126
Rental income	-	1,428	1,428
Revenue from exhibitions and related services	943	-	943
Revenue from port, marine and logistic services	1,742	-	1,742
[1]Revenue from aviation services	12,210	-	12,210
Revenue from media services	576	-	576
Others	1,012	302	1,314
For the year ended 31 December 2021 (restated)	81,039	4,856	85,895

[1]Revenue from aviation services include revenue recognised from transportation services, customer loyalty programme and sale of guest miles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Revenue (continued)

7.1. Disaggregation of revenue

The Group mainly derives its revenue from contracts with customers for the transfer of goods and services over a period and at a point in time in the following major product lines. The disaggregation of revenue from contracts with customers is as follows:

	Goods or services transferred at a point in time	**Goods or services transferred over a period of time**	**Total**
	AED' million	**AED' million**	**AED' million**
Revenue from supply and distribution of water and electricity	36,960	-	36,960
Revenue from oil, gas and power	11,199	24	11,223
Revenue from sale of goods	17,279	-	17,279
Revenue from health services - net	5,285	-	5,285
Revenue from exhibitions and related services	830	18	848
Revenue from port, marine and logistic services	2,977	-	2,977
Revenue from aviation services	19,406	84	19,490
Revenue from media services	594	120	714
Others	460	-	460
For the year ended 31 December 2022	**94,990**	**246**	**95,236**

	Goods or services transferred at a point in time	Goods or services transferred over a period of time	Total
	AED' million	AED' million	AED' million
Revenue from supply and distribution of water and electricity	31,557	-	31,557
Revenue from oil, gas and power	9,503	171	9,674
Revenue from sale of goods	13,104	-	13,104
Revenue from construction contracts	-	2,235	2,235
Revenue from health services - net	7,986	-	7,986
Revenue from exhibitions and related services	586	357	943
Revenue from port, marine and logistic services	1,742	-	1,742
Revenue from aviation services	11,947	263	12,210
Revenue from media services	295	281	576
Others	664	348	1,012
For the year ended 31 December 2021 (restated)	77,384	3,655	81,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Revenue (continued)

7.2. Receivables, contract assets and contract liabilities

The following table provides information about the receivables, contract assets and liabilities from contracts with customers as at year end:

	Notes	2022 AED' million	2021 (Restated) AED' million
Receivables from contracts with customers	16	13,436	12,673
Contract assets	16	1,667	1,029
Contract liabilities	28	6,402	4,678

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time. These amounts will be recognised as revenue when the related performance obligations are satisfied by the Group.

8. Staff costs

	Note	2022 AED' million	2021 (Restated) AED' million
Wages and salaries		11,380	10,728
Accommodation and other employees' benefits		8,108	8,977
Provision for retirement benefit obligation	30	500	434
Social security contributions		567	629
For the years ended 31 December		**20,555**	20,768

9. Depreciation and amortisation

	Notes	2022 AED' million	2021 (Restated) AED' million
Depreciation of property, plant and equipment	18	14,569	15,417
Depreciation of right-of-use assets	21	1,860	1,879
Depreciation of investment properties	20	570	413
Amortisation of intangible assets	19	676	359
For the years ended 31 December		**17,675**	18,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Impairment and expected credit loss

	Notes	2022 AED' million	2021 (Restated) AED' million
Impairment loss on non-financial assets			
Impairment loss/(reversal) on property, plant and equipment	18	(1,167)	1,609
Impairment loss on assets held-for-disposal	41	61	831
Impairment loss on intangible assets	19	1,050	8
Impairment loss/(reversal) on investment properties	20	327	(26)
Impairment loss on right-of-use assets	21	460	386
Impairment loss on other non-financial assets		27	62
Impairment loss on investments in equity-accounted investees	22	692	914
		1,450	3,784
Expected credit loss on financial assets			
Expected credit loss on accounts and other receivables	16	905	607
Expected credit loss on cash and bank balances		17	61
Expected credit loss/(reversal) on other financial assets		(24)	38
Expected credit loss/(reversal) on operating financial assets	24	217	(4)
		1,115	702

11. Other operating expenses

	Notes	2022 AED' million	2021 (Restated) AED' million
Materials and consumables	15	11,845	10,122
Administrative expenses		3,097	2,442
Repairs and maintenance		5,289	5,500
Utilities and communication		150	201
Outsourcing		2,095	1,659
Fuel expenses, energy payments and other related expenses		18,859	14,650
Selling, marketing and distribution		739	621
Provision/(reversal of provision) for slow moving and obsolete inventories	15	(195)	526
Other direct costs	11.1	8,488	9,872
Other expenses		471	721
For the years ended 31 December		**50,838**	46,314

11.1. Other direct costs

	2022 AED' million	2021 (Restated) AED' million
Health services	690	943
Power generation and supply	1,849	1,468
Exhibition and related services	629	367
Port and marine operations	846	578
Digital and cyber transformation	36	116
Media services	251	490
Other direct expenses	4,187	5,910
For the years ended 31 December	**8,488**	9,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Other income - net

	2022 AED' million	2021 (Restated) AED' million
Other income	486	1,170
Foreign exchange gain/(loss) - net	(92)	86
Gain on disposal of property, plant and equipment and investment properties	208	257
Fines and penalties	4	65
Gain on bargain purchase	-	588
[1]Gain on disposal of investments - net	2,827	1,129
For the years ended 31 December	**3,433**	3,295

[1]During 2022, gain on disposal of investments mainly comprise of gain on the disposal of investments in SEHA and Daman, amounting to of AED 2,841 million (2021: gain on the disposal of investments in Rafed and Union 71, amounting to AED 1,040 million), as further explained in Note 37.

13. Finance cost

	Notes	2022 AED' million	2021 (Restated) AED' million
Interest expense on loans and borrowings		5,139	4,608
Interest expense on lease liabilities	27	692	860
Asset retirement obligations accretion expense	31	660	559
Other finance costs		1,436	1,190
For the years ended 31 December		**7,927**	7,217

14. Income taxes

14.1. Income tax expense as recognised in the consolidated statement of profit or loss is as follows:

	2022 AED' million	2021 (Restated) AED' million
a) Current tax expense		
Current income tax	2,334	936
Adjustment in respect of prior years' tax charge	(77)	(283)
	2,257	653
b) Deferred tax expense/(credit)		
Origination and reversal of temporary differences	(1,071)	(72)
Adjustment in respect of prior years' tax charge	(2)	174
Effect of different tax rates	-	32
Other movements	63	(16)
	(1,010)	118
c) Income tax expense for the years ended 31 December	**1,247**	**771**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Income taxes (continued)

14.2. Deferred income tax

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2022 **AED' million**	2021 (Restated) AED' million	**2022** **AED' million**	2021 (Restated) AED' million
Property, plant and equipment temporary differences	-	1,126	544	(586)
Asset retirement obligations temporary differences	3,917	2,276	(993)	188
Losses available for offset against future taxable income	1,391	144	(482)	184
Other temporary differences	808	1,258	(121)	303
Deferred tax assets and deferred tax benefits at year end	**6,116**	4,804	**(1,052)**	89
Capital allowances	112	146	(22)	31
Investment properties	23	32	-	3
Property, plant and equipment temporary differences	1,302	1,000	67	(15)
Other temporary differences	582	276	(1)	31
Deferred tax liabilities and deferred tax expenses at year end	**2,019**	1,454	**44**	50

Based on the latest available forecast of future profits, the Group has determined AED 2,963 million of tax losses (2021: AED 5,333 million) are unlikely to be utilised in the foreseeable future. Hence, no deferred tax benefit has been recognised, though these losses remain available for offset against future taxable profits. Unutilised tax losses of Nil (2021: AED 198 million) will expire in the next five-year period.

During the year, the Group acquired Pharma Strategy Partners GmBH and MEFAR INTERNATIONAL İLAÇ SAN. A.Ş and consequently recognised deferred tax liabilities amounting to AED 288 million and AED 17 million respectively.

No tax charge or credit arose on the disposal of subsidiaries during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Income taxes (continued)

14.3. Reconciliation of effective tax rate

The income tax expense relates to subsidiary companies' international operations which are subject to income tax at rates in their respective countries of operations. Providing the product of the consolidated accounting profit multiplied by the applicable tax rates is therefore not meaningful. The profit/(loss) before income tax has been reconciled to the accounting profit subject to tax and the reconciliation between income tax expense and the product of accounting profit subject to tax multiplied by effective income tax rate for the years ended 31 December is as follows:

	2022 AED' million	2021 (Restated) AED' million
Profit before income tax	**13,410**	4,657
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**2,370**	894
Less the tax effect on:		
Adjustment in respect to income tax of previous years	(79)	(109)
Withholding taxes	23	15
Tax incentives	(5)	(50)
Special production taxes on upstream tax of previous years	630	(36)
Disallowable expenses	57	5
Effect of different tax rates	-	32
Deferred tax recognition due to change in estimates	(1,415)	-
Other movements	(334)	20
For the years ended 31 December	**1,247**	771

15. Inventories

	Note	**2022 AED' million**	2021 (Restated) AED' million
Nuclear fuel		3,190	3,491
Consumables and stores and spares		6,812	7,265
Raw materials		1,374	1,119
Work-in-progress and finished goods		2,212	2,167
Goods in-transit		294	200
		13,882	14,242
Less: Provision for slow moving and obsolete inventories	15.1	(1,936)	(2,221)
At 31 December		**11,946**	12,021

Inventories worth AED 10,778 million (2021: AED 10,359 million) are expected to be recovered in the next 12 months.

During the year, borrowing costs amounting to AED 58 (2021: AED 384 million) million were capitalised in inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Inventories (continued)

15.1. Provision for slow moving and obsolete inventories

	2022 AED' million	2021 (Restated) AED' million
At 1 January	2,221	1,795
Acquisition through business combination	154	195
Transfer from entities under common control	(5)	-
Charge for the year	(195)	526
Disposal of subsidiary	(187)	-
Written off during the year	(40)	(294)
Foreign exchange adjustments	(12)	(1)
At 31 December	**1,936**	**2,221**

The cost of inventories recognised as expense and included in the consolidated statements of profit or loss amounted to AED 11,845 million (2022: AED 10,122 million) and is presented as part of "materials and consumables" (Note 11).

16. Accounts and other receivables

16.1. Details of carrying amount

	Note	2022 AED' million	2021 (Restated) AED' million
Non-current			
Trade receivables due from third parties		326	566
Receivables due from related parties	39	2,368	2,595
Advances to contractors and suppliers		870	990
Lease receivables		2,358	1,855
Loans receivables		2,276	328
Other receivables		644	182
Allowance for expected credit losses		(1,209)	(284)
		7,633	6,232
Current			
Trade receivables due from third parties		13,110	12,107
Receivables due from related parties	39	16,714	24,865
Advances to contractors and suppliers		1,848	1,258
Insurance contract receivables		-	857
Prepayments		1,045	1,263
Contract assets		1,667	1,029
Loans receivables		589	589
Reinsurance contract receivables		-	377
VAT and other tax receivables		946	915
Other receivables		3,840	4,461
Allowance for expected credit losses		(3,196)	(4,579)
Fair value loss on discounting of trade receivables		-	(71)
		36,563	43,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Accounts and other receivables (continued)

16.1. Details of carrying amount (continued)

The average credit period on sale of goods and rendering of services is 60 days (2021: 60 days). No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using the provision matrix by reference to past default experience of the debtor and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group does not have significant credit risk concentration on its trade and other receivables, since they arise from diversified businesses that have a large customer base.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off are subject to enforcement activities.

16.2. Advances to contractors and suppliers

The Group signed various contracts with third parties to execute work requested by governmental entities. In accordance with such contracts, the Group has provided an advance balance to contractors which will be adjusted from future payments to such contractors for work to be executed in future.

16.3. Insurance contract receivables

	2022 **AED` million**	2021 AED` million
Due from policy holders (gross)	-	968
Allowance for expected credit losses	-	(111)
At 31 December	**-**	857

16.4. Reinsurance contract receivables

	Note	**2022** **AED' million**	2021 AED' million
Reinsurance share of unearned premiums	28.1	-	185
Reinsurance share of claims incurred but not reported and claims reported but not approved	28.1	-	181
Reinsurance share of profit on commission		-	11
At 31 December		**-**	377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Accounts and other receivables (continued)

16.5. Allowance for expected credit losses

	AED' million
At 1 January 2021 (restated)	4,855
Charge for the year (Note 10)	607
Transfer from entities under common control	216
Written off during the year	(212)
Reversal during the year	(628)
Foreign exchange adjustments	25
At 31 December 2021	4,863
Charge for the year (Note 10)	905
Transfer from entities under common control	(84)
Written off during the year	(658)
Reversal during the year	(623)
Foreign exchange adjustments	2
At 31 December 2022	**4,405**

17. Cash and bank balances

	2022 AED' million	2021 (Restated) AED' million
[1]Restricted cash	2,128	3,200
Bank balances:		
- [2]Deposit accounts	7,821	8,628
- Call and current accounts	22,286	23,292
Cash in hand	21	29
Cash and bank balances in the consolidated statement of financial position	**32,256**	35,149
Less: Bank overdrafts (Note 26)	(307)	(31)
Less: Restricted cash	(2,128)	(3,200)
Less: Fixed term deposits (with original maturity of more than three months)	(1,725)	(3,379)
Cash and cash equivalents in the consolidated statement of cash flows	**28,096**	28,539

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Cash and bank balances (continued)

[1]Pursuant to Securities and Commodities Authority ("SCA") Board of Directors Decision No. 2 of 2015, all listed companies are required to deposit their declared cash dividends in the bank account of a subsidiary company by following the process determined by the subsidiary company in coordination with the SCA. The Company shall deposit the cash dividends in the bank accounts of the shareholders of the listed companies within thirty days from the date of the general assembly resolution or board of directors' decision of respective listed companies to distribute such dividends. As at 31 December 2022, the subsidiary company held AED 1,678 million (2021: AED 1,988 million) representing dividends entitlements to the shareholders of certain listed companies and a corresponding amount was recorded as other payables to the shareholders of listed companies. Restricted bank balances are presented net of expected credit loss on the consolidated statement of financial position. Due to the short-term nature of restricted bank balances, their carrying amount is considered to be the same as their fair value.

[2]Fixed term deposits are placed with local financial institutions and denominated in UAE Dirhams and carry interest at an effective rate of 0.17% to 4% (2021: 0.17% to 4%) per annum.

17.1. Statutory deposits

In accordance with the requirements of Federal Law No. (6) of 2007 concerning insurance companies and agents, the Group maintains a bank deposit of Nil (2021: AED 2 million) which cannot be utilised without the consent of the UAE Ministry of Economy.

17.2. Significant non-cash transactions

	Notes	**2022 AED' million**	2021 (Restated) AED' million
Transfer of PPE from government entities	18	957	122
Additions to PPE arising from transfer of developer and municipality projects	18	261	80
Transfer of PPE (to)/from investment properties	18	(4,260)	22
Transfer of loan balances by the Shareholder to the Company	25	-	14,124
Additional investment in associate provided by the Shareholder		142	101
Transfer of net assets to the Shareholder	37	(1,468)	152
Dividend settled with due from the Shareholder	42	6,220	-
Transfer of net assets from the Shareholder		2,769	23,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Cash and bank balances (continued)

17.3. Changes in liability arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		2022	
	Loans and borrowings (Excluding bank overdrafts) AED' million	**Lease liabilities AED' million**	**Total AED' million**
At 1 January 2022	**191,229**	**16,353**	**207,582**
Movement during the year:			
Acquisition through business combination	837	795	1,632
Additions	18,593	484	19,077
Accrual of interest	1,078	692	1,770
Payments	(36,651)	(2,849)	(39,500)
Transfers to the Shareholder	19	(56)	(37)
Lease termination	-	(237)	(237)
Foreign exchange adjustments	(374)	(46)	(420)
Other movements	544	(41)	503
	(15,954)	**(1,258)**	**(17,212)**
At 31 December 2022	**175,275**	**15,095**	**190,370**

		2021	
	Loans and borrowings (Excluding bank overdrafts) AED' million	Lease liabilities AED' million	Total AED' million
At 1 January 2021 (restated)	205,026	19,967	224,993
Movement during the year:			
Acquisition through business combination	-	199	199
Additions	47,615	21	47,636
Accrual of interest	3,009	860	3,869
Payments	(48,257)	(3,799)	(52,056)
Transfers to the Shareholder	(505)	(120)	(625)
Lease termination	-	(863)	(863)
Foreign exchange adjustments	(385)	(72)	(457)
[1]Other movements	(15,274)	160	(15,114)
	(13,797)	(3,614)	(17,411)
At 31 December 2021	191,229	16,353	207,582

[1]On 15 April 2021, a loan provided by the Government of Abu Dhabi, in its capacity as a shareholder, to a subsidiary of the Group, amounting to AED 14,121 million, was transferred to the Company and was recognised as contributed capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment

18.1. Reconciliation of carrying amounts

18.1.1. Cost

	Land and buildings AED' million	Plant and equipment AED' million	Oil and gas assets AED' million	Aircraft, components and parts AED' million	Fixtures and fittings AED' million	Leasehold improvements AED' million	Motor vehicles AED' million	Capital work in progress AED' million	Total AED' million
At 1 January 2021 (restated)	48,177	254,130	68,517	31,481	3,064	516	751	145,242	551,878
Acquisition through business combination	348	1,667	-	-	18	-	23	100	2,156
[1]Additions	135	2,162	989	224	161	10	46	8,364	12,091
Transfers between categories	6	(7)	-	-	25	(6)	2	(20)	-
Transfers from government entities	81	39	-	-	2	-	-	-	122
[2]Transfers from capital work-in-progress	10,099	29,951	(5)	2,705	31	15	5	(42,801)	-
Transfers from investment properties (Note 20)	22	-	-	-	-	-	-	-	22
Transfers to assets held-for-disposal	-	(60)	-	(867)	-	-	-	(237)	(1,164)
Transfers from/(to) intangible assets (Note 19)	-	608	6	-	(1)	-	-	-	613
Disposals	(612)	(7,596)	(2,294)	-	(160)	-	(22)	(61)	(10,745)
Foreign exchange adjustments	(28)	(722)	(221)	-	(2)	-	-	4	(969)
Transfers to inventories	-	(81)	-	-	-	-	-	(384)	(465)
Revision of decommissioning and restoration provision	-	333	1,620	-	-	-	-	2,318	4,271
Write off	(217)	(66)	-	-	(2)	(1)	(2)	(13)	(301)
Transfers to the Shareholder	-	(28)	-	-	(76)	(38)	-	-	(142)
Other movements	242	(105)	-	(288)	6	30	(37)	740	588
At 31 December 2021	58,253	280,225	68,612	33,255	3,066	526	766	113,252	557,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.1. Reconciliation of carrying amounts (continued)

18.1.1. Cost (continued)

	Land and buildings	Plant and equipment	Oil and gas assets	Aircraft, components and parts	Fixtures and fittings	Leasehold improvements	Motor vehicles	Capital work in progress	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
At 1 January 2022 (continued)	58,253	280,225	68,612	33,255	3,066	526	766	113,252	557,955
Acquisition through business combination	885	961	-	-	80	-	56	132	2,114
[1]Additions	973	2,097	1,013	286	374	72	35	10,683	15,533
Transfers between categories	(115)	(698)	-	(229)	660	-	13	369	-
Transfers from government entities	433	524	-	-	-	-	-	-	957
[2]Transfers from capital work-in-progress	5,230	19,883	8	73	271	7	3	(25,475)	-
Transfers to investment properties (Note 20)	(8,381)	-	-	-	-	-	-	(798)	(9,179)
Transfers to assets held-for-disposal	(41)	(292)	-	-	-	-	(2)	(1)	(336)
Transfers from/(to) intangible assets (Note 19)	-	794	-	-	-	-	-	(1)	793
Disposals	(134)	(3,449)	-	(26)	(1,710)	(28)	(59)	(214)	(5,620)
Foreign exchange adjustments	(288)	(512)	(243)	-	(24)	-	(13)	(50)	(1,130)
Transfers to inventories	-	(115)	-	-	-	-	-	(192)	(307)
Revision of decommissioning and restoration provision	-	48	(626)	-	-	-	-	1,919	1,341
Write off	(93)	(34)	-	(18)	(64)	(81)	(2)	(12)	(304)
Transfers to the Shareholder (Note 37)	(1,583)	(560)	-	-	(50)	-	(8)	(101)	(2,302)
Other movements	248	(278)	69	(84)	13	(12)	3	2,236	2,195
At 31 December 2022	**55,387**	**298,594**	**68,833**	**33,257**	**2,616**	**484**	**792**	**101,747**	**561,710**

[1]During 2022, the Group received certain property, plant and equipment with carrying amount of AED 957 million from the Government of Abu Dhabi (2021: AED 106 million).

Additions in 2022 include transfer of developer and municipality projects to the Group of AED 261 million (2021: AED 80 million).

[2]On 1 April 2021, a unit of a nuclear plant ("Unit 1") of the Group began commercial operations for the supply of available capacity and entered its operations phase. During 2022, another 3 units ("Unit 2, Unit 3 and Unit 4") of the nuclear plant of the Group began commercial operations. During the year ended 31 December 2021, property, plant and equipment, amounting to AED 29,531 million was capitalised and during the year ended 31 December 2022, an additional AED 21,318 million, pertaining to Units 2, 3 and 4 have been capitalised from Capital work in progress ("CWIP") in accordance with IAS 16 - Property, Plant and Equipment upon meeting the qualification criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.1. Reconciliation of carrying amounts (continued)

18.1.2. Accumulated depreciation

	Land and buildings AED' million	Plant and equipment AED' million	Oil and gas assets AED' million	Aircraft, components and parts AED' million	Fixtures and fittings AED' million	Leasehold improvements AED' million	Motor vehicles AED' million	Capital work-in-progress AED' million	Total AED' million
At 1 January 2021 (restated)	15,827	106,673	36,594	8,046	2,403	445	595	25	170,608
Charge for the year (Note 9)	1,652	10,161	2,385	821	296	20	82	-	15,417
Transfers to assets held-for-disposal	-	(60)	-	(566)	-	-	-	-	(626)
Trasnfers between categories	(1)	(11)	-	-	1	11	-	-	-
Disposals	(379)	(3,707)	(2,102)	-	(122)	-	(22)	-	(6,332)
Write-offs	(36)	(57)	-	-	(1)	(1)	(2)	-	(97)
Foreign exchange adjustments	(8)	(315)	(183)	-	(2)	-	-	-	(508)
Other movements	428	(156)	-	1,175	(55)	(19)	-	2	1,375
At 31 December 2021	17,483	112,528	36,694	9,476	2,520	456	653	27	179,837
Acquisition through business combination (Note 37)	-	-	-	-	29	2	1	-	32
Charge for the year (Note 9)	1,772	10,480	995	923	286	28	85	-	14,569
Trasnfers between categories	244	2	-	180	(370)	-	(56)	-	-
Transfers to assets held-for-disposal	(16)	(282)	-	-	-	-	(2)	-	(300)
Transfers to the Shareholder (Note 37)	(377)	(456)	-	-	(45)	-	(7)	(27)	(912)
Transfers to investment properties (Note 20)	(4,919)	-	-	-	-	-	-	-	(4,919)
Disposals	(679)	(2,541)	-	(26)	(947)	(25)	(53)	-	(4,271)
Write-offs	(61)	(33)	-	(7)	(63)	(80)	(1)	-	(245)
Foreign exchange adjustments	(70)	(604)	(146)	-	(16)	-	(3)	-	(839)
Other movements	(51)	160	-	-	27	-	(9)	-	127
At 31 December 2022	**13,326**	**119,254**	**37,543**	**10,546**	**1,421**	**381**	**608**	**-**	**183,079**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.1. Reconciliation of carrying amounts (continued)

18.1.3. Accumulated impairment loss

	Land and buildings AED' million	Plant and equipment AED' million	Oil and gas assets AED' million	Aircraft, components and parts AED' million	Fixtures and fittings AED' million	Leasehold improvements AED' million	Motor vehicles AED' million	Capital work-in-progress AED' million	Total AED' million
At 1 January 2021 (restated)	2,293	5,361	27,371	7,481	1	-	9	8,873	51,389
Charge for the year (Note 10)	-	557	-	925	-	70	-	57	1,609
Other movements	(252)	(8)	-	(1,126)	(1)	-	(1)	(332)	(1,720)
At 31 December 2021	2,041	5,910	27,371	7,280	-	70	8	8,598	51,278
Charge/(reversal) for the year (Note 10)	83	(32)	(1,610)	481	19	-	1	(109)	(1,167)
Transfers to the Shareholder (Note 37)	-	(40)	-	-	-	-	-	-	(40)
Other movements	(33)	(66)	-	-	-	-	-	-	(99)
At 31 December 2022	**2,091**	**5,772**	**25,761**	**7,761**	**19**	**70**	**9**	**8,489**	**49,972**

18.1.4. Net carrying value

	Land and buildings AED' million	Plant and equipment AED' million	Oil and gas assets AED 'million	Aircraft, components and parts AED 'million	Fixtures and fittings AED' million	Leasehold improvements AED' million	Motor vehicles AED' million	Capital work-in-progress AED' million	Total AED' million
At 31 December 2022	**39,970**	**173,568**	**5,529**	**14,950**	**1,176**	**33**	**175**	**93,258**	**328,659**
At 31 December 2021 (restated)	38,729	161,787	4,547	16,499	546	-	105	104,627	326,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.2. Impairment loss and subsequent reversal

In 2022, post-Covid-19 pandemic recovery, the Group performed impairment assessment for all CGUs with indicators of impairment. The review led to the reversal of impairment losses of AED 1,167 million (2021: impairment loss of AED 1,609 million) which has been recognised in profit or loss. A summary of impairment recognised/(reversed) on property, plant and equipment is provided below:

		2022	2021 (Restated)
	Notes	**AED' million**	AED' million
Oil and Gas assets	18.2.1	(1,610)	-
Aircraft, components and parts	18.2.2	481	925
Manufacturing plants	18.2.3	(49)	542
Exhibition Centre and Hotels	18.2.4	100	-
Others		(89)	142
		(1,167)	**1,609**

18.2.1. Impairment of Oil and Gas assets

In 2022, post-Covid-19 pandemic recovery, the Group performed impairment assessment for all CGUs with indicators of impairment. As a result, in 2022, the Group recognised impairment reversal of AED 1,610 million on its oil and gas assets (2021: Nil).

The calculation of recoverable amount for Oil and Gas assets is based upon the following key assumptions:

- Reserve and resource volumes;
- Inflation rates;
- Cash flows relating to gas storage;
- Discount rates;
- Foreign exchange rates; and
- Commodity prices.

In the value-in-use calculations, assumptions are also made regarding the cash flows from each asset's ultimate disposal.

Reserve and resource volumes

Reserve and resource volumes form the basis of the production profiles within the discounted cash flow models. The Group's annual oil and gas reserves (proved, probable and possible) and resources review process includes an external audit process conducted by appropriately qualified parties. Where significant, the contingent resources within a segment are also reviewed and reported on. The data generated for each field and location takes into consideration the development plans approved by senior management and reasonable assumptions that an external party would apply in appraising the assets.

Inflation rates

Estimates are obtained from published indices for the countries from which products and services are originated, as well as data relating to specific commodities. Forecast figures are used if data is publicly available. The Group assumed inflation rates ranging from 2% to 5% (2021: 2% to 5%) in perpetuity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.2. Impairment loss and subsequent reversal (continued)

18.2.1. Impairment of Oil and Gas assets (continued)

Cash flows relating to gas storage

Cash flows relating to gas storage are based on assumptions on delivery capacity, injection capacity, working volumes and expected availability. The assumptions have been approved by management and in most cases validated by third party consultants and are supported by non-binding expressions of interests on demand for working volumes.

Discount rates

Discount rates used reflect the estimated weighted average cost of capital rates for potential acquirer group companies developed for each of the locations. A post tax discount rate ranging from 4.3% to 20% (2021: 4.3% to 17%), was used to calculate the recoverable amounts at the reporting date.

Foreign exchange rates and commodity prices

A summary of the 2022 key assumptions is provided below:

	2023	2024	2025	2026	2027
[1]WTI (USD/bbl)	76.00	71.00	66.00	70.00	67.00
[1]AECO (USD/mmbtu)	4.00	3.70	3.45	3.10	3.00
[1]Brent (USD/bbl)	80.00	75.00	70.00	70.00	70.00
Summer/Winter gas spread (Euro/MWh)	0.32	0.68	1.68	1.70	1.78
USD/CAD	0.78	0.78	0.78	0.78	0.78
USD/Euro	1.09	1.12	1.18	1.20	1.20
USD/GBP	1.23	1.32	1.35	1.43	1.43

[1]Prices are escalated at 2% thereafter

18.2.2. Impairment of Aircraft, components and parts

During 2022, the Group performed a detailed assessment of the carrying value of Aircrafts, components and parts and impairment losses of AED 481 million (2021: AED 925 million) were recorded.

18.2.3. Impairment of Manufacturing plants

During the year, the Group assessed the recoverable amounts of its Manufacturing plants and management decided to recognise a reversal of impairment.

The values assigned to the key assumptions represent management's assessment of future trends in the building materials sector and are based on both external and internal sources.

In the prior year, the Group had recorded impairment of AED 542 million as a result of an adverse impact in the demand for the Group's products in both its regional and international markets due to the COVID-19 pandemic, and other economic factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.2.4. Impairment of Exhibition Centre and Hotels

During 2022, the impairment loss of AED 55 million (2021: Nil), AED 21 million (2021: Nil) and AED 24 million (2021: Nil) represented the write-down of land and buildings related to Aloft Abu Dhabi, Andaz Abu Dhabi Capital Gate Hotel and property and equipment of Anantara Sir Bani Yas Island Abu Dhabi Resort Hotel respectively to the recoverable amount as a result of reassessment of valuation as at 31 December 2022.

The recoverable amount of AED 206 million (2021: AED 365 million) for Aloft Abu Dhabi, AED 115 million (2021: AED 147 million) for Andaz Abu Dhabi Capital Gate and Nil (2021: AED 145 million) for Anantara Sir Bani Yas Island Resort, as at 31 December 2022, is based on value-in-use and is determined at the level of the CGU. In determining value-in-use, the cash flows are discounted at a rate of 9.5% for Aloft Abu Dhabi and Andaz Abu Dhabi Capital Gate and 10.69% for all other assets and hotels.

18.2.5. Impairment of Power and Water assets

The recoverable amount for power and water assets is based on FVLCD. In determining FVLCD, a discounted cash flow valuation model was used, incorporating market-based assumptions. The key assumptions for FVLCD calculations are outlined below together with the approach management has taken in determining the value to ascribe to each asset. Management believes it is appropriate to use cash flow forecasts over such periods due to the long-term power and water purchase agreements associated with the facilities.

The calculation of FVLCD for power and water generation assets is most sensitive to the following assumptions:

- Future cash flows beyond the term of the current power and water purchase agreements (“PWPAs”);
- Inflation rates; and
- Discount rates.

Future cash flows beyond the terms of the current PWPAs

The Group’s expected future cash flows have been estimated based on work performed by an internal expert. In doing so, management has considered key trends in the relevant power and water sectors, likely extension scenarios including extension tariff projections and the recovery of the residual values.

Inflation rates

Estimates are obtained from published indices for the countries from which products and services are originated. Forecast figures are used if data is publicly available. The Company assumed inflation rates ranging from 2% to 5% in perpetuity (2021: 1% to 5%).

Discount rates

Discount rates used represent the current market assessment of the risks specific to the assets, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The assets are valued using a FVLCD methodology, future cash flows are discounted using post-tax rates ranging from 3.9% to 10% (2021: 3.9% to 8.3%).

18.3. Security

At 31 December 2022, properties with a carrying amount of AED 31,247 million (2021: AED 35,421 million) were provided as security for bank borrowings (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Property, plant and equipment (continued)

18.4. Property, plant and equipment under construction

Capital work-in-progress as at 31 December 2022 primarily relates to the on-going construction of the new terminal at Abu Dhabi Airport, extension of Khalifa Port, construction on a new MRO facility, the on-going construction of major sewerage plant, simulator equipment and advance to customers regarding purchase of aircraft, PPS buildings and other expenditure related to capitalisation of borrowing costs and decommissioning obligation and expenditure pertaining to transmission and distribution infrastructure, particularly sub-stations and gridlines.

The total expenditure incurred related to the construction of the assets amounted to AED 10,683 million (2021: AED 8,364 million). Staff costs of AED 166 million (2021: AED 205 million) have been capitalised within the capital work-in-progress during the year ended 31 December 2022.

18.6. Capitalised borrowing costs

Borrowing costs of AED 1,891 million (2021: AED 2,571 million) have been capitalised, based on a capitalisation rate of 0.04% (2021: 0.075%), during the year ended 31 December 2022 and is included as part of ‘Additions’.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill

19.1. Reconciliation of carrying amount

	Goodwill	Brands, Rights and Trademarks	Customer relationships	IT Software and licenses	Exploration and evaluation assets	Landing slots	Other intangible assets	Under development	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
Cost									
At 1 January 2021 (restated)	1,559	567	979	3,522	2,879	772	1,044	8,901	20,223
Acquisition through business combination	1,650	1,687	43	(3)	-	-	89	-	3,466
Additions	-	3	-	94	1	-	48	483	629
Transfers between categories	-	-	-	(287)	-	-	411	(124)	-
Transfers from 'Under development'	-	-	-	103	-	-	2,547	(2,650)	-
Transfers from/(to) property, plant and equipment (Note 18)	-	-	-	(10)	(6)	-	(597)	-	(613)
Foreign exchange adjustments	(7)	-	(22)	-	11	-	-	-	(18)
Disposals	(5)	-	-	(58)	(6)	-	(203)	-	(272)
Other movements	(109)	9	58	(84)	-	-	86	(5)	(45)
At 31 December 2021	3,088	2,266	1,058	3,277	2,879	772	3,425	6,605	23,370
Acquisition through business combination	4,819	1,641	693	31	-	-	76	59	7,319
Additions	-	411	-	36	3	-	27	390	867
Transfers between categories	-	59	-	9	-	-	(27)	(42)	(1)
Transfers from 'Under development'	-	-	-	612	-	-	2,646	(3,258)	-
Transfers to property, plant and equipment (Note 18)	-	-	-	-	-	-	(793)	-	(793)
Foreign exchange adjustments	(564)	(62)	(44)	(4)	(2)	-	(2)	-	(678)
Disposals	(138)	2	-	(981)	(1)	-	(11)	(31)	(1,160)
Write off	-	-	-	(122)	-	-	-	(4)	(126)
Other movements	(8)	9	(2)	(5)	-	-	(14)	-	(20)
Transfers to the Shareholder (Note 37)	-	-	-	-	-	-	(176)	-	(176)
At 31 December 2022	**7,197**	**4,326**	**1,705**	**2,853**	**2,879**	**772**	**5,151**	**3,719**	**28,602**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill (continued)

19.1. Reconciliation of carrying amount (continued)

	Goodwill	Brands, Rights and Trademarks	Customer relationships	IT Software and licenses	Exploration and evaluation assets	Landing slots	Other intangible assets	Under development	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
Accumulated amortisation									
At 1 January 2021 (restated)	-	107	317	2,069	-	-	851	70	3,414
Transfers between categories	-	-	-	(264)	-	-	334	(70)	-
Charge for the year (Note 9)	-	58	7	186	-	-	108	-	359
Disposals	-	-	-	(42)	-	-	(203)	-	(245)
Foreign exchange adjustments	-	-	(22)	-	-	-	-	-	(22)
Other movements	-	1	25	1	-	-	4	-	31
Transfers to the Shareholder		-	-	(44)	-	-	(30)	-	(74)
At 31 December 2021	-	166	327	1,906	-	-	1,064	-	3,463
Transfers between categories	-	(7)	-	7	-	-	-	-	-
Charge for the year (Note 9)	-	291	61	192	-	-	132	-	676
Foreign exchange adjustments	-	(49)	(44)	(8)	-	-	(2)	-	(103)
Disposals	-	(1)	-	(918)	-	-	-	-	(919)
Write off	-	-	-	(119)	-	-	-	-	(119)
Other movements	-	8	45	12	-	-	(12)	-	53
Transfers to the Shareholder (Note 37)	-	-	-	-	-	-	(71)	-	(71)
At 31 December 2022	**-**	**408**	**389**	**1,072**	**-**	**-**	**1,111**	**-**	**2,980**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill (continued)

19.1. Reconciliation of carrying amount (continued)

	Goodwill	Brands, Rights and Trademarks	Customer relationships	IT Software and licenses	Exploration and evaluation assets	Landing slots	Other intangible assets	Under development	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
Accumulated impairment									
At 1 January 2021 (restated)	531	253	492	896	2,874	-	140	22	5,208
Transfers between categories	-	-	-	-	-	-	25	(25)	-
Charge for year (Note 10)	-	-	-	-	-	-	8	-	8
Other movements	13	-	(13)	(16)	-	-	-	6	(10)
At 31 December 2021	544	253	479	880	2,874	-	173	3	5,206
Transfers between categories	77	(77)	-	-	-	-	-	-	-
Charge for year (Note 10)	926	123	-	-	-	-	1	-	1,050
Foreign exchange adjustments	(84)	(4)	-	(1)	-	-	-	(3)	(92)
Other movements	(3)	(5)	(30)	(13)	-	-	-	-	(51)
Transfers to the Shareholder	-	-	-	-	-	-	(34)	-	(34)
At 31 December 2022	**1,460**	**290**	**449**	**866**	**2,874**	**-**	**140**	**-**	**6,079**
Net carrying value									
At 31 December 2022	**5,737**	**3,628**	**867**	**915**	**5**	**772**	**3,900**	**3,719**	**19,543**
At 31 December 2021 (restated)	2,544	1,847	252	491	5	772	2,188	6,602	14,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill (continued)

19.2. Goodwill

The following table highlights the goodwill and impairment testing information for each cash-generating unit, as well as the assumptions to which the impairment testing were most sensitive:

Description	**Cash generating unit (CGU)**	**Carrying amount of goodwill 2022 AED' million**	Carrying amount of goodwill 2021 (Restated) AED' million	**Discount rate**	**Growth rate**
London International Exhibition Centre	Exhibitions and other related services	514	574	10.0%	1.9%
Abu Dhabi Ports Operating Company - Abu Terminals PJSC	Ports and marine services	33	33	6.0%	3.0%
Mazroui International Cargo Company LLC	Ports and marine services	22	22	6.0%	3.0%
Divetech Marine Engineering Services LLC	Ports and marine services	26	-	6.0%	3.0%
Alligator Shipping Container Line LLC	Ports and marine services	11	-	6.0%	3.0%
Transmar International Shipping Company	Ports and marine services	160	-	6.0%	3.0%
Safeen Diving and Subsea Services LLC	Ports and marine services	93	-	6.0%	3.0%
ANEWA Engineering Pvt LTD	Engineering, procurement and Construction Industry	-	5	15.4%	5.0%
GAL	Aviation	833	-	N/A	N/A
Amoun Pharmaceutical Company S.A.E	Health and Pharmaceutical	298	474	12.1%	1.5%
Pharmax Pharmaceuticals FZ LLC	Health and Pharmaceutical	65	65	12.1%	1.5%
Acino	Health and Pharmaceutical	1,501	-	12.1%	1.5%
Birgi Mefar	Health and Pharmaceutical	514	-	12.1%	1.5%
King Li Limited (Formerly known as Lanos Investment Limited)	Exhibitions and other related services	151	168	10.0%	1.9%
Nabil Foods (Holding) Limited	Food and Agriculture	194	194	8.3% - 11.4%	4.2% - 19.1%
Agthia Group PJSC	Food and Agriculture	104	128	8.3% - 11.4%	4.2% - 19.1%
Atyab	Food and Agriculture	425	425	8.3% - 11.4%	4.2% - 19.1%
Al Faysal Bakery and Sweets Company WLL	Food and Agriculture	97	97	8.3% - 11.4%	4.2% - 19.1%
BmB Group	Food and Agriculture	359	359	8.3% - 11.4%	4.2% - 19.1%
Abu Auf	Food and Agriculture	337	-	8.3% - 11.4%	4.2% - 19.1%
At 31 December		**5,737**	2,544		

For all the above impairment tests, the recoverable amount of the relevant business units was determined based on value-in-use calculation using pre-tax cash flows projections over a five-year term. These projections are based on a financial budget approved by the Board of Directors of the respective companies. In assessing value-in-use, some budgets were adjusted to deliver an adequate balance between historic performance and likely future outcomes. Growth rates based on published industry research where available or on the historic average of real gross domestic products ("GDP") for the local economy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill (continued)

19.2. Goodwill (continued)

London International Exhibition Centre plc ("LIEC")

The goodwill acquired through this business combination was allocated to the cash-generating unit ("CGU") 'Real Estate, Media and Hospitality' for impairment testing. The recoverable amount has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the management covering a 5-year period. The pre-tax discount rate applied to cash flow projections is 10% (2021: 10%) and cash flows beyond the 5-year period are extrapolated using growth rate of 1.9% (2021: 1.9%).

The key assumptions used in the value-in-use calculations are sensitive to inflation rates, cash flows relating to exhibition and rental income, gross margin and discounts rates.

Transmar International Shipping Company ("Transmar")

The Group recognised goodwill of AED 161 million on the acquisition of 70% ownership of International Associated Cargo Carrier B.V. ("IACC"). IACC is a private limited liability company duly established and existing under the laws of the Netherlands having operations in Egypt. It wholly owns Transmar, a leading regional container line specialised in stevedoring, warehousing and port services. The goodwill has been allocated to the Ports and marine services CGU.

Global Aerospace Logitics ("GAL")

Effective 28 September 2022, the Group acquired control of GAL and started to account for this investment as a subsidiary. The Group has recognised goodwill of AED 834 million allocated it to the 'Aviation' CGU.

Amoun Pharmaceutical Company S.A.E ("Amoun")

During 2021, the Group acquired Amoun, resulting in recognition of goodwill amounting to AED 474 million. The goodwill has been allocated to the Healthcare and Pharmaceutical CGU. The goodwill recognised has been revalued to reflect the decline in the Egyptian Pound (EGP). No impairment is required to be booked in relation to this goodwill during the year ended 31 December 2022.

Pharma Strategy Partners GmBH ("Acino")

During 2022, the Group acquired Acino, resulting in recognition of goodwill amounting to AED 2,483 million. The goodwill has been allocated to the Healthcare and Pharmaceutical CGU. As a result of the conflict between Russia and Ukraine, an impairment assessment was carried out resulting in an impairment of AED 1,013 million being recognised during the year ended December 2022.

MEFAR INTERNATIONAL İLAÇ SAN. A.Ş ("BMG")

During 2022, the Group acquired BMG, resulting in recognition of goodwill amounting to AED 489 million. The goodwill has been allocated to the Healthcare and Pharmaceutical CGU. No impairment assessment has been performed in relation to this goodwill during the year ended 31 December 2022.

King Li Limited (formerly known as Lanos Investment Limited)

The goodwill acquired through this business combination was allocated to the CGU 'Real Estate, Media and Hospitality' for impairment testing. The recoverable amount of King Li has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by subsidiaries' management covering a 5-year period. The pre-tax discount rate applied to cash flow projections range from 10% to 10.5% (2021: 9.3% to 10%) and cash flows beyond the 5-year period are extrapolated using growth rate of 1.9% (2021: 1.8% to 1.9%).

The key assumptions used in the value-in-use calculations is most sensitive to inflation rates, cash flows relating to exhibition and rental income, gross margin and discounts rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill (continued)

19.2. Goodwill (continued)

Nabil Foods (Holding) Limited

This comprises a goodwill of AED 194 million resulting from the acquisition Nabil Foods (Holding) Limited on 30 September 2021. The goodwill has been allocated to the 'Food and Agriculture' CGU.

Management performed an impairment assessment for the goodwill at year-end. The value-in-use was computed based on discounting the future financial results of the company. A growth rate ranging from 4.2% to 19.1% (2021: 1% to 18.6%) was used based on the company's approved business plan over a time horizon of 5 years. For discounting cash flows, management used the weighted average cost of capital ranging from 8.3% to 11.4% (2021: 8.1% to 13%).

Agthia Group PJSC

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of the CGU including goodwill to materially exceed its recoverable amount. The weighted average capital cost rate applied to cash flow projections range from 8.3% to 11.4% (2021: 8.1% to 13%). A growth rate ranging from 4.2% to 19.1% (2021: 1% to 18.6%) has been used based on the management's approved business plan.

Others

The Group has recognised goodwill on the acquisition of Atyab, BMB Group, and Abu Auf amounting to AED 425 million, AED 97 million and AED 336 million respectively The Group performed an impairment assessment for the above goodwill at year-end. This goodwill has been allocated to the 'Food and Agriculture' CGU. The recoverable amount has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the management covering a 5-year period. The pre-tax discount rate applied to cash flow projections range from 8.3% to 11.4% is 9.25% and revenues are extrapolated using a range of 4.2% to 19.1% as growth rate. Management anticipates that no reasonably possible change in any of the key assumptions used in the assessment would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible assets and goodwill (continued)

19.3. Brands, Rights and Trademark

During 2022, Brands, Rights and Trademarks increased as a result of acquisition of Acino and Birgi by AED 948 million and AED 164 million respectively. The 'Relief from Royalty' method was used as the basis for valuation.

The fair value of Acino's trademark has been calculated by discounting the cumulative cash flows of royalty income and saving of marketing costs to present value using a 10.5% discount rate. The trademark has been assigned a useful life of 15 years.

The fair value of Birgi's customer relationship has been calculated by discounting the cumulative cash flows of royalty income and saving of marketing costs to present value using a 12% discount rate. It will continue to be deployed in the same market. Customer relationships have been assigned a useful life of 15 years.

19.4. Exploration and evaluation assets

The exploration and evaluation assets are tested for impairment on the existence of triggering events as stated in IFRS 6 - Exploration for and Evaluation of Mineral Resources. The decline in commodity prices was taken to be an impairment indicator and an impairment assessment was done.

The recoverable amount for the assets was computed based on their value-in-use. In determining value-in-use, an appropriate discounted cash flow valuation model was used, incorporating market-based assumptions. The key assumptions for the value-in-use calculations for Oil and Gas assets are outlined in Note 18.2 together with the approach management has taken in determining the value to ascribe to each. Following post-Covid-19 pandemic recovery, commodity prices rose, hence, no impairment has been recognised.

19.5 Landing slots

The Group has assessed the carrying value of landing slots for impairment as at the reporting date. An independent appraisal was conducted by a reputed industry valuer considering the latest available market information. Based on such appraisal, it was determined that no impairment is required to be recorded against the landing slots as at 31 December 2022 (31 December 2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment properties

Investment properties comprises a number of commercial properties that are leased to third parties. Each of the leases contains a non-cancellable period with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and historically the average renewal period is four years. No contingent rents are charged.

Further information on investment properties is disclosed as follows:

20.1. Reconciliation of carrying amount

	Land	Building	Under construction	Total
	AED' million	AED' million	AED' million	AED' million
Cost				
At 1 January 2021 (restated)	853	7,620	2,497	10,970
Additions	-	79	269	348
Transfers from 'Under construction'	-	326	(326)	-
Transfers from property, plant and equipment (Note 18)	(37)	-	-	(37)
Foreign exchange adjustments	(1)	-	-	(1)
Other movements	-	3	107	110
At 31 December 2021	815	8,028	2,547	11,390
Acquisition through business combination	-	76	-	76
Additions	-	26	1,854	1,880
Transfers from 'Under construction'	78	1,389	(1,467)	-
Transfers from property, plant and equipment (Note 18)	1,519	6,930	730	9,179
Transfers to assets held-for-disposal	(30)	-	-	(30)
Transfers to joint ventures	-	-	100	100
Disposals	-	(6)	-	(6)
Foreign exchange adjustments	(10)	-	(183)	(193)
Other movements	76	143	(34)	185
Transfers to the Shareholder (Note 37)	(75)	-	-	(75)
At 31 December 2022	**2,373**	**16,586**	**3,547**	**22,506**
Accumulated depreciation				
At 1 January 2021	-	1,576	-	1,576
Charge for the year (Note 9)	-	413	-	413
At 31 December 2021	-	1,989	-	1,989
Charge for the year (Note 9)	-	570	-	570
Transfers from property, plant and equipment (Note 18)	-	4,919	-	4,919
Other movements	-	(4)	-	(4)
At 31 December 2022	**-**	**7,474**	**-**	**7,474**
Accumulated impairment				
At 1 January 2021	14	824	-	838
Charge for the year (Note 10)	-	(26)	-	(26)
Transfers from property, plant and equipment (Note 18)	(15)	-	-	(15)
Other movements	7	-	-	7
At 31 December 2021	6	798	-	804
Charge for the year (Note 10)	-	5	322	327
Other movements	4	(37)	-	(33)
Transfers to the Shareholder (Note 37)	(4)	-	-	(4)
At 31 December 2022	**6**	**766**	**322**	**1,094**
Net carrying value				
At 31 December 2022	**2,367**	**8,346**	**3,225**	**13,938**
At 31 December 2021 (restated)	809	5,241	2,547	8,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment properties (continued)

20.2. Transfer of property, plant and equipment

During 2022 investment properties transferred from property, plant and equipment of AED 4,260 million (2021: AED (22) million) were recognised.

20.3. Amounts recognised in profit or loss

Rental income recognised from investment properties amounted to AED 1,913 million (2021: AED 1,427 million) while maintenance expenses of AED 563 million were incurred for the year ended 31 December 2022 (2021: AED 242 million).

During the year, the Group engaged an independent appraiser to perform a valuation on certain plots of land. The independent appraiser is an industry specialist in valuing various types of properties using the investment method as basis of valuation. Consequently, the Group recognised impairment loss of AED 327 million (2021: Reversal of impairment loss: AED 26 million) based on the valuation reports obtained.

20.4. Measurement of fair value

	Land AED' million	Building AED' million	Under construction AED' million	Total AED' million
Fair value as at 31 December 2022	**2,371**	**9,628**	**2,242**	**14,241**
Fair value as at 31 December 2021	910	5,677	1,560	8,147
Details of fair value hierarchy at end of the year	**Level 3**	**Level 3**	**Level 3**	**Level 3**

The fair values of the Group's investment properties are assessed through a mixture of internal valuations and/or independent external valuations. When external valuation is used, the management engages external independent valuation companies, having appropriate recognised professional accreditations and experience in the location and category of property being valued. The fair value is based on market values, being the estimated amount that would be received to sell the property in an orderly transaction between market participants at the reporting date. Where appropriate, the specific approved usage of the investment property is given due consideration. Internal valuations are determined by reference to discounted cash flow projections based on reliable estimates of future cash flows, supported by the expected terms of existing lease arrangements, and using a discount rate of 8.24% (2021: 7.12%), reflecting management's current market assessment of uncertainty in the amount and timing of the cash flows.

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 discounted 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.

20.5. Industrial Cities and Labour of Abu Dhabi

A portion of the Group's investment properties is recognised at cost of AED 1, which represents the nominal value of the granted assets. These investment properties include warehouses and assets relating to Khalifa Industrial Zone Abu Dhabi, Zayed Port, ICAD and Razeen. Details of these assets is mentioned in note 29.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Right of use assets

	Aircraft, components and parts AED' million	Land AED' million	Building AED' million	Port infrastructure AED' million	Equipment AED' million	Motor Vehicles AED' million	Fuel contracts AED' million	Total AED' million
Cost								
At 1 January 2021 (restated)	18,607	1,492	5,702	393	968	199	4,351	31,712
[1]Additions	73	3	49	-	275	37	23	460
Foreign exchange adjustments	-	-	(6)	-	(2)	-	-	(8)
Transfers to the Shareholder	-	-	(170)	-	(4)	-	-	(174)
Termination and lease returns	(1,047)	(674)	(983)	(2)	(4)	(22)	-	(2,732)
Other movements	246	32	246	(7)	8	-	-	525
At 31 December 2021	17,879	853	4,838	384	1,241	214	4,374	29,783
Acquisition through business combination	-	433	186	-	-	165	-	784
[1]Additions	224	3	207	-	158	23	-	615
Foreign exchange adjustments	-	-	(40)	-	(8)	(1)	-	(49)
Transfers to the Shareholder	-	-	(13)	-	(188)	(5)	-	(206)
Termination and lease returns	(1,814)	(5)	(350)	-	(7)	(67)	-	(2,243)
Other movements	(198)	32	(102)	(2)	(40)	(117)	-	(427)
At 31 December 2022	**16,091**	**1,316**	**4,726**	**382**	**1,156**	**212**	**4,374**	**28,257**
Accumulated depreciation								
At 1 January 2021 (restated)	5,820	120	1,760	29	382	113	750	8,974
[2]Charge for the year (Note 9)	894	28	365	11	165	49	367	1,879
Transfers (to)/from the Shareholder	-	-	(58)	-	(2)	1	-	(59)
Termination and lease returns	(689)	(126)	(618)	(1)	(2)	(12)	-	(1,448)
Other movements	(45)	-	-	-	-	-	-	(45)
At 31 December 2021	5,980	22	1,449	39	543	151	1,117	9,301
[2]Charge for the year (Note 9)	946	73	307	8	168	50	308	1,860
Transfers (to)/from property, plant and equipment (Note 18)	-	-	(2)	-	-	2	-	-
Foreign exchange adjustments	-	-	(4)	-	(2)	(2)	-	(8)
Transfers to the Shareholder (Note 37)	-	-	(2)	-	(149)	(2)	-	(153)
Termination and lease returns	(907)	-	(194)	-	(64)	(64)	-	(1,229)
Other movements	-	(32)	(87)	14	(3)	(12)	-	(120)
At 31 December 2022	**6,019**	**63**	**1,467**	**61**	**493**	**123**	**1,425**	**9,651**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Right of use assets (continued)

[1]Additions include the re-assessment of provision for lease return costs considering the updated fleet plan, future utilization and maintenance events. The change in estimate has resulted in a net increase in right-of-use assets and provision for lease return conditions by USD 30 million (AED 110 million) (2021: net increase in right-of-use assets and provision for lease return conditions by USD 66 million (AED 242 million).

[2]Charge for the year includes depreciation in respect of assets classified as held-for-disposal of Nil (2021: AED 2.6 million).

	Aircraft, components and parts	Land	Building	Port infrastructure	Equipment	Motor Vehicles	Fuel contracts	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
Accumulated impairment								
At 1 January 2021 (restated)	6,093	55	898	-	424	-	-	7,470
Charge for the year (Note 10)	341	44	1	-	-	-	-	386
Termination and lease returns	(288)	-	(109)	-	-	-	-	(397)
At 31 December 2021	6,146	99	790	-	424	-	-	7,459
Charge for the year (Note 10)	351	38	71	-	-	-	-	460
Termination and lease returns	(991)	-	-	-	-	-	-	(991)
Other movements	15	-	-	-	-	-	-	15
At 31 December 2022	**5,521**	**137**	**861**	**-**	**424**	**-**	**-**	**6,943**
Net carrying amount								
At 31 December 2022	**4,551**	**1,116**	**2,398**	**321**	**239**	**89**	**2,949**	**11,663**
At 31 December 2021 (restated)	5,753	732	2,599	345	274	63	3,257	13,023

During 2022, the Group performed a detailed review of the carrying value of Aircrafts, components and parts for impairment and losses of AED 351 million (2021: Nil) were recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Right of use assets (continued)

21.1. Amounts recognised in consolidated statement of profit or loss

The table below shows the amounts recognised in the consolidated statement of profit or loss in respect of leases for the year ended 31 December 2022.

	2022 AED' million	2021 (Restated) AED' million
Interest on lease liabilities (Note 13)	692	860
Income from sub-leasing right-of-use assets	47	243
Expenses relating to short-term leases	4	35
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	13
Depreciation expense of right-of-use assets (Note 9)	1,860	1,879
	2,603	3,030

21.2. Amounts recognised in consolidated statement of cash flow

The table below shows the amounts recognised in the consolidated statement of cash flows in respect of leases for the year ended 31 December 2022.

	2022 AED' million	2021 (Restated) AED' million
Total cash outflow for leases:		
Repayment of lease liabilities	**(2,849)**	(3,799)

21.3. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees

	2022 AED' million	2021 (Restated) AED' million
Investment in associates	37,889	24,047
Investment in joint ventures	11,139	6,470
	49,028	30,517

22.1. Reconciliation of carrying amounts

	Associates AED' million	**2022 Joint ventures AED' million**	**Total AED' million**
At 1 January 2022	24,047	6,470	30,517
Additional investments during the year	13,113	4,895	18,008
Transfers to investment property	-	(100)	(100)
Group's share of results for the year	3,222	686	3,908
Dividends received	(1,591)	(205)	(1,796)
Disposals	(9)	(57)	(66)
Transfers due to change in ownership	-	(1,204)	(1,204)
Group's share of other comprehensive income - net of tax	(219)	665	446
Impairment charge for the year	(692)	-	(692)
Foreign exchange adjustments	18	(11)	7
At 31 December 2022	**37,889**	**11,139**	**49,028**

	Associates AED' million	2021 Joint ventures AED' million	Total AED' million
At 1 January 2021 (restated)	11,478	2,491	13,969
Additional investments during the year	13,345	4,825	18,170
Group's share of results for the year	827	126	953
Dividends received	(772)	(165)	(937)
Disposals	(345)	(8)	(353)
Transfers due to change in ownership	(477)	-	(477)
Group's share of other comprehensive income/(loss) - net of tax	15	78	93
Impairment charge for the year	(50)	(864)	(914)
Foreign exchange adjustments	26	(13)	13
At 31 December 2021	24,047	6,470	30,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.2. Investment in associates

22.2.1. List of material associates

Name	% shareholding	Principal business activities	Domicile
Lulu International Holdings Limited	20%	Multinational conglomerate company that operates a chain of hypermarkets and retail companies	UAE
Pure Health Holding LLC ("Purehealth")	45.01%	Hospital management services, laboratory management services, screening services, residency visa testing services, procurement and supply of diagnostic and medical related products	UAE
Louis Dreyfus Company International Holding BV ("LDC")	45%	Global merchant and processor of agricultural goods	Netherlands
Etihad Rail Company PJSC ("ERC")	70%	Development, construction and operation of a planned railway network in the UAE	UAE

Details of material associates

All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 5.

Pure Health Holding LLC ("Pure Health")

During Q4 2021, ADQ completed the acquisition of 27% stake in Pure Health Medical Supplies LLC by transferring two healthcare support services subsidiaries (Rafed and Union 71), valued at AED 1,152 million (previously provisionally valued at AED 112 million during 2021), and paying additional cash consideration of AED 342 million.

During Q4 2022, ADQ acquired 45.01% interest in Pure Health by transferring three subsidiaries (SEHA, Daman, and The Life Corner LLC), valued at AED 5,394 million, and 27% shares in Pure Health Medical Supplies LLC.

The transaction has been accounted for as an acquisition of additional 18% interest in Pure Health Medical Supplies LLC through transferring SEHA, Daman and Life Corner LLC. The initial 27% interest in Pure Health Medical Supplies LLC was therefore not subject to a revaluation.

Other transactions during the year

OCI Clean Fuels Limited ("OCI")

In February 2022, the Group acquired 4% of the equity interest of OCI for a consideration of AED 367 million. The Group's representation on the board of OCI is through one director, who can exercise significant influence through participation in policy-making and significant decisions. As a result, the investment has been accounted for as an associate.

Playco Holdings Limited ("Strazplay")

In October 2022, ADQ completed the acquisition of 18% equity interest of Strazplay for a consideration of AED 288 million. The investment has been accounted for as an associate. The accounting for the investment has been done on a provisional basis until the PPA calculations are finalised.

Etihad Rail Company PJSC ("ERC")

During 2022, the Group has provided additional capital contribution to ERC amounting AED 3,473 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.2. Investment in associates (continued)

22.2.2. Summarised financial information for material associates

The summarised financial information represents the material associates' financial statements (not adjusted for the percentage ownership of the Group) prepared in accordance with IFRSs, except for the Group's share of results and dividends received.

	2022			
	Lulu AED' million	Purehealth AED' million	LDC AED' million	ERC AED' million
Summarised statement of financial position				
Non-current assets	29,394	8,156	17,841	18,237
Current assets	8,686	16,765	61,724	1,458
Non-current liabilities	(21,679)	(3,412)	(16,592)	(3,664)
Current liabilities	(14,042)	(10,221)	(40,218)	(2,480)
Net assets	**2,359**	**11,288**	**22,755**	**13,551**
Ownership %	**20%**	**45.01%**	**45%**	**70%**
Group's share of net assets on the basis of ownership interest	**472**	**5,081**	**10,240**	**9,486**
Reconciling item:				
Goodwill	2,899	4,178	-	-
Identifiable intangible assets	-	1,107	-	-
Fair value adjustments	-	-	(1,167)	-
Dividends declared not attributable to the Company	-	-	404	-
Equity injection not attributable to the Company	-	-	-	(286)
Carrying amount of investment in associates at 31 December 2022	**3,371**	**10,366**	**9,477**	**9,200**
Reconciliation of the carrying amount of investment in associates:				
At 1 January 2022	4,119	1,997	7,709	5,769
Investments made during the year	-	8,315	7	3,473
Groups' share of results for the year	(26)	1,027	1,844	(42)
Dividends received	(22)	(964)	(174)	-
Groups' share of other comprehensive income/(loss) for the year	(7)	(9)	91	-
Impairment charge for the year	(693)	-	-	-
At 31 December 2022	**3,371**	**10,366**	**9,477**	**9,200**
Summarised statement of comprehensive income				
Revenue	**26,643**	**12,295**	**220,097**	**328**
Profit/(loss) for the year	**(132)**	**3,675**	**3,684**	**(60)**
Other comprehensive loss	**(34)**	**(20)**	**202**	**-**
Total comprehensive income/(loss)	**(166)**	**3,655**	**3,886**	**(60)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.2. Investment in associates (continued)

22.2.2. Summarised financial information for material associates (continued)

	2021 (Restated)			
	Lulu AED' million	Purehealth AED' million	LDC AED' million	ERC AED' million
Summarised statement of financial position				
Non-current assets	27,840	1,393	18,116	14,095
Current assets	7,702	4,253	68,845	2,065
Non-current liabilities	(20,913)	(147)	(16,467)	(3,689)
Current liabilities	(11,990)	(3,215)	(50,357)	(3,995)
Non-controlling interests	-	-	-	(23)
Net assets	2,639	2,284	20,137	8,453
Ownership %	20%	27%	45%	70%
Group's share of net assets on the basis of ownership interest	528	617	9,062	5,917
Reconciling item:				
Goodwill	3,591	-	-	-
Identifiable intangible assets	-	1,380	-	-
Fair value adjustments	-	-	(1,353)	-
Equity injection not attributable to the Company	-	-	-	(148)
Carrying amount of investment in associates at 31 December 2021	4,119	1,997	7,709	5,769
Reconciliation of the carrying amount of investment in associates:				
At 1 January 2021	4,173	-	-	2,407
Investments made during the year	-	2,032	7,355	3,385
Groups' share of results for the year	(26)	235	309	(23)
Dividends received	(27)	(270)	-	-
Groups' share of other comprehensive income/(loss) for the year	2	-	45	-
Direct equity movement	(3)	-	-	-
At 31 December 2021	4,119	1,997	7,709	5,769
Summarised statement of comprehensive income				
Revenue	24,481	8,848	50,897	493
Profit for the year	(130)	226	687	(33)
Other comprehensive income/(loss)	9	-	99	-
Total comprehensive income	(121)	226	786	(33)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.2. Investment in associates (continued)

22.2.3. Aggregate financial information of associates that are not individually material

The Group also has interest in a number of individually immaterial associates. The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

	2022 **AED' million**	2021 (Restated) AED' million
Group's share of results	**419**	332
Group's share of other comprehensive income/(loss)	**(294)**	(32)
Group's share of total comprehensive income	**125**	300
Carrying amount of the Group's interest in immaterial associates	**5,475**	4,453

22.3. Investment in joint ventures

22.3.1. List of material joint ventures

Name	**% shareholding**	**Principal business activities**	**Domicile**
Sheikh Shakhbout Medical City ("SSMC")	75%	Health care	UAE
Galaxy II Holding Limited	50%	Investment management	UAE
Al Dahra Holding LLC ("Al Dahra")	50%	Agriculture	UAE

Details of material joint ventures

Sheikh Shakhbout Medical City ("SSMC")

SSMC is a joint venture in which the Group has joint control and a 75% ownership interest. The SSMC joint venture is principally engaged in the provision of healthcare and related services. SSMC joint venture is structured as a separate vehicle and the Group has a residual interest in its net assets. The operating and strategic decisions of the joint venture such as business plans approval and budgetary decisions should be unanimously approved by both venturers. Accordingly, the Group has classified its interest in SSMC as a joint venture. In accordance with the agreement under which SSMC joint venture is established, the Group and the other investor ("Mayo Clinic") in the joint venture have agreed to make additional contributions in proportion to their interests to make up any losses, if required, up to a maximum amount of AED 2,080 million (Group: AED 1,922 million and Mayo Clinic: AED 158 million).

Galaxy II Holding Limited

Galaxy II was incorporated in September 2020 and is 50% owned by the Group. The principal objective of the Company is to manage the investment in ADNOC Gas Pipelines Holdco LLC.

Al Dahra Holding LLC ("Al Dahra")

During 2021, the Group acquired 50% equity interest in Al Dahra for total consideration of AED 2,579 million. Al Dahra is a prominent multinational leader in agribusiness, specialising in the cultivation, production and trading of animal feed, essential food commodities and end-to-end supply chain management. The investment has been classified as a joint venture and accounted for using equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.3. Investment in joint ventures (continued)

22.3.1. List of material joint ventures (continued)

Other transactions during the year

Abu Dhabi Future Energy Company ("Masdar")

On 21 June 2022, the Group acquired a 43% stake in Masdar alongside Abu Dhabi National Oil Company ("ADNOC") and Mubadala Investment Company ("Mubadala") who own 24% and 33% respectively. The partnership creates a global clean energy powerhouse that consolidates the renewable energy efforts of the Group, Mubadala and ADNOC under the Masdar brand. The investment has been classified as a joint venture as all shareholders have joint control over the decision making of the company.

WIO Holding Restricted Limited ("WIO Holding")

In February 2022, the Group established a joint venture, WIO Holding, with Alpha Dhabi Holdings. WIO Holding owns 65% of WIO Bank PJSC, a bank that will provide banking activities and financial services through a digital platform. ADQ's 49% shareholding in WIO Holding, amounting to AED 814 million, has been accounted for as a joint venture.

Global Aerospace Logistics ("GAL")

During the year, the Group acquired control over GAL through change in the composition and representation of the Board of Directors of GAL and started to account for this investment as a subsidiary from 28 September 2022 (Note 37).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.3. Investment in joint ventures (continued)

22.3.2. Summarised financial information for material joint ventures

	SSMC AED' million	2022 Galaxy II AED' million	Al Dahra AED' million
Summarised statement of financial position			
Non-current assets	659	8,384	6,203
Current assets	2,945	372	3,083
Non-current liabilities	(140)	(5,189)	(2,063)
Current liabilities	(620)	(401)	(3,699)
Net assets	**2,844**	**3,166**	**3,524**
Ownership %	**75%**	**50%**	**50%**
Group's share of net assets	2,133	1,583	1,762
Carrying amount of investment in joint ventures at 31 December 2022	**2,133**	**1,583**	**1,762**
Reconciliation of the carrying amount of investment in joint ventures:			
At 1 January 2022	1,898	1,024	1,728
Transfers to investment property	(100)	-	-
Investments made during the year	358	-	-
Group's share of results for the year	(23)	260	283
Group's share of other comprehensive income/(loss) for the year	-	383	(249)
Dividends received from equity accounted investees	-	(84)	-
At 31 December 2022	**2,133**	**1,583**	**1,762**
Summarised statement of comprehensive (loss)/income			
Revenue	**2,232**	**-**	**8,205**
Profit/(loss) for the year	**(31)**	**520**	**450**
Other comprehensive income/(loss)	**-**	**765**	**(498)**
Total comprehensive (loss)/income	**(31)**	**1,285**	**(48)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.3. Investment in joint ventures (continued)

22.3.2. Summarised financial information for material joint ventures (continued)

	SSMC AED' million	2021 Galaxy II AED' million	Al Dahra AED' million	GAL AED' million
Summarised statement of financial position				
Non-current assets	535	7,807	7,259	13
Current assets	2,607	173	2,729	5,475
Non-current liabilities	(255)	(5,523)	(2,992)	(152)
Current liabilities	(356)	(409)	(3,541)	(3,456)
Net assets	2,531	2,048	3,455	1,880
Ownership %	75%	50%	50%	50%
Group's share of net assets	1,898	1,024	1,728	940
Carrying amount of investment in joint ventures at 31 December 2021	1,898	1,024	1,728	940
Reconciliation of the carrying amount of investment in joint ventures:				
At 1 January 2021	988	853	-	-
Transfer from entities under common control	-	-	-	852
Investments made during the year	964	-	2,579	-
Group's share of results for the year	(54)	108	34	88
Group's share of other comprehensive income/(loss) for the year	-	134	(93)	-
Dividends received from equity accounted investees	-	(71)	-	-
Impairment charge for the year	-	-	(792)	-
At 31 December 2021	1,898	1,024	1,728	940
Summarised statement of comprehensive (loss)/income				
Revenue	1,923	-	3,639	1,671
Profit/(loss) for the year	(73)	216	67	175
Other comprehensive loss	-	268	(186)	-
Total comprehensive (loss)/income	(73)	484	(119)	175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Investments in equity-accounted investees (continued)

22.3. Investment in joint ventures (continued)

22.3.3. Aggregate financial information of joint ventures that are not individually material:

The Group also has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the carrying amount and share of profits/(loss) and OCI of these joint ventures.

	2022 AED' million	2021 (Restated) AED' million
Group's share of results	**166**	(50)
Group's share of other comprehensive income	**531**	37
Group's share of total comprehensive income/(loss)	**697**	(13)
Carrying amount of the Group's interest in immaterial joint ventures	**5,661**	880

23. Other financial assets

	2022 AED' million	2021 AED' million
a) [1]Financial assets measured at FVTOCI		
Equity securities	7,506	150
Debt securities	59	59
	7,565	209
b) [2]Financial assets measured at FVTPL		
Equity securities	72,109	32,009
Debt securities	577	551
	72,686	32,560
At 31 December	**80,251**	32,769
Non-current	63,412	27,796
Current	16,839	4,973
At 31 December	**80,251**	32,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Other financial assets (continued)

[1] *Financial assets measured at FVTOCI*

Financial assets measured at FVTOCI comprise of equity and debt securities which are not held for trading, and which the Group irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group consider this classification to be more relevant.

[2] *Financial assets measured at FVTPL*

The Group has made investments in a portfolio of listed shares, funds and private companies, which have been designated as measured at FVTPL.

Fair value of quoted equity securities is arrived at using the closing bid price of the shares in the capital markets, except for certain unquoted equity securities for which fair value is based on a valuation technique based on unobservable inputs due to lack of an active market.

During the year, the Group made additional investments amounting to AED 51,900 million (2021: AED 24,602 million). It also recorded net fair value loss of AED1,392 million (2021: net fair value gain of AED 5,574 million) and dividend income of AED 420 million (2021: AED 79 million) which has been recorded in the consolidated statement of profit or loss in the line 'Other operating income'.

Information about the Group's exposure to credit and market risks is included in Note 33, and fair value measurement is included in Note 34.

24. Operating financial assets

	2022 **AED' million**	2021 AED' million
Operating financial assets related to:		
Water and electricity	**8,043**	**9,034**
Non-current	6,790	7,759
Current	1,253	1,275
At 31 December	**8,043**	9,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Operating financial assets (continued)

The movement in operating financial assets is as follows:

	2022 AED' million	2021 AED' million
At 1 January	9,034	9,505
Recognised during the year	1,475	1,719
Consideration received during the year	(1,963)	(1,986)
Expected credit (losses)/reversals	(217)	4
Foreign exchange adjustments	(286)	(208)
At 31 December	**8,043**	9,034
Maturity profile based on undiscounted cash flows		
Within 1 year	1,253	1,275
Between 1 - 5 years	5,013	5,032
After 5 years	1,788	3,041
At 31 December	**8,054**	9,348

The Group manages three concession contracts as defined by IFRIC 12, covering electricity generation.

The foreign subsidiaries namely TAQA Morocco (formerly Jorf Lasfar Energy Company SCA (Jorf Lasfar)), TAQA Neyveli Power Company Pvt Ltd (Neyveli) and Takoradi International Company (Takoradi), have entered into power purchase agreements ("PPAs") with offtakers in the countries where they operate. Under the PPAs the foreign subsidiaries undertake to make available, and the offtakers undertake to purchase, the available net capacity of the plants for a period of time in accordance with various agreed terms and conditions as specified in the PPAs as follows:

TAQA Morocco:

The subsidiary had the right of possession for the site and the plant units (units 1 to 4) for a period of 30 years ending in September 2027. On 24 January 2020 TAQA Morocco with Office National de l'Electricité ("ONE") signed an extension to the PPA for a further 17 years from 2027 to 2044. At the end of the PPA, the ownership of the site and the plants will be transferred to the offtaker.

During 2009, ONE and TAQA Morocco signed a strategic partnership agreement to extend the capacity of the plant by constructing two new units (units 5&6) with an approximate gross capacity of 350 MW each. In June 2014, the two new units were completed and a 30-year PPA ending 2044 was entered into.

Jorf Lasfar:

The subsidiary has the right of possession for the site and the plant units for a period of 30 years ending in September 2027. After the 30-year period, the ownership of the site and the plants will be transferred to the offtaker. During 2009, Office National de l'Electricité ("ONE"), TAQA Morocco and TAQA, signed a strategic partnership agreement to extend the capacity of JLEC by two new units of an approximate gross capacity of 350 MW each. As per this agreement, TAQA Morocco or an affiliate will build, own, and operate the new units 5 and 6 under a 30-year power purchase agreement with ONE.

Neyveli:

The subsidiary has a 30-year PPA with the offtaker ending in December 2032. On the expiry date of the PPA, the offtaker has the option to acquire the plant at a price equal to 50% of the terminal value as defined in the PPA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Operating financial assets (continued)

Takoradi:

The subsidiary had originally signed a 25-year PPA with the offtaker ending in March 2024. On expiry date of the PPA, the plant is to be transferred to the offtaker at a nominal amount. The expansion project has increased the existing 220 MW capacity to 330 MW. As a result of the expansion the PPA term has been extended to 2039.

Operating financial assets with a carrying amount of AED 8,043 million (2021: AED 9,034 million) are pledged as security for the related borrowings in the subsidiaries.

25. Capital and reserves

25.1. Share capital

	2022 AED' million	2021 AED' million
Authorised:		
500 million equity shares of AED 1 each	**500**	500
Issued and fully paid up:		
100 million equity shares of AED 1 each	**100**	100

The Government of Abu Dhabi owns all equity shares issued by the Company, which were issued at the time of incorporation of the Company.

Details of contributed capital is as follows:

	2022 AED' million	2021 (Restated) AED' million
[1]Transfer of net assets of entities in line with EC resolution No. 143 of 2019	51,384	51,484
[2]Transfer of net assets of Abu Dhabi Power	60,588	60,588
[3]Transfer of loan balances provided by the Government of Abu Dhabi to subsidiaries	4,274	8,146
[4]Transfer of net assets of entities in line with EC resolution No. 33 of 2020	1,044	2,697
[5]Transfer of net assets of entities in line with EC resolution No. 145 of 2020	14,238	14,238
[6]Transfer of net assets of entities in line with resolution No. 11 of 2021 of Supreme Council for Financial and Economic Affairs	2,833	4,056
[7]Transfer of loan balances provided by the Government of Abu Dhabi to the Company	14,121	14,121
[8]Transfer of equity securities in line with EC resolution No. 162 of 2021	138	51
[9]Transfer of net assets of entities in line with EC resolution No. 135 of 2020	453	163
[10]Transfer of net assets of entities in line with Supreme Council for Financial and Economic Affairs resolution No. 20 of 2022	114,660	113,761
[11]Transfer of net assets of entities in line with Share Transfer Agreement	15,425	15,425
Other transfer of entities under common control	1,326	-
Funding from the Shareholder	91,252	26,264
At 31 December	**371,736**	310,994

[1]Pursuant to Abu Dhabi Law No. 2 of 2018 and Executive Council Resolution No. 143/2019, the ownership of certain developmental companies (subsidiaries and associate) owned by the Government of Abu Dhabi were transferred to the Company. Based on that, all assets and liabilities were consolidated in the Group's consolidated financial statements and the net equity (excluding retained earnings and reserves) was recorded as contributed capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Capital and reserves (continued)

25.2. Contributed capital (continued)

[2]Pursuant to Abu Dhabi Law No. 3 of 2019, 100% of the shares of Abu Dhabi Power were transferred to the Company by the Government of Abu Dhabi. The amount recognised as contributed capital represents the retained profits and special reserves of Abu Dhabi Power and its subsidiaries as at the date of transfer.

[3]Pursuant to Abu Dhabi Law No. 2 of 2018 and Executive Council Resolution No. 143/2019, a loan provided by the Government of Abu Dhabi, in its capacity as a shareholder to Abu Dhabi Media Company PJSC amounting to AED 3,637 million was transferred to the Company and was recognised as contributed capital. Further, on 20 June 2019, as communicated by the Department of Finance ("DOF"), a loan receivable due from Abu Dhabi National Exhibition Company PJSC ("ADNEC"), one of the subsidiaries of the Company, amounting to AED 4,275 million has been transferred from DOF to the Company. Consequently, the loan transferred has been recognised as contributed capital.

[4 & 5]Pursuant to Abu Dhabi Law No. 2 of 2018 and Executive Council Resolution No. 33/2020 and 145/2020, the ownership of certain developmental companies (subsidiaries and associates) owned by the Government of Abu Dhabi were transferred to the Company. Based on that, all assets and liabilities were consolidated in the Group's consolidated financial statements and the net equity (excluding retained earnings and reserves) was recorded as contributed capital.

[6]On 7 September 2021, Supreme Council for Financial and Economic Affairs passed resolution No. 11 of 2021, transferring shares in Advanced Military Maintenance, Repair and Overhaul Centre LLC ("AMMROC") and Global Aerospace Logistics ("GAL") to the Company. Based on that, all assets and liabilities of AMMROC were consolidated in the Group's consolidated financial statements and the net equity (excluding retained earnings and reserves) was recorded as contributed capital. GAL, on the other hand, was accounted for as an equity-accounted investee from its acquisition date with the initial recognition amount being recorded as contributed capital. During the current year, the Group acquired control over GAL through change in the composition and representation of the Board of Directors of GAL and started to account for this investment as a subsidiary from 1 October 2022.

[7]On 15 April 2021, a loan provided by the Government of Abu Dhabi, in its capacity as a shareholder, to a subsidiary of the Group, amounting to AED 14,121 million, was transferred to the Company and was recognised as contributed capital.

[8]Pursuant to Executive Council Resolution No. 162/2021, the Government of Abu Dhabi transferred shares of multiple listed entities to the Company. Consequently, the market value of these shares was recorded as contributed capital.

[9]Pursuant to Executive Council Resolution No. 135/2020, some functions of the Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) were transferred to the Company (ADAFSA to ADQ/Silal). Consequently, the value of the net assets transferred was recorded as contributed capital.

[10] On 11 October 2022, Supreme Council for Financial and Economic Affairs passed resolution No. 20 of 2022, transferring shares in Etihad Aviation Group ("EAG") to the Company. Based on that, all assets and liabilities of EAG were consolidated in the Group's consolidated financial statements and the net equity (excluding retained earnings and reserves) was recorded as contributed capital.

[11]Pursuant to the share transfer agreement effective 19 December 2021, the shares of Growth Special Investments LLC were transferred to the Company by the Shareholder. Consequently, the value of the net assets transferred was recorded as contributed capital.

25.3. Reserves

25.3.1. Restrictive reserve

As required by the UAE Federal Law No. 2 of 2015 and the articles of association of certain subsidiaries registered in UAE, 10% of profit is transferred to the statutory reserve until such reserve equals 50% of paid up capital of the respective subsidiaries. Ordinarily, the reserve is not available for distribution.

25.3.2. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Capital and reserves (continued)

25.3. Reserves (continued)

25.3.3. Fair value reserve

The fair value reserve is comprised of the cumulative net change in the fair value of debt and equity securities designated at FVTOCI until the assets are derecognised or reclassified.

25.3.4. Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

25.3.5. Reconciliation of reserves

	Foreign currency translation reserve AED' million	Restrictive reserves AED' million	Hedging reserve AED' million	Fair value reserve AED' million	Other reserve AED' million	Total AED' million
At 1 January 2021 (restated)	(1,708)	4,336	(2,886)	49	281	72
Other comprehensive income/(loss):						
Foreign exchange loss on retranslation of foreign operations	(60)	-	-	-	-	(60)
Changes in fair value of cash flow hedge	-	-	2,179	121	-	2,300
Fair value loss on financial assets measured at FVTOCI	(25)	-	-	-	-	(25)
	(85)	-	2,179	121	-	2,215
Transaction with the owner						
Transfer to reserves from retained earnings	-	595	-	-	-	595
Other movements	(12)	-	26	-	100	114
	(12)	595	26	-	100	709
At 31 December 2021	(1,805)	4,931	(681)	170	381	2,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Capital and reserves (continued)

25.3. Reserves (continued)

25.3.5. Reconciliation of reserves (continued)

	Foreign currency translation reserve	Restrictive reserves	Hedging reserve	Fair value reserve	Other reserve	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
At 1 January 2022	**(1,805)**	**4,931**	**(681)**	**170**	**381**	**2,996**
Other comprehensive income/(loss):						
Foreign exchange loss on retranslation of foreign operations	(1,242)	-	-	-	-	(1,242)
Changes in fair value of cash flow hedge	-	-	1,752	-	-	1,752
Fair value loss on financial assets measured at FVTOCI	-	-	-	(21)	-	(21)
Share of other comprehensive income/(loss) of equity-accounted investees	(340)	-	453	-	310	423
	(1,582)	-	2,205	(21)	310	912
Transaction with the owner						
Transfer to reserves from retained earnings	-	994	-	-	-	994
Other movements	(114)	44	-	-	180	110
	(114)	**1,038**	**-**	**-**	**180**	**1,104**
At 31 December 2022	**(3,501)**	**5,969**	**1,524**	**149**	**871**	**5,012**

25.4. Capital risk management

The Group's policy is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure in light of changes in economic and market conditions. The total equity comprises share capital, reserves, contributed capital, retained earnings and non-controlling interests aggregating to AED 278,847 million as at 31 December 2022 (2021: AED 191,844 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Capital and reserves (continued)

25.4. Capital risk management (continued)

The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as loans and borrowings and lease liabilities, less cash and bank balances. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserves. The Group aims to keep the ratio below 2.

	Notes	2022 AED' million	2021 (Restated) AED' million
Loans and borrowings	26	175,582	191,260
Lease liabilities	27	15,095	16,353
Less: Cash and bank balances	17	(32,256)	(35,149)
Net debt		**158,421**	172,464
Total equity		278,847	191,844
Less: Hedging reserve	25.3	(1,524)	681
Adjusted equity		**277,323**	192,525
Net debt to adjusted equity ratio		**0.57**	0.90

26. Loans and borrowings

	Note	2022 AED' million	2021 (Restated) AED' million
Bank overdrafts	17	307	31
Bank borrowings		68,471	87,692
Term loan from Department of Finance (DoF)		60,510	59,374
Other loans and borrowings		46,294	44,163
At 31 December		**175,582**	191,260
Non-current		155,723	178,992
Current		19,859	12,268
At 31 December		**175,582**	191,260

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Loans and borrowings (continued)

26.1. Terms and repayment schedule

	Original currency	Nominal interest rate	Year of maturity	Face value AED' million 2022	Carrying amount AED' million 2022	Carrying amount AED' million 2021 (Restated)
[1]Bank credit facilities	[a]AED	EIBOR + (0.5% - 1.6%)	2023-2026	1,596	1,458	7,966
	[b]USD	LIBOR + (0.5% - 1.4%)	2023-2024	4,112	3,477	15,035
	Others	Various	2023	1,838	1,019	522
[2]Bank term loan	AED	EIBOR/LIBOR + (0.5% - 3%)	2023-2027	11,121	2,152	2,076
	GBP	EIBOR/LIBOR/SONIA + (1.5% - 2.3%)	2023-2026	222	213	326
	USD	LIBOR + (0.5% - 2.5%)	2023-2042	56,889	56,224	55,963
	Others	1.8%-5.6%	2025-2034	3,673	3,673	3,904
[3]Bank overdraft	AED	45 basis points above interest on deposits	-	307	307	31
Islamic Loans	AED	EIBOR + 1.5%	2023	300	163	230
	USD	LIBOR+ (0.8% - 1.75%)	2023-2025	92	92	1,094
	Others	4.71%	2023	-	-	576
[4]Sukuk	USD	4.76%	2025	3,309	3,309	3,306
[5]Equity bridge loan	USD	LIBOR + (1.07% - 1.1%)	2024	3,328	3,292	3,127
Term loan from DoF	USD	4.06%	2053	60,510	60,510	59,374
[6]Abu Dhabi National Energy Company bonds	USD	3.2%-6.6%	2036	4,290	4,290	3,332
[7]Global Medium Term	USD	2.03% - 6%	2023-2049	25,150	21,932	23,721
	Euro	3.1% - 3.8%	2024	735	735	799
[8]Other bonds	USD	2.5% - 6.18%	2029-2038	11,375	11,375	8,903
	Others	3.8%	2038	762	762	920
Others	AED	LIBOR/EIBOR/KIBOR/SAIBOR/EURIBOR mid corridor rate + (0.4% - 3%)	2023	717	599	55
Total loans and borrowings				**190,326**	**175,582**	191,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Loans and borrowings (continued)

26.1. Terms and repayment schedule (continued)

[1a]During the year, the Group paid-off outstanding credit facilities worth AED 3,002 million (2021: 4,050 million).

[1b]During 2021, the Group had obtained an unsecured senior revolving credit facility with a credit limit of USD 1,000 million (AED 3,673.5 million) from a syndicate of local and international banks for the purpose of financing capital expenditure and general corporate purposes of the Group. The facility has a tenure of 3 years and an extension option of two years at one-year increments. The terms of the agreement require the Group to maintain a minimum tangible net worth of AED 6,000 million. As at 31 December 2022, the Group is in compliance with the financial covenant of having tangible net worth not less than AED 6,000 million as specified in the facility agreement with the lender.

The Group has a multicurrency revolving credit facility with a syndicate of 13 banks of USD 3,500 million (AED 12,854 million). Amounts borrowed under the revolving credit facility carry interest of LIBOR or EURIBOR plus a margin. The facility expires in December 2024.

During the year, the Group fully utilised bank credit facilities of AED 8,000 million which were entered with banks under common control. Amounts borrowed under the bank credit facilities carry interest of EIBOR plus margin ranging from 0.55% to 1.65%. The bank credit facilities expire in September 2023 and December 2026.

[2]The secured bank loans are secured over property, plant and equipment with a carrying amount of AED 31,247 million (2021: AED 35,421 million) (Note 18).

[3]Bank overdrafts are repayable on demand. An overdraft facility of AED 2,000 million has been provided by a bank under common control against a pledge on deposits of AED 2,000 million. Interest rate for the facility is 45 basis points above the interest on deposits pledged.

[4]In December 2019, a subsidiary of the Group issued non-convertible Sukuk with a total value of USD 300 million (AED 1,102 million) under the USD 3,000 million Trust Certificate Issuance Programme. The Sukuk has a profit rate of 4.76% per annum payable semi-annually and is due for settlement in December 2025.

[5]On 15 April 2021, a loan provided by the Government of Abu Dhabi, in its capacity as a shareholder, to a subsidiary of the Group, amounting to AED 14,121 million, was transferred to the Company and was recognised as contributed capital.

The outstanding equity bridge loan agreement is with Korea Electric Power Corporation (KEPCO). The agreement was amended on 21 January 2021 and the total amount of the facility was increased to USD 1,223 million (AED 4,492 million). Based on the terms and provisions of the amended loan agreement dated 28 January 2021, the Group assessed the impact of the amendments and concluded that the terms have not been substantially modified.

The Group has drawn down USD 906 million (AED 3,328 million) as at 31 December 2022. This equity bridge loan is stated net of unamortised transaction costs. Prepaid transaction costs are amortised on a straight-line basis and capitalised to the cost of CWIP during the construction period of the underlying funded asset. This unsecured equity bridge loan agreement carries commitment fees of 0.55% on the value of the undrawn facility balance.

[6]Abu Dhabi National Energy Company bonds are recorded at amortised cost using effective interest rates and are direct, unconditional, and unsecured obligations of a subsidiary of the Group. Interest on the US dollar bonds is payable semi-annually. Accrued interest is included under ‘Accrued expenses’ (Note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Loans and borrowings (continued)

26.1. Terms and repayment schedule (continued)

[7]Abu Dhabi National Energy Company global medium-term notes are recorded at amortised cost using effective interest rates and are direct, unconditional, and unsecured obligations of a subsidiary of the Group.

[8]In 2021, Abu Dhabi Ports PJSC ("Abu Dhabi Ports"), a subsidiary of the Group, issued unsecured 10-year bonds under a Euro Medium Term Note Programme, which was jointly listed on the London Stock Exchange (LSE) and Abu Dhabi Securities Exchange (ADX). The bonds mature on 6 May 2031 and carry a coupon of 2.5% per annum and par value of AED 3,673.5 million (USD 1,000 million). The settlement of the offering occurred on 6 May 2021 and the Group received cash of AED 3,579 million (USD 979.2 million). The bonds are recorded at amortised cost and are secured by a number of security documents including the subsidiaries' contractual rights, cash deposits, other assets and guarantees. Interest on the bonds is payable semi-annually.

27. Lease liabilities

	Note	**2022 AED' million**	2021 (Restated) AED' million
At 1 January		16,353	19,967
Acquisition through business combination (Note 37)		795	199
Additions		484	21
Accrual of interest	13	692	860
Payments		(2,849)	(3,799)
Transfers to the Shareholder (Note 37)		(56)	(120)
Lease Terminations		(237)	(863)
Foreign exchange adjustments		(46)	(72)
Other movements		(41)	160
At 31 December		**15,095**	16,353
Non-current		12,940	14,184
Current		2,155	2,169
At 31 December		**15,095**	16,353

Maturity analysis of lease liabilities is as follows:

	2022 AED' million	2021 (Restated) AED' million
Less than one year	2,546	2,150
Between one and five years	8,735	9,032
More than five years	7,213	8,701
Less: Unearned interest	(3,399)	(3,530)
At 31 December	**15,095**	16,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Accounts and other payables

	Note	2022 AED' million	2021 (Restated) AED' million
Non-current			
Retention payables		977	119
Accounts payable due to third parties		88	212
Payables due to related parties	39	1,523	2,143
Other payables		9,481	4,151
Contract liabilities		1,597	1,726
At 31 December		**13,666**	8,351
Current			
Accounts payable due to third parties		7,574	11,747
Project accruals and claims		2,158	125
Accrued expenses		16,563	15,106
Payables due to related parties	39	10,942	7,933
VAT and other tax liabilities		1,947	1,347
Contract liabilities		4,805	2,952
Insurance contract liabilities	28.1	-	2,258
Retention payables		1,026	1,830
Dividends payable		-	5,118
Other payables		10,713	9,164
At 31 December		**55,728**	57,580

28.1. Insurance contract liabilities

The gross and net insurance contract liabilities, as at 31 December, certified by an independent external actuary engaged by a subsidiary of the Group, which provides insurance services, are as follows:

	Note	[1]2022 AED' million	2021 AED' million
a) Total insurance contract liabilities			
Claims incurred but not reported and claims reported but not approved		-	936
[1]Unearned premiums (excluding unearned Thiqa service fee)		-	1,310
Unallocated loss adjustment expense reserve		-	12
At 31 December		**-**	2,258
b) Total re-insurance contract assets (excluding profit/(loss) commission):			
Claims incurred but not reported and claims reported but not approved	16.4	-	(181)
Unearned premiums	16.4	-	(185)
At 31 December		**-**	(366)
c) Net insurance contract liabilities			
Claims incurred but not reported and claims reported but not approved - net		-	755
Unearned premiums - net		-	1,125
Unallocated loss adjustment expense reserve - net		-	12
At 31 December		**-**	1,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Accounts and other payables (continued)

28.1. Insurance contract liabilities (continued)

[1]In 2022, the Group disposed of Daman, which is the subsidiary wherein insurance contract liabilities were recognised (Note 37). Consequently, the Group did not recognise any insurance contract liabilities as at 31 December 2022.

The gross and net claims incurred but not yet reported and claims reported but not approved were calculated by the Group's independent external actuary.

	Gross AED' million	Reinsurance AED' million	Net AED' million
Claims (including ULAE)			
At 1 January 2021	758	(156)	602
Claims incurred during the year	4,180	(665)	3,515
Claims settled during the year	(3,940)	640	(3,300)
At 31 December 2021	998	(181)	817
At 1 January 2022	998	(181)	817
Claims incurred during the year	3,391	(505)	2,886
Claims settled during the year	(3,418)	508	(2,910)
At 30 September 2022	**971**	**(178)**	**793**
Unearned premiums			
At 1 January 2021	1,239	(182)	1,057
Written during the year	4,335	(703)	3,632
Earned during the year (Note 7)	(3,823)	697	(3,126)
At 31 December 2021	1,751	(188)	1,563
At 1 January 2022	1,751	(188)	1,563
Written during the year	3,823	(645)	3,178
Earned during the year (Note 7)	(3,265)	547	(2,718)
At 30 September 2022	**2,309**	**(286)**	**2,023**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Accounts and other payables (continued)

28.1. Insurance contract liabilities (continued)

Revenue and costs recognised arising from insurance related transactions for the years ended 31 December are as follows:

	Note	**2022** **AED' million**	2021 AED' million
Gross premiums written		3,823	4,335
Less: Reinsurers' share of ceded premiums		(645)	(703)
		3,178	3,632
Movement in unearned premium reserve during the year		(460)	(506)
Net underwriting revenue	7	**2,718**	3,126
Claims paid		(3,132)	(3,581)
Less: Reinsurers' share		508	640
[1]Less: Other adjustments		425	587
Net claims paid		**(2,199)**	(2,354)
Less: Movement in outstanding claims (including ULAE)		24	(216)
Net claims incurred		**(2,175)**	(2,570)
Less: Profit/(loss) and commission expense		(73)	(94)
Net underwriting expense		**(2,248)**	(2,664)
Underwriting surplus		**470**	462

[1]The amount represents deficit in Basic product which is subsidised by Government of Abu Dhabi and volume discounts earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Governments grants

29.1. Non-monetary government grants

The Group has received the following non-monetary assets by way of government grants as at 31 December 2022 and 2021 and are recognised at nominal amounts:

	Currently classified as
Future economic benefits certain	
[1]Capital Gate plot	Non-monetary grants related to assets (included under PPE)
[1]Plot B03 -Element (Capital Centre)	Non-monetary grants related to assets (included under PPE)
[1]Al Ain plot 1	Non-monetary grants related to assets (included under PPE)
[1]Al Ain plot 2 (Wedding Hall)	Non-monetary grants related to assets (included under PPE)
[2]Plot of land in Taweelah	Non-monetary grants related to assets (included under PPE)
[2]Head Office Building	Non-monetary grants related to assets (included under PPE)
[2]Warehouses	Non-monetary grants related to assets (included under PPE and IP)
[2]Labour camps and garage buildings	Non-monetary grants related to assets (included under PPE)
[2]Land fills	Non-monetary grants related to assets (included under PPE)
[2]Solid waste management plants	Non-monetary grants related to assets (included under PPE)
[2]Commercial ports	Non-monetary grants related to assets (included under PPE and IP)
[2]Other ports assets	Non-monetary grants related to assets (included under PPE and IP)
[5]Grant of Barakah Land- Abu Dhabi Govt	Non-monetary grants related to assets (included under PPE)
[5]Grant of Al Ruwais Land- Abu Dhabi Govt	Non-monetary grants related to assets (included under PPE)
[6]Sheikh Shakhbout Medical City	Non-monetary grants related to assets (included under PPE and IP)
[6]Administration Building- Al Ain Hospital	Non-monetary grants related to assets (included under PPE and IP)
[6]Mortuary Building - New Al Ain Hospital	Non-monetary grants related to assets (included under PPE and IP)
[6]Mortuary Building - Baniyas	Non-monetary grants related to assets (included under PPE)
[5]Future economic benefits uncertain	
[3]Marasi Village Plot	Non-monetary grants related to assets (included under PPE)
[3]Souk Plot	Non-monetary grants related to assets (included under PPE)
[3]Zayed City Plot	Non-monetary grants related to assets (included under PPE)
[5]Grant of Capital District Land - Abu Dhabi Govt	Non-monetary grants related to assets (included under PPE)
[7]Masdar City Plot	Non-monetary grants related to assets (included under PPE)

[1]The Group owns the plots of land in Al Ain and Abu Dhabi which were transferred to the Group from the Government of Abu Dhabi in prior years. The Group has recorded the plots of land at zero value.

[2]The Government of Abu Dhabi granted the Group non-monetary assets comprising a plot of land in Taweelah, office building, warehouses, labour camps and garage buildings, various landfills, solid waste management plants, commercial ports and other port assets in the areas of Khalifa Industrial Zone, Zayed Port, ICAD and Razeen. These non-monetary government grants are recognised at a nominal value of AED 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Governments grants (continued)

29.1. Non-monetary government grants (continued)

[3]The Government of Abu Dhabi has granted plots of land to the Group. However, the Group does not have clarity as to the potential usage and there are certain restrictions which are imposed upon utilisation and disposal of these properties. Consequently, the Group has recorded these plots of land at zero value.

[4]Management is of the view that it is uncertain that future economic benefits related to these properties will flow to the Group from the ownership of these properties, and therefore, such properties have not been recognised by the Group.

[5]The title of the parcels of land have been transferred to the Group at no cost from the Government of Abu Dhabi and recorded at nominal value.

[6]Grants from the government of Abu Dhabi are provided to the Group to support operations of healthcare business. The assets are of a specialised nature as the building is designed and constructed based on the technical specifications and can only be utilised for the purposes of providing healthcare services whereas the land is designated for a specialised use and hence is restricted. There are no explicit conditions attached to the government grants received except that these should be utilised by the Group for the purpose it is provided for.

[7]On 14 December 2020, pursuant to Abu Dhabi Executive Council Resolution No. 140/2020, the ownership of a land plot with a total floor area of 1,543,788 square meters in Masdar City was transferred to the Group. The land was recorded at nominal value.

29.2. Monetary government grants

The Group receives monetary government grants from the Government of Abu Dhabi. Monetary grants include grants received/ acquired to compensate the Group for expenses to be incurred and grants related to the acquisition and construction of assets. These grants are initially recognised in the consolidated statement of financial position as deferred government grants. Subsequent to initial recognition, such grants are released to profit or loss as government grant income when the conditions attached to the government grants have been fulfilled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Governments grants (continued)

29.3. Deferred government grants

Movement in deferred government grants during the year is as follows:

	Monetary grants related to operating expenses AED' million	Monetary grants related to assets AED' million	Non-monetary grants related to assets AED' million	Total AED' million
At 1 January 2021 (restated)	112	30,333	6,871	37,316
Grant received during the year	612	520	-	1,132
Release to income	(592)	(358)	(837)	(1,787)
Other movements	(97)	205	106	214
At 31 December 2021	35	30,700	6,140	36,875
Grant received during the year	1,331	1,228	-	2,559
Release to income	(805)	(534)	(605)	(1,944)
Other movements	(45)	(651)	686	(10)
At 31 December 2022	**516**	**30,743**	**6,221**	**37,480**

	2022 AED' million	2021 (Restated) AED' million
Non-current	36,591	35,796
Current	889	1,079
At 31 December	**37,480**	36,875

Recognised government grants income during the year is as follows:

	2022 AED' million	2021 (Restated) AED' million
Operating government grants received and recognised during the period	7,620	7,976
Release to income of deferred government grants:		
- Related to income	805	592
- Related to assets	1,139	1,195
	9,564	**9,763**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Retirement benefit obligation

	Note	**2022 AED' million**	2021 (Restated) AED' million
At 1 January		3,953	4,697
Acquisition through business combination (Note 37)		347	239
Charge for the year	8	500	434
Benefits paid		(376)	(858)
Transfers (to)/from a related party		18	(2)
Net actuarial (gain)/loss recognised in other comprehensive income		(342)	(90)
Disposal of a subsidiary		(1,475)	(437)
Transfers to the Shareholder (Note 37)		(120)	(43)
Foreign exchange adjustments		(37)	-
Other movements		(45)	13
At 31 December		**2,423**	3,953

Defined benefit obligations

In accordance with the provisions of IAS 19, an exercise to assess the present value of its defined benefit obligations as at 31 December 2022 and 2021 is carried out (except for those subsidiaries wherein impact is not considered to be significant), in respect of employees' end of service benefit liabilities under relevant local regulations and contractual arrangements.

The provision is recognised based on the following significant assumptions:

	2022	2021 (Restated)
Average period of employment (years)	**40.0**	**38.6**
Average annual rate of salary increase (percentage)	**4.6%**	**4.3%**
Average annual voluntary termination rate (percentage)	**6.9%**	**7.2%**
Discount rate (percentage)	**6.0%**	**8.3%**

The present values of the defined benefit obligations as at 31 December 2022 and 2021 were computed using the actuarial assumptions set out above.

The defined benefit obligation does not expose the Group to any unusual risk. The Group did not operate or own a defined contribution plan during the year or as at the reporting date. There is no regulatory requirement to fund for these benefits in advance. The Group intends to pay benefits directly as they fall due.

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single rate has been used.

Details of net actuarial (gain)/loss recognised in the consolidated statement of other comprehensive income is as follows:

	2022 AED' million	2021 AED' million
Actuarial (gain)/loss experience adjustments	(99)	(35)
Actuarial (gain)/loss from changes in demographic assumptions	(10)	5
Actuarial (gain)/loss from changes in financial assumptions	(233)	(60)
For the years ended 31 December	**(342)**	(90)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Retirement benefit obligation (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2022		2021 (Restated)	
	Increase AED' million	**Decrease AED' million**	Increase AED' million	Decrease AED' million
Discount rate (0.5%)	**133**	**168**	96	109
Annual rate of salary increase (0.5%)	**116**	**188**	108	95

Employees' pension scheme

Monthly pension contributions are made in respect of UAE National employees, who are covered by the UAE Federal Law No. 2 of 2000. The contribution made by the Group is recognised in the consolidated statement of 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. Contributions to the pension scheme for the year ended 31 December 2022 amounting to AED 567 million (2021: AED 629 million) were charged to the consolidated statement of profit or loss (Note 8).

31. Provisions

	2022	2021 (Restated)
	AED' million	AED' million
Legal provisions	1	2
Provision for decommissioning and restoration	20,481	21,196
Provision for lease return	3,465	3,930
Others	1,038	1,257
At 31 December	**24,985**	26,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Provisions (continued)

Movement in provisions during the year is as follows:

	2022				
	Legal provisions	**Provision for decommissioning and restoration**	**Provision for lease return**	**Others**	**Total**
	AED' million	**AED' million**	**AED' million**	**AED' million**	**AED' million**
At 1 January	2	21,196	3,930	1,257	26,385
Acquisition through business combination	-	(622)	-	(57)	(679)
Provisions during the year	-	2,300	358	218	2,876
Reversals during the year	-	(1,408)	-	(355)	(1,763)
Accretion expense	-	660	-	-	660
Revision in estimated cash flows	-	(434)	-	-	(434)
Disposal of assets	-	(12)	-	-	(12)
Paid during the year	-	(1,047)	(823)	(25)	(1,895)
Foreign exchange adjustments	-	(152)	-	42	(110)
Other movements	(2)	-	-	(41)	(43)
At 31 December	**-**	**20,481**	**3,465**	**1,039**	**24,985**

	2021 (Restated)				
	Legal provisions	Provision for decommissioning and restoration	Provision for lease return	Others	Total
	AED' million	AED' million	AED' million	AED' million	AED' million
At 1 January	18	17,824	3,557	1,026	22,425
Transfer from entities under common control (Note 36)	-	-	-	-	-
Provisions during the year	-	2,318	1,041	1,111	4,470
Reversals during the year	(16)	(18)	-	(733)	(767)
Accretion expense	-	559	-	-	559
Revision in estimated cash flows	-	1,637	-	-	1,637
Disposal of assets	-	(516)	-	-	(516)
Paid during the year	-	(584)	(668)	(197)	(1,449)
Foreign exchange adjustments	-	(24)	-	50	26
At 31 December	2	21,196	3,930	1,257	26,385

	2022	2021 (Restated)
	AED' million	AED' million
Non-current	22,506	24,178
Current	2,479	2,207
At 31 December	**24,985**	26,385

As part of the lease agreements between the Group's subsidiaries certain subsidiaries have a legal obligation to remove the power and water desalination plants at the end of the plants' useful lives or before if the subsidiaries become unable to continue their operations to that date and to restore the land. The Group, shall at their sole cost and expense, dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas. The fair value of the decommissioning and restoration liability has been calculated using an expected present value technique. This technique reflects assumptions such as costs, plant useful life, inflation and profit margin that third parties would consider assuming the settlement of the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Provisions (continued)

In addition, the Group’s foreign subsidiaries involved in the oil and gas sector make provisions for the future cost of decommissioning oil and gas properties and facilities at the end of their economic lives. The economic life and the timing of the decommissioning liabilities are dependent on Government legislation, commodity prices and the future production profiles of the respective assets. In addition, the costs of decommissioning are subject to inflationary / deflationary pressures in the cost of third-party service providers.

Pursuant to the Decree No. (6) of 2009, Federal Authority for Nuclear Regulation (FANR), is required to establish a Decommissioning Trust Fund (DTF), which will be responsible to carry out the complete decommissioning activities in relation to the dismantling of the Barakah Nuclear Power Plant (BNPP). Based on the arrangements with FANR, the Group is obliged to make annual contributions of AED 91.8 million (USD 25 million) per unit to ensure that the DTF has sufficient funds at the end of the nuclear plant's economic life to perform the complete decommissioning of the plant. The DTF will be responsible for maintaining and investing the funds as per its own discretion. Annual contributions are based on the initial cost estimate for the decommissioning liability which includes the cost estimates in respect of the decommissioning activities, radioactive waste management, the DTF administration fees and management of external agencies, as part of the overall dismantling of the plant. Annual contribution is subject to an appraisal / review by FANR which will then reassess the amount of the annual contribution periodically in order to ensure the sufficiency of funds at the time of decommissioning of the plant. Based on the above, the Group has recognized a provision in relation to decommissioning liability / future outflow of economic resources as at 31 December 2022, in accordance with the IAS 37 Provisions, Contingent liabilities and Contingent Assets. Judgment has been applied to determine whether all of the following conditions are satisfied to recognize a provision: (i) a present obligation exists as a result of past events; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate of the obligation can be made. The obligating event for the recognition of the aforementioned provision is determined when the nuclear reactor in each unit achieves initial criticality, which occurred on 31 July 2020 for Unit 1, 27 August 2021 for Unit 2 and 22 September 2022 for Unit 3. The present value of the expected future cash outflows in relation to decommissioning liability have been discounted using discount rate that reflect the current market assessment of the time value of money and the risks specific to the liability. Consequently, management has recognised a provision amounting to AED 5,844 million as at 31 December 2022 (31 December 2021: AED 4,767 million).

Provision for lease return costs represents the present value of the expected cost to meet the contractual lease end obligations on assets held under operating leases considering the existing fleet plan, future utilisations and long-term maintenance schedules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Derivative financial instruments

	Notional Amount 2022 AED' million	Notional Amount 2021 (Restated) AED' million	**Carrying Amount 2022 AED' million**	Carrying Amount 2021 (Restated) AED' million
Assets				
Non-current				
Interest rate swaps	18,576	8,160	1,081	264
Foreign currency forward contracts	7	1,530	23	2
Other derivative financial instruments	-	-	-	21
			1,104	287
Current				
Interest rate swaps	18,576	8,160	228	-
Foreign currency forward contracts	7	1,530	2	11
Other derivative financial instruments	-	-	124	88
			354	99
Total assets	**18,583**	9,690	**1,458**	386
Liabilities				
Non-current				
Interest rate swaps	13,254	24,688	599	2,999
Foreign currency forward contracts	1,961	322	65	41
Commodity derivatives	-	-	-	-
Other derivative financial instruments	-	573	-	-
			664	3,040
Current				
Interest rate swaps	13,254	24,688	128	669
Foreign currency forward contracts	1,961	322	132	29
Commodity derivatives	-	-	-	-
Other derivative financial instruments	-	573	-	285
			260	983
Total liabilities	**15,215**	25,583	**924**	4,023

33. Financial risk management

The Group has exposure to the following risks arising from its financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (including interest rate risk, foreign currency risk, equity price risk and commodity price risk).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.1. Risk management framework

The Group's Board of Directors ("BOD") has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Audit and Risk Committee ("ARC"), to assist the BOD in fulfilling its oversight responsibilities with respect to the effectiveness of internal controls, risk management and governance. The ARC reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify, analyse, mitigate and monitor the risks faced by the Group, and to set appropriate risk appetite limits and to monitor management adherence to appetite 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 maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's ARC 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. ARC is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

33.2. Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and bank balances, receivables from third party customers and related parties and investments in debt securities.

As at year end, the maximum exposure to credit risk was as follows:

	Notes	**2022 AED' million**	2021 (Restated) AED' million
[1]Accounts and other receivables	16	43,892	49,740
[2]Other financial assets	23	59	59
[3]Cash and bank balances	17	32,235	35,120
At 31 December		**76,186**	84,919

[1]excluding advances to contractors and suppliers, prepayments and VAT receivables.
[2]excluding equity securities at FVTOCI and FVTPL.
[3]excluding cash in hand.

33.2.1. Accounts and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Each subsidiary within the Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee of each subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.2. Credit risk management (continued)

33.2.1. Accounts and other receivables (continued)

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.

The Group is closely monitoring the economic environment in the UAE and is taking actions to limit its exposure to customers in countries experiencing particular economic volatility.

Goods sold and services rendered are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of accounts and other receivables, including contract assets. Reinsurance is placed with one counterparty which has a good credit rating and is a related party. Management continuously performs an assessment of creditworthiness of its reinsurer.

The Group establishes an allowance for expected credit losses in respect of accounts and other receivables, including contract assets.

The following table shows the movement in lifetime ECL that has been recognised for account and other receivables in accordance with the simplified approach set out in IFRS 9.

	2022 **AED' million**	2021 (Restated) AED' million
At 1 January	4,863	4,855
Charge for the year (Note 10)	905	607
Transfer from entities under common control	(84)	216
Reversal during the year	(658)	(212)
Written off during the year	(623)	(628)
Foreign exchange adjustments	2	25
At 31 December	**4,405**	4,863

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.2. Credit risk management (continued)

33.2.1. Accounts and other receivables (continued)

		2022	
	Expected credit loss rate (in %)	**Estimated total gross carrying amount at default AED' million**	**Expected credit loss AED' million**
Current	1.74%	24,439	426
Less than 30 days past due	3.00%	1,623	49
30 – 60 days past due	0.64%	472	3
61 – 90 days past due	0.60%	2,107	13
91 – 120 days past due	3.79%	184	7
121 – 150 days past due	4.04%	82	3
151 – 180 days past due	0.12%	2,566	3
More than 180 days past due	10.59%	4,978	527
Specific provisioning	45.34%	7,441	3,374
At 31 December 2022		**43,892**	**4,405**

		2021 (Restated)	
	Expected credit loss rate (in %)	Estimated total gross carrying amount at default AED' million	Expected credit loss AED' million
Current	3.6%	23,229	832
Less than 30 days past due	21.8%	1,537	335
30 – 60 days past due	4.4%	698	31
61 – 90 days past due	2.7%	2,518	67
91 – 120 days past due	9.0%	334	30
121 – 150 days past due	15.1%	53	8
151 – 180 days past due	0.8%	3,665	30
More than 180 days past due	14.3%	5,335	761
Specific provisioning	22.4%	12,371	2,769
At 31 December 2021		49,740	4,863

33.2.2. Other financial assets

With respect to credit risk arising from the other financial assets (except for equity instruments carried at FVTPL and FVTOCI) of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial instruments. The Group manages credit risk on its other financial assets by ensuring that counter parties have a good credit rating. The Group does not have an internal credit rating of counter parties and consider all counter parties with which the Group deals to be of the same high credit quality.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.2. Credit risk management (continued)

33.2.3. Cash and bank balances (excluding cash on hand)

As at 31 December 2022 and 2021, though the Group has significant bank balances, management believes that the risk arising out of cash and bank balances are minimal as these are placed with reputable local banks. The Group monitors its position on a regular basis. There is no provision for expected credit losses made for the years ended 31 December 2022 and 2021.

33.3. Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash, liquid assets on demand and committed and uncommitted undrawn bank facilities to meet its expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains substantial amount of its cash resources at banks and in short term time deposits. The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2022 and 2021.

The contractual undiscounted cash flow analyses the Group’s financial liabilities into relevant maturity grouping based on the remaining period at the reporting date are as follows:

	2022 Undiscounted cash flows				
	Less than one year AED' million	**1-5 years AED' million**	**More than 5 years AED' million**	**Total AED' million**	**Carrying amount AED' million**
Loans and borrowings	19,730	91,447	81,320	192,497	175,582
Derivative financial instruments	260	-	664	924	924
Lease liabilities	4,026	1,851	17,912	23,789	15,095
Accounts and other payables	60,205	5,865	-	66,070	65,500
	84,221	**99,163**	**99,896**	**283,280**	**257,101**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.3. Liquidity risk management (continued)

	2021 (Restated) Undiscounted cash flows				
	Less than one year AED' million	1-5 years AED' million	More than 5 years AED' million	Total AED' million	Carrying amount AED' million
Loans and borrowings	9,248	96,026	88,291	193,565	191,260
Derivative financial instruments	964	3,034	1,258	5,256	4,023
Lease liabilities	2,160	9,270	8,911	20,341	16,353
Accounts and other payables	50,541	15,075	598	66,214	63,237
	62,913	123,405	99,058	285,376	274,873

33.4. Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity 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.

33.4.1. Foreign currency risk management

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 each subsidiary's functional currency), loans and borrowings, other financial assets and the Group's net investments in foreign subsidiaries and joint ventures.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies. The functional currencies of Group companies are primarily the AED. Foreign currency transactions are primarily denominated in GBP, EUR and other currencies.

As at 31 December 2022, the Group was exposed to a currency risk relating to cash and cash equivalents amounting to GBP 47 million or AED 210 million (2021: GBP 44 million or AED 219 million), EUR 106 million or AED 419 million (2021: EUR 52 million or AED 203 million) and borrowings and accrued interest amounting to GBP 48 million or AED 213 million (2021: GBP 73 million or AED 326 million), EUR 187 million or AED 735 million (2021: EUR 203 million or AED 799 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.4. Market risk management (continued)

33.4.1. Foreign currency risk management (continued)

The following tables demonstrate the sensitivity to a reasonably possible change in GBP, EUR, EGP, TRL and other exchange rates, with all other variables held constant. The impact on the Group's profit is due to changes in the exchange rate of AED for the financial assets and financial liabilities denominated in GBP, EUR, EGP, TRL and KRW. The Group's exposure to foreign currency changes for all other currencies is not material. The impact of translating the net assets of foreign operations into AED is excluded from the sensitivity analysis.

	Change in rate	GBP Effect on profit AED' million	EUR Effect on profit AED' million	EGP Effect on profit AED' million	TRL Effect on profit AED' million	Others Effect on profit AED' million
2022	**+/- 10%**	**+/- 54**	**+/- 76**	**+/- 0.5**	**+/- 1**	**+/- 468**
2021 (restated)	+/- 10%	+/- 15	+/- 21	+/- 21	+/- 2	+/- 805

33.4.1.1. Forward Foreign Exchange Contracts

Certain subsidiaries use forward foreign exchange contracts to hedge their risk associated with foreign currency fluctuations relating to scheduled maintenance cost payments to overseas suppliers. The following table summarises certain information relating to the derivatives as of 31 December 2022:

	Fair value liabilities AED' million	Fair value assets AED' million
2022	**197**	**25**
2021 (restated)	70	13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.4. Market risk management (continued)

33.4.2. Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Carrying amount	
	2022	2021 (Restated)
	AED' million	AED' million
Total interest-bearing net debt	**160,926**	170,805
Total variable-rate interest-bearing net debt	**29,086**	30,862
Variable-rate interest-bearing net debt as a % of total interest-bearing net debt	**18%**	18%

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2022		2021 (Restated)	
	100 bp increase AED' million	**100 bp decrease AED' million**	100 bp increase AED' million	100 bp decrease AED' million
Impact on profit	**(291)**	**291**	**(309)**	**309**
Impact on equity	**(134)**	**134**	**-**	**-**

33.4.2.1 Interest Rate Swaps

In order to reduce their exposure to interest rate fluctuations on variable interest-bearing loans and borrowings, certain subsidiaries have entered into interest rate swap arrangements with counter-party banks for a notional amount that matches the outstanding interest-bearing loans and borrowings and Islamic loans. The derivative instruments were designated as cash flow hedges. The hedging arrangement is composed of a fixed leg based on fixed rate (ranging from of 0.84% to 5.85%) and a variable leg (EIBOR/LIBOR + margin rates). The following table summarises certain information relating to the derivatives for each subsidiary as of 31 December 2022:

	Notional value assets AED' million	**Fair value assets AED' million**	**Notional value liabilities AED' million**	**Fair value liabilities AED' million**
2022	**18,576**	**1,309**	**13,254**	**727**
2021 (Restated)	8,160	264	24,688	3,668

33.4.2.2. Cross currency interest rate swaps

During 2012, the Group entered into a cross currency rate swap agreement to hedge the Group's exposure on a Malaysian Ringgit bond issued during the year. Under the terms of the cross-currency rate swap, Group is required to pay a fixed rate of 5.3% per annum on an initial exchange amount of USD 215 million and receive a fixed rate of 4.65% per annum on an amount of MYR 650 million. During 2022 the cross currency swap was settled and the MYR 650 million loan fully repaid. The derivative instrument fair value as at 31 December 2022 is Nil (2021: AED 228 million negative fair value).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Financial risk management (continued)

33.4. Market risk management (continued)

33.4.3. Equity price risk

Equity price risk arises from equity securities classified as financial assets measured at FVTPL and financial assets measured at FVTOCI. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Management Committee or BOD based on the delegation of authority.

The primary goal of the Group's investment strategy is to maximise investment returns. In accordance with this strategy, certain investments are classified at FVTPL since their performance is actively monitored and they are managed on a fair value basis.

The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 5% decrease in the price of its equity holdings, assuming all other variables, in particular foreign currency rates, remain constant.

Market index	**Changes in Variables**	**2022 AED' million**	2021 AED' million
Abu Dhabi Securities Exchange	5%	**419**	244
Dubai Financial Market	5%	**20**	4
Germany Stock Market Index	5%	**94**	1
London Stock Exchange	5%	**16**	1
Paris Stock Market	5%	**-**	1
Egypt Stock Exchange	5%	**366**	-
Saudi Stock Exchange	5%	**9**	19

33.4.4. Commodity price risk

TAQA GEN X LLC, a subsidiary of the Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of gas and sale of electricity. Due to volatility in the prices of these commodities, the subsidiary's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group mitigates the commodity price risks using forward commodity contracts. The following table shows the effect of price changes on the fair value of the forward commodity contracts on the profit before tax:

	Change in price	**Effect of profit before tax AED' million**
2022	**+/- 10%**	**+/- 630**
2021 (restated)	+/- 10%	+/- 306

EAG, a subsidiary of the Group is affected by the volatility of purchase price of aviation fuel. Its operating activities require the ongoing purchase of aviation fuel. To manage this volatility, the subsidiary's management has devised a policy to hedge between 20% to 75% of anticipated exposure for the rolling 36 months. The subsidiary mitigates the commodity price risk exposure by using derivative contracts to maintain hedge levels within policy parameters laid down by its Board. At the reporting date, the Group has hedged fuel volumes of 4 million barrels with a positive fair value of USD 27 million (2021: fuel volumes of 4 million barrels with a positive fair value of AED 99 million).

The Group also enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognised and measured at cost when the transactions occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Fair value of financial instruments

34.1. Accounting classifications

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 December 2022 and 2021

	2022					
	FVTPL	**FVTOCI – equity instruments**	**FVTOCI – debt instruments**	**Financial assets amortised cost**	**Other financial liabilities**	**Total**
	AED' million	**AED' million**	**AED' million**	**AED' million**	**AED' million**	**AED' million**
a) Financial assets measured at fair value						
Derivative financial instruments	1,458	-	-	-	-	1,458
Equity securities	72,109	7,506	-	-	-	79,615
Debt securities	577	-	59	-	-	636
Accounts and other receivables	1,677	-	-	-	-	1,677
	75,821	**7,506**	**59**	**-**	**-**	**83,386**
b) Financial assets not measured at fair value						
Accounts and other receivables (Note 16)	-	-	-	42,215	-	42,215
Cash and bank balances (Note 17)	-	-	-	32,256	-	32,256
Corporate debt securities (Note 23)	-	-	-	-	-	-
	-	**-**	**-**	**74,471**	**-**	**74,471**
c) Financial liabilities measured at fair value						
Derivative financial instruments (Note 32)	924	-	-	-	-	924
	924	**-**	**-**	**-**	**-**	**924**
d) Financial liabilities not measured at fair value						
Loans and borrowings (Note 26)	-	-	-	-	175,582	175,582
Lease liabilities (Note 27)	-	-	-	-	15,095	15,095
Accounts and other payables (Note 28)	-	-	-	-	65,500	65,500
	-	**-**	**-**	**-**	**256,177**	**256,177**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Fair value of financial instruments (continued)

34.1. Accounting classifications (continued)

	2021 (Restated)					
	FVTPL	FVTOCI – equity instruments	FVTOCI – debt instruments	Financial assets amortised cost	Other financial liabilities	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
a) Financial assets measured at fair value						
Derivative financial instruments	386	-	-	-	-	386
Equity securities	32,009	150	-	-	-	32,159
Debt securities	551	-	59	-	-	610
Accounts and other receivables (Note 16)	1,783	-	-	-	-	1,783
	34,729	150	59	-	-	34,938
b) Financial assets not measured at fair value						
Accounts and other receivables (Note 16)	-	-	-	47,957	-	47,957
Cash and bank balances (Note 17)	-	-	-	35,149	-	35,149
Corporate debt securities (Note 23)	-	-	-	-	-	-
	-	-	-	83,106	-	83,106
c) Financial liabilities measured at fair value						
Derivative financial instruments (Note 32)	4,023	-	-	-	-	4,023
	4,023	-	-	-	-	4,023
d) Financial liabilities not measured at fair value						
Loans and borrowings (Note 26)	-	-	-	-	191,260	191,260
Lease liabilities (Note 27)	-	-	-	-	16,353	16,353
Accounts and other payables (Note 28)	-	-	-	-	63,237	63,237
	-	-	-	-	270,850	270,850

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Fair value of financial instruments (continued)

34.2. Fair value hierarchy

In the consolidated statement of financial position, financial instruments include financial assets at FVTPL which are measured at fair value based on quoted market prices which are readily available or based on valuation models.

In some limited circumstances, management believes that the cost may be an appropriate estimate of fair value for an unquoted equity investment. This may be the case if sufficient more recent information is unavailable to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Availability of observable market prices reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the instruments and markets and is subject to changes based on specific events and general conditions in the financial market.

Valuation models' inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used. The valuation of the Group's financial assets at FVTPL is generally based on recent market transactions on an arm's length basis, in the absence of an active market. If no market data is available, the Group may value its investments using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry, such as the Market approach and Net Asset Value (NAV) method.

34.2.1. Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about the fair values of these financial assets as at 31 December 2022 and 2021:

	2022			
	Level 1 AED' million	Level 2 AED' million	Level 3 AED' million	Total AED' million
a) Financial assets measured at fair value				
Derivative financial instruments	440	1,018	-	1,458
Equity securities	18,945	9,300	51,370	79,615
Debt securities	-	577	59	636
Accounts and other receivables	-	-	1,677	1,677
	19,385	10,895	53,106	83,386
b) Financial liabilities measured at fair value				
Derivative financial instruments	26	898	-	924
	26	898	-	924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Fair value of financial instruments (continued)

34.2. Fair value hierarchy (continued)

34.2.1. Fair value of the Group’s financial instruments that are measured at fair value on a recurring basis (continued)

	2021 (Restated)			
	Level 1 AED' million	Level 2 AED' million	Level 3 AED' million	Total AED' million
a) Financial assets measured at fair value				
Derivative financial instruments	184	202	-	386
Equity securities	7,521	767	23,871	32,159
Debt securities	-	551	59	610
Accounts and other receivables	-	-	1,783	1,783
	7,705	1,520	25,713	34,938
b) Financial liabilities measured at fair value				
Derivative financial instruments	11	4,012	-	4,023
	11	4,012	-	4,023

There were no transfers between any levels during 2022 and 2021. The carrying values of financial assets (except as mentioned above) and financial liabilities of the Group approximate their fair values, as they are either short term in nature, or held at amortised cost. The nominal values less provision for expected credit losses of accounts and other receivables are assumed to approximate their fair values as they are recoverable and will be settled within 12 months.

34.2.2. Determination of fair value of Group's Level 3 financial instruments

	2022 Carrying amount AED' million AED’ million	2021 (Restated) Carrying amount AED' million AED’ million	**Valuation techniques**	**Significant unobservable inputs**	**Sensitivity +/-**	**2022 Change in valuation AED’ million**	2021 (Restated) Change in valuation AED’ million
Equity securities	51,370	23,871	Market approach	NAV	+/- 5%	+/- 2,569	+/- 1,221
Debt securities	59	59	Discounted cash flow	Discount rate and expected cash flows	+/- 5%	Nil	+/- 3
Accounts and other receivables	1,677	1,783	Discounted cash flow	Discount rate and expected cash flows	+/- 5%	+/- 84	+/- 89
	53,106	25,713					

34.2.3. Reconciliation of Level 3 fair values (recurring fair values)

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2022 AED’ million	2021 (Restated) AED’ million
At 1 January	25,713	1,191
Additions	30,570	24,508
Change in fair value of investments	(3,588)	592
Foreign exchange adjustments	569	-
Disposals/redemption	(158)	(578)
At 31 December	**53,106**	25,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. List of subsidiaries

The table below provides the details of material subsidiaries forming part of the Group.

Name	% shareholding	Principal business activities	Domicile
Abu Dhabi Airports Company PJSC	100%	Operation and maintenance of airport and its related activities	UAE
Abu Dhabi National Exhibition Company PJSC	100%	Operate venues for international and local exhibitions and events	UAE
Abu Dhabi Ports Company PJSC	75.4%	Ownership and operation of the commercial ports, lease of residential buildings and industrial plots	UAE
Abu Dhabi Sewerage Services Company PJSC	100%	Assembly, treatment, manufacture and maintenance of sewage facilities and networks	UAE
Abu Dhabi Power Corporation PJSC	100%	Development, operations, and maintenance of high-voltage power and bulk water transmission networks	UAE
General Holding Corporation PJSC	100%	UAE's largest industrial investment holding company mandated to create, optimise, promote and champion capital- intensive assets	UAE
Abu Dhabi Securities Exchange PJSC	100%	Stock exchange established to trade shares of UAE companies	UAE
Growth Special Investments LLC	100%	Establish and manage investments in local and overseas entities in various sectors	UAE
ADQ Capital Venture Limited	100%	Establish and manage investments in local and overseas entities in various sectors	UAE
Emirates Nuclear Energy Corporation PJSC	100%	Responsible for the deployment and ownership of nuclear energy plants in the United Arab Emirates	UAE
ADQ Aviation and Aerospace Services LLC	100%	Repair, maintenance and overhaul of military aircraft and sale of spare parts related to military aircraft	UAE
Amoun Pharmaceutical	99.9%	Development, manufacture, marketing, and distribution of a range of human pharmaceutical and animal health/veterinary products in Egypt.	Egypt
Pharma Strategy Partners GmBH ("Acino")	100%	Development, manufacture and distribution of high quality medicinal products	Switzerland
MEFAR INTERNATIONAL İLAÇ SAN. A.Ş	100%	Development, manufacture, marketing and distribution of sterile injectable products	Turkey
Etihad Airways Group PJSC	100%	Airline, commercial air transportation, maintenance activities, loyalty programs and management services	UAE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Transfer from entities under common control

In October 2022, The Supreme Council for Financial and Economic Affairs passed its resolution No. 20 of 2022 transferring the full ownership of Etihad Airways Group ("EAG") to the Company.

In December 2022, the full ownership of Abu Dhabi Waste Management Center ("Tadweer") was transferred to AD Power Corporation PJSC from the Shareholder pursuant to a law issued by the Ruler of Abu Dhabi.

The Company has not applied IFRS 3 Business Combinations since the business combination has been effected between companies under common control and therefore, is excluded from the scope of the said IFRS. Accordingly, the value of the net assets transferred were recorded under "contributed capital", "reserves" and "retained earnings" within the equity.

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

In accordance with IFRS 10 Consolidated Financial Statements, the Company has elected to consolidate the income, expenses, assets and liabilities of the of the above subsidiaries from the beginning of the comparative period as described in Note 1.

The carrying amounts of assets and liabilities acquired which were recognised previously in the financial statements of the subsidiaries are set our below:

	Tadweer AED' million	EAG AED' million	Total AED' million
a) Assets acquired at book value			
Property, plant and equipment	417	26,435	26,852
Intangible assets and goodwill	-	1,032	1,032
Right of use assets	17	8,682	8,699
Inventories	1	99	100
Accounts and other receivables	88	2,604	2,692
Other assets	-	1,638	1,638
Cash and cash equivalents	33	1,796	1,829
	556	**42,286**	**42,842**
b) Liabilities assumed at book value			
Loans and borrowings	-	29,751	29,751
Lease Liabilities	18	12,567	12,585
Retirement benefit obligation	3	775	778
Deferred government grants	503	-	503
Accounts and other payables	32	10,643	10,675
Provisions	-	4,007	4,007
Other liabilities	-	297	297
	556	**58,040**	**58,596**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Transfer from entities under common control (continued)

	Tadweer AED' million	EAG AED' million	Total AED' million
c) Equity carried over under book value method			
Retained earnings/(deficit)	-	(122,862)	(122,862)
Other reserve	-	(54)	(54)
Non-controlling interests	-	(3)	(3)
	-	**(122,919)**	**(122,919)**
d) Consideration transferred	**-**	**-**	**-**
e) Difference recognised in 'Contributed capital'	**-**	**107,165**	**107,165**

37. Acquisition, transfer and disposal of subsidiaries

37.1. Acquisition of subsidiaries

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the respective dates of acquisition are as follows:

	Acino AED` million	[1]Etihad Airways Engineering LLC AED` million	[1]GAL AED` million	BMG AED` million	[2]Others AED` million	Total AED` million
Assets						
Property, plant and equipment	515	578	9	142	809	2,053
Investment properties	-	76	2	-	-	78
Right-of-use assets	78	264	-	9	437	788
Intangible assets arising on the acquisition	1,705	3	-	196	598	2,502
Other assets	495	47	12	65	61	680
Accounts and other receivables	558	292	5,768	43	516	7,177
Cash and bank balances	233	735	177	31	368	1,544
	3,584	1,995	5,968	486	2,789	14,822
Liabilities						
Loans and borrowings	-	490	250	69	22	831
Lease Liabilities	87	304	3	17	374	785
Trade and other payables	450	276	3,220	129	491	4,566
Deferred tax liabilities	288	-	-	17	-	305
Provision for employees' end of service benefits	-	113	162	-	72	347
	825	1,183	3,635	232	959	6,834
Identifiable net assets acquired	**2,759**	**812**	**2,333**	**254**	**1,830**	**7,988**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Acquisition, transfer and disposal of subsidiaries (continued)

37.1. Acquisition of subsidiaries (continued)

Assets acquired and liabilities assumed (continued)

Goodwill/gain on bargain purchase arising from the acquisition of subsidiaries have been recognised as follows:

	Acino	Etihad Airways Engineering LLC	GAL	BMG	[1]Others	Total
	AED' million	AED' million	AED' million	AED' million	AED' million	AED' million
Purchase consideration	5,422	812	-	783	2,174	9,191
Fair value of retained interest	-	-	2,000	-	56	2,056
NCI acquired	-	-	1,166	-	362	1,528
Less: Fair value of identifiable net assets acquired	(2,759)	(812)	(2,333)	(254)	(1,830)	(7,988)
Total goodwill	**2,663**	**-**	**833**	**529**	**762**	**4,787**
Cash consideration paid to acquire	5,422	812	-	783	1,607	8,624
Cash and bank balances acquired with the subsidiaries	(233)	(734)	(176)	(30)	(368)	(1,541)
Net cash flow on acquisition	**5,189**	**78**	**(176)**	**753**	**1,239**	**7,083**

[1]The identifiable assets and liabilities shown are on a provisional basis until the final PPA calculations have been performed.

[2]Others mainly comprise of businesses acquired from Etihad Aviation Group (EAG), including Etihad Airport Services Ground, Etihad Airport Services Cargo, Etihad Secure Logistics etc.), Divetech Marine Engineering Services LLC, International Associated Cargo Carrier BV and Safeen Diving and Subsea Services LLC.

Pharma Strategy Partners GmBH ("Acino")

On 15 February 2022, the Group acquired 100% of the issued share capital of Acino, thus obtaining control. Acino is a swiss based pharmaceutical company engaged in development, manufacturing and distribution of high-quality medicinal products in advanced and refined drug delivery systems across the globe. Acquisition-related costs (included in 'Other operating expenses') amount to AED 42 million.

Acino contributed AED 2,075 million revenue and AED 132 million loss to the Group's results for the period between the date of acquisition and the reporting date.

If the acquisition of Acino had been completed on the first day of the financial year, Group revenues for the year would have been higher by AED 2,189 million and Group profit would have been higher by AED 155 million.

Etihad Airways Engineering LLC ("EAE")

On 18 May 2022, a subsidiary of the Group acquired 100% of the equity interest in EAE, a leading aircraft maintenance and engineering solution company.

MEFAR INTERNATIONAL İLAÇ SAN. A.Ş ("BMG")

On 27 July 2022, the Group acquired 100% of the issued share capital of MEFAR INTERNATIONAL İLAÇ SAN. A.Ş ("BMG") thus obtaining control. BMG is a pure-play CDMO (Contract Development and Manufacturing Organisation) business manufacturing sterile injectable products.

BMG contributed AED 56 million revenue and AED 46 million loss to the Group's results for the period between the date of acquisition and the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Acquisition, transfer and disposal of subsidiaries (continued)

37.1. Acquisition of subsidiaries (continued)

Assets acquired and liabilities assumed (continued)

Global Aerospace Logistics L.L.C ("GAL")

During the year ended 31 December 2021, EDGE had transferred its partial ownership in GAL represented by 50% of share capital to ADQ Aviation and Aerospace Services LLC. The 50% share of net equity value per the financial statements of GAL on the date of transfer was recognised as an investment in equity-accounted investees with the corresponding effect given to the 'Contributed capital' within the equity.

The Company had started to perform equity accounting for GAL from 1 October 2021. During the year ended 31 December 2022, the Group acquired control over GAL through change in the composition and representation of the Board of Directors of GAL and started to account for this investment as a subsidiary from 28 September 2022.

37.2. Transfer of subsidiaries

In June 2022, the ownership of Image Nation Abu Dhabi FZ LLC ("Image Nation") and the ownership of Abu Dhabi Media Company PJSC ("AD Media") was transferred from the Group to the Shareholder.

The above transfers were accounted for as deemed distributions to the Shareholder in accordance with IAS 1 - 'Presentation of Financial Statements' and were presented in the condensed consolidated statement of changes in equity.

The net assets of the subsidiaries transferred to the Shareholder at the date of transfer were as follows:

	Image Nation AED' million	AD Media AED' million	Total AED' million
Assets			
Property, plant and equipment	-	1,350	1,350
Right-of-use assets	-	53	53
Investment properties	-	71	71
Intangible assets and goodwill	71	-	71
Inventories	-	38	38
Accounts and other receivables	80	102	182
Cash and bank balances	194	24	218
	345	1,638	1,983
Liabilities			
Lease liabilities	1	55	56
Accounts and other payables	103	236	339
Provision for retirement benefit obligation	9	111	120
	113	402	515
Reduction in contributed capital	1,654	4,059	5,713
Increase in retained earnings	(1,422)	(2,823)	(4,245)
Net assets transferred to the Shareholder	**232**	**1,236**	**1,468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Acquisition, transfer and disposal of subsidiaries (continued)

37.3. Disposal of subsidiaries

During October 2022, ADQ acquired 45% interest in Pure Health Holding LLC by transferring SEHA and Daman, and 27% shares in Pure Health Medical Supplies LLC (Note 22).

	SEHA AED' million	Daman AED' million	Total AED' million
Assets			
Property, plant and equipment	856	9	865
Right-of-use assets	10	61	71
Intangible assets and goodwill	147	76	223
Inventories	557	-	557
Accounts and other receivables	2,784	5,182	7,966
Other financial assets	-	552	552
Cash and bank balances	630	2,658	3,288
Other assets	-	46	46
	4,984	8,584	13,568
Liabilities			
Loans and borrowings	-	-	-
Lease liabilities	13	69	82
Accounts and other payables	2,234	6,770	9,004
Deferred government grants	456	-	456
Provision for retirement benefit obligation	1,409	64	1,473
	4,112	6,903	11,015
Net assets disposed of	**872**	**1,681**	**2,553**
Value of NCI at disposal	-	-	-
Fair value of retained interest	-	-	-
Consideration received	3,961	1,433	5,394
(Gain)/loss on disposal	**(3,089)**	**248**	**(2,841)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Acquisition, transfer and disposal of subsidiaries (continued)

37.3. Disposal of subsidiaries (continued)

During 2021, the Group had disposed of 44.5% out of its total shareholding of 58.48% in NMDC on 18 May 2021 for a consideration of AED 1,450 million. The retained interest was recorded at fair value as at the date of disposal and subsequently accounted for as investment at fair value through profit or loss ("FVTPL").

The disposal was accounted for as deemed distributions to the Shareholder in accordance with IAS 1 - 'Presentation of Financial Statements' and the loss on disposal was presented in the condensed consolidated statement of changes in equity.

The Group had also disposed of 100% of its shareholding in Rafed and Union 71 on 30 September 2021 for a consideration of AED 846 million and AED 306 million respectively.

The value of assets and liabilities of the above-mentioned subsidiaries as at their respective dates of disposal are as follows:

	Union 71 AED' million	Rafed AED' million	NMDC AED' million	Total AED' million
Assets				
Property, plant and equipment	11	2	4,138	4,151
Right-of-use assets	81	-	317	398
Intangible assets and goodwill	-	-	5	5
Inventories	81	211	321	613
Accounts and other receivables	499	1,377	7,341	9,217
Cash and bank balances	117	170	702	989
Other assets	-	-	87	87
	789	1,760	12,911	15,460
Liabilities				
Loans and borrowings	-	-	2,828	2,828
Lease liabilities	82	-	316	398
Accounts and other payables	609	1,737	4,732	7,078
Provision for retirement benefit obligation	7	2	437	446
	698	1,739	8,313	10,750
Net assets disposed of	91	21	4,598	4,710
Value of NCI at disposal	-	-	1,911	1,911
Fair value of retained interest	-	-	810	810
Consideration received	306	846	1,450	2,602
(Gain)/loss on disposal	(215)	(825)	427	(613)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Material partly-owned subsidiaries

The table shows details of subsidiaries of the Group that have material non-controlling interests ('NCI'):

2022:

Name	Domicile	Ownership interest	Profit allocated to NCI AED' million	Accumulated NCI AED' million
[1,2]Abu Dhabi Power Corporation PJSC	UAE	100%	422	10,509
Abu Dhabi Ports Company PJSC	UAE	75.4%	576	5,159
[1]General Holding Corporation PJSC (SENAAT)	UAE	100%	184	2,181

2021:

Name	Domicile	Ownership interest	Profit allocated to NCI AED' million	Accumulated NCI AED' million
[1,2]Abu Dhabi Power Corporation PJSC	UAE	100%	151	5,266
[1]General Holding Corporation PJSC (SENAAT)	UAE	100%	24	2,029

During 2022, the Group sold 24.58% and 8.6% shareholdings in AD Ports and TAQA respectively, to non-controlling interests without losing control. These transactions resulted in increase of AED 2,425 million and AED 9,067 million in retained earnings and non-controlling interests respectively as presented in the consolidated statement of changes in equity.

The following table summarises the information relating to each of the Group's subsidiaries that have material NCI, before any intra-group eliminations.

	2022			2021 (Restated)	
	[1]AD Power AED' million	**AD Ports AED' million**	**[1]SENAAT AED' million**	[1]AD Power AED' million	[1]SENAAT AED' million
Non-current assets	144,886	24,908	12,231	143,549	12,261
Current assets	32,943	4,361	8,773	34,416	10,475
Non-current liabilities	(72,712)	(13,882)	(3,796)	(84,294)	(4,853)
Current liabilities	(36,995)	(4,978)	(4,806)	(29,132)	(5,472)
Net assets	**68,122**	**10,409**	**12,402**	64,539	12,411
Net assets attributable to NCI	**10,509**	**5,159**	**2,181**	5,266	2,029
Revenue	48,313	5,273	13,525	42,607	11,661
Profit for the year	11,060	1,658	1,097	7,254	12
Other comprehensive income/(loss)	3,342	963	(19)	1,851	(17)
Total comprehensive income/(loss) for the year	**14,402**	**2,621**	**1,078**	9,105	(5)
Profit allocated to NCI	**422**	**576**	**184**	151	24
Other comprehensive income/(loss) allocated to NCI	**1,723**	**-**	**(38)**	899	(2)
Dividends declared to NCI	**(1,078)**	**(2)**	**(52)**	(769)	(111)
Cash flows from operating activities	23,908	1,626	2,636	22,315	(612)
Cash flows from investing activities	(10,798)	(6,025)	(286)	(2,739)	(1,155)
Cash flows from financing activities	(13,540)	4,108	(2,358)	(18,134)	1,693
Net increase/(decrease) in cash and cash equivalents	**(430)**	**(291)**	**(8)**	1,442	(74)

[1]ADQ owns 100% share capital of these entities. Net assets attributable to non-controlling interests relate to subsidiaries of these entities where non-controlling interests exist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Material partly-owned subsidiaries (continued)

[2]Included in the non-controlling interests in the consolidated statement of financial position are loans from non-controlling interest shareholders amounting to AED 165 million (2021: AED 354 million). These loans are interest free, with no repayment terms and are unsecured and are subject to terms of repayment as resolved by the Board of Directors of the subsidiaries. Accordingly, they have been treated as equity within NCI.

39. Related parties

The Group has related party relationships with its Shareholder, associates, joint venture and key management personnel of the Company.

39.1. Parent and ultimate controlling party

Related parties represent the Shareholder, associates, joint ventures, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the management of the individual Group subsidiaries.

The Group enters into transactions with Government-owned entities in the normal course of business. Such entities include various state-owned companies, public joint stock companies, etc. In accordance with the exemption in the revised IAS 24, transactions entered in the normal course of business with these related Government entities are not disclosed.

The parent (both immediate and ultimate) of the Company is the Government of Abu Dhabi.

39.2. Transactions with key management personnel

Key management personnel compensation comprised of the following:

	2022 AED‵ million	2021 AED‵ million
Directors remuneration	35	35
Short-term employee benefits	35	29
Other benefits	60	29
	130	93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Related parties (continued)

39.3. Related party transactions

In the ordinary course of business, the Group provides services to and receives services from related parties on terms agreed by management. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

As at 31 December 2022

	Associates AED' million	Joint ventures AED' million	Entities under common control and other related parties AED' million	Ultimate parent AED' million	Total AED' million
Revenues	6	269	2,493	16,295	**19,063**
Purchases of goods and services	(334)	(464)	(4,282)	(125)	**(5,205)**
Purchases of property, plant and equipment and intangible assets	-	-	(1,519)	(1,246)	**(2,765)**
Government grants income (Note 29)	-	-	-	9,564	**9,564**
Finance income	-	-	92	33	**125**
Finance cost	-	(256)	(390)	(1,138)	**(1,784)**
Dividends received from equity-accounted investees (Note 22)	1,591	205	-	-	**1,796**
Share of results from equity-accounted investees (Note 22)	3,222	686	-	-	**3,908**
Additional investments in equity-accounted investees (Note 22)	(13,113)	(4,895)	-	-	**(18,008)**
Proceeds from government grants (Note 29)	-	-	-	7,895	**7,895**
Dividends declared to the Shareholder	-	-	-	(4,102)	**(4,102)**
[1, 2]Contributions from the Shareholder	-	-	-	67,652	**67,652**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Related parties (continued)

39.3. Related party transactions (continued)

As at 31 December 2021 (Restated)

	Associates AED' million	Joint ventures AED' million	Entities under common control and other related parties AED' million	Ultimate parent AED' million	Total AED' million
Revenues	3	217	2,323	19,459	22,002
Purchases of goods and services	(11)	(41)	(2,711)	(28)	(2,791)
Purchases of property, plant and equipment and intangible assets	-	-	(3,983)	-	(3,983)
Government grants income (Note 29)	-	-	-	9,763	9,763
Finance income	-	-	23	-	23
Finance cost	-	(250)	(123)	(582)	(955)
Dividends received from equity-accounted investees (Note 22)	772	165	-	-	937
Share of results from equity-accounted investees (Note 22)	827	126	-	-	953
Additional investments in equity-accounted investees (Note 22)	(13,345)	(4,825)	-	-	(18,170)
Proceeds from government grants (Note 29)	-	-	-	9,108	9,108
Dividends declared to the Shareholder	-	-	-	(8,118)	(8,118)
[2]Contributions from the Shareholder	-	-	-	56,558	56,558

[1]On 15 April 2021, a loan provided by the Government of Abu Dhabi, in its capacity as a shareholder, to Emirates Nuclear Energy Corporation PJSC, amounting to AED 14,121 million, was transferred to the Company and was recognised as contributed capital.

[2]Out of the total contributions received from the Shareholder, AED 64,883 million (2021: AED 19,221 million) relates to funding made by the Shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Related parties (continued)

39.4. Related party balances

As at 31 December 2022

	Associates AED' million	**Joint ventures AED' million**	**Entities under common control and other related parties AED' million**	**Ultimate parent AED' million**	**Total AED' million**
[1]Receivables due from related parties (Note 16)	657	418	8,304	9,703	**19,082**
Loans and advances	797	349	-	-	**1,146**
Bank balances	-	-	12,956	-	**12,956**
Term deposits	-	295	183	-	**478**
Restricted bank balances	-	-	1,783	-	**1,783**
Investments in equity-accounted investees (Note 22)	37,889	11,139	-	-	**49,028**
Other receivables	-	-	55	-	**55**
Payables due to related parties (Note 28)	(6)	(3,270)	(4,289)	(4,900)	**(12,465)**
Loans and borrowings	-	-	(14,977)	(60,982)	**(75,959)**
Lease liabilities	-	-	(47)	-	**(47)**
Deferred government grants (Note 29)	-	-	-	(37,480)	**(37,480)**

As at 31 December 2021 (Restated)

	Associates AED' million	Joint ventures AED' million	Entities under common control and other related parties AED' million	Ultimate parent AED' million	Total AED' million
Receivables due from related parties (Note 16)	42	1,095	7,076	19,247	27,460
Loans and advances	328	-	-	-	328
Bank balances	-	-	10,187	-	10,187
Term deposits	-	-	1,787	-	1,787
Restricted bank balances	-	-	2,229	-	2,229
Investments in equity-accounted investees (Note 22)	24,047	6,470	-	-	30,517
Other receivables	-	-	119	16	135
Payables due to related parties (Note 28)	-	(3,363)	(5,009)	(1,704)	(10,076)
Loans and borrowings	-	-	(23,874)	(59,351)	(83,225)
Lease liabilities	-	-	(75)	-	(75)
Dividend payable	-	-	-	(5,118)	(5,118)
Deferred government grants (Note 29)	-	-	-	(36,875)	(36,875)

[1]Included in 'Receivables due from related parties' are contract assets amounting to AED 2,176 million (2021: AED 1,425 million), advances provided to contractors and suppliers amounting to Nil (2021: AED 71 million) and prepayments amounting to AED 49 million (2021: AED 287 million).

[2]Included in 'Payables due to related parties' are project accruals and claims amounting to AED 2,418 million (2021: AED 2,424 million) and accrued expenses, customers deposits, advances and other payables amounting to AED 219 million (2021: AED 275 million).

All outstanding balances with these related parties are priced on an arm's length basis. No expense has been recognised in the current period or prior period for bad or doubtful debts in respect of amounts owed by related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Commitments and contingencies

40.1. Capital commitments

	2022 AED' million	2021 (Restated) AED' million
[1]Contractual commitments	3,806	4,129
[2]Capital commitments in relation to property, plant and equipment	29,238	23,493
[3]Investment commitments	71,912	35,562
Raw material purchase commitment	-	48
[4]Nuclear fuel purchase commitment	3,891	3,548
Others	523	366
	109,370	67,146

[1]Contractual commitments pertain to the contractual amounts relating to capital projects managed by certain subsidiaries within the Group, for which the related agreements with contractors were entered in name of the subsidiaries.

[2]As at 31 December 2022 and 2021, the Group had outstanding projects with various developers relating to sewerage assets, port and airport business related assets that are still under construction. These assets will be transferred to the Group after the construction is completed by the developers. The Group does not have any contingent liabilities related to these assets.

On 27 December 2009, the Group awarded a contract (Prime Contract) to Korea Electric Power Corporation ("KEPCO") to design, construct and jointly operate four civil nuclear power units for the UAE peaceful nuclear power program.

Subsequent to this, on 20 October 2016, the Group novated this contract to Barakah One Company. At 31 December 2022, Barakah One Company has open commitments of AED 1,760 million (31 December 2021: AED 3,156 million).

The Group has open commitment with four (4) Physical Protection System (PPS) suppliers: ARINC Incorporated, Atlas Security Group LLC, HALO Maritime Defense System and Arabian Construction Group LLC, amounting to AED 32 million (2021: AED 103 million).

The Group has open commitments in relation to Nawah Energy Company's (NEC) various long-term agreements for engineering, maintenance, service and operations totalling to AED 490 million (2021: AED 327 million).

As at 31 December 2022, the Group has outstanding pre-delivery payments with suppliers relating to future aircraft orders.

[3]On 3 November 2022, the Group announced that it has signed an agreement to acquire 80 % of ownership in Global Feeder Shipping (GFS), a global container shipping company. Purchase consideration for this acquisition will be AED 2,900 million subject to fulfilment of conditions precedent in the agreement. GFS has built one of the largest fleets of container ships globally, featuring 26 owned and operated vessels with a total capacity of 72,500 TEUs, covering the Middle East, Indian Subcontinent and Southeast Asia regions. Upon completion, the acquisition will be accounted for as a business combination as per the requirements of IFRS 3 as the Group will assume control over the investee.

On 18 November 2022, the Group announced that it has signed an agreement to acquire 100 % of ownership in Noatum Propels, a global integrated logistics platform. Purchase consideration for this will be AED 2,500 million subject to fulfilment of conditions precedent in the agreement. Noatum is a global integrated logistics player with presence in 26 countries and operates in three business areas – Logistics, Maritime, and Port Terminals with market-leading positions in Spain and Turkey and a significant presence in the US, UK, China, and Southeast Asia. Upon completion, the acquisition will be accounted for as a business combination as per the requirements of IFRS 3 as the Group will assume control over the investee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Commitments and contingencies (continued)

40.1. Capital commitments (continued)

These represent the uncalled amount from the total amount of investment committed and agreed by the Group as at 31 December 2022 in respect of equity investments classified as financial assets at FVTPL.

[4]In 2012, the Group executed a series of contractual agreements to secure the significant portion of the expected nuclear fuel requirements to cover the first 15 years of nuclear operations. At 31 December 2022, the Group has a financial commitment of AED 3,891 million in respect of these contracts (2021: AED 3,548 million).

40.2. Commitments and contingencies related to equity-accounted investees

	2022 AED‘ million	2021 AED' million
Contingencies		
Contingencies attributable to associates	1,277	1,254
Contingencies attributable to joint ventures	295	1,050
	1,572	2,304
Commitments		
Investment commitment to acquire shares in joint ventures	-	264
	-	264

40.3. Contingencies

The Group has the following contingent liabilities at the reporting date:

	2022 AED' million	2021 AED' million
[1]Third party claims	245	168
[2]Bank guarantees and letters of credit	12,389	7,934
[3]Other contingencies	6	381
	12,640	8,483

[1]Third party claims

As of 31 December 2022, the Group is a respondent in an arbitration claim filed by a contractor engaged to complete the Midfield Terminal Building. The claim relates to extension of time and associated costs claimed by the contractor amounting to AED 5,200 million. The Group’s counterclaim flowing from delay in completing the works and defects in completed works amounts to AED 6,200 million (of which the Group has already been paid bond proceeds of AED 2,670 million), which the Group may need to repay in the event of an adverse decision in the arbitration). Accordingly, the Group is vigorously defending the claim and is of the view that the ultimate outcome of this claim will not result in any material impact on the operations of or material liability for the Group.

[2]Bank guarantees and letters of credit

At 31 December 2022, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of operation amounting to AED 12,389 million (2021: AED 7,934 million).

[3]Other contingencies

At the end of the reporting period, the Group has various claims lodged by contractors and consultants relating to its ongoing and completed projects, arising from extension of time and work performed but not paid. The Group is in negotiations with these contractors and consultants regarding the resolution of these claims at the date of the issuance of these consolidated financial statements. Management believes that it is not possible at this stage to determine a reliable estimate of the range of potential claims. Accordingly, these claims are disclosed as a contingent liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Commitments and contingencies (continued)

40.3. Contingencies (continued)

The Group is also involved in a legal proceeding with respect to a case by a contractor for lifting of an injunction on the encashment of bonds, worth AED 226.8 million, by the Group. The contractor filed a petition for a court order for an injunction on encashment of bonds by the Group before the Court of Urgent Matters which was issued by the Court. Consequently, the Group filed an objection for the lifting of the injunction. The Court of Urgent Matters issued judgment on the Group's objection rejecting the lifting of the injunction. The Group subsequently appealed against the judgment before the Court of Cassation. However, both appeal courts upheld the judgment of the Court of Urgent Matters and made the lifting of the injunction contingent upon the outcome of the arbitration proceedings between the Group and the contractor with regard to their dispute about the unfinished MRO Al Ain facility.

The claim filed in arbitration by the contractor against the Group amounts to AED 454 million in outstanding payments and damages (plus unspecified damages) while the Group's counterclaim amounts to AED 931 million in damages (plus unspecified damages). Based on the proceedings to date, the Group is confident that the ultimate outcome of this case will enable the Group to encash the bonds to their maximum amount of AED 226.8 million. However, in June 2021, the arbitral body hosting the proceedings, ADCCAC, removed the single arbitrator from the case on account of the arbitrator failing to disclose a remote relation between his law firm and Group's subsidiary's previous shareholder. As a consequence, any procedural steps taken by the previous arbitrator are null and void. A new arbitrator has been appointed and the proceedings have started again from beginning. It is unlikely that the Group will be able to obtain final holding, including an order from civil courts to lift the injunction, before 2023.

41. Assets held-for-disposal

During the year, the Group's subsidiaries decided to:

- Proceed with the sale of the upstream assets within energy portfolio and subsequently entered into definitive agreements with Waldorf Energy Netherlands B.V. to sell 100% of its ownership in the upstream oil and gas business in the Netherlands. The sale is expected in early 2023, and subject to approvals from applicable regulatory and other third parties.
- Dispose a piece of investment property - land and a car park. The transaction is expected to be completed in 2023.
- Dispose aircrafts within its Aviation services portfolio.

The major classes of assets and liabilities comprising the disposal group are as follows:

	2022 **AED' million**	2021 AED' million
Assets		
Property, plant and equipment	463	934
Deferred tax assets	37	-
Accounts and other receivables	130	-
Inventories	24	-
Assets held-for-disposal	**654**	934
Liabilities		
Provisions	675	-
Accounts and other payables	327	-
Liabilities directly associated with the assets held-for-disposal	**1,002**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Assets held-for-disposal (continued)

The movement in assets held-for-disposal is follows:

	2022 **AED' million**	2021 AED' million
At 1 January	934	1,256
Reclassified	318	546
Disposal	(537)	(37)
Impairment	(61)	(831)
At 31 December	**654**	934

The movement in liabilities directly associated with the assets held-for-disposal is follows:

	2022 **AED' million**	2021 AED' million
At 1 January	-	-
Reclassified	1,002	-
At 31 December	**1,002**	-

42. Dividends

During 2022, the Board of Directors of the Company approved the declaration of dividends to the Shareholder, amounting to AED 4,102 million (2021: 8,118 million), out of which AED 3,000 million has been paid in cash (2021: 3,000 million), and AED 1,102 million has been settled against Due from the Shareholder. Also, AED 5,118 pertaining to dividends outstanding out of the total amount declared in 2021 has been settled against Due from the Shareholder during the current year.

43. Subsequent events

43.1. Acquisition of Unifrutti Investments Limited ("Unifrutti")

In February 2023, ADQ has completed the acquisition of 75% of the equity interest in Unifrutti for a consideration of AED 1,139 million. The investment will be accounted for as a subsidiary. Impacts of this transaction will be disclosed in future financial statements of the Group.

43.2. Announcement to create a new independent investment manager

In March 2023, ADQ and International Holding Company ("IHC") announced their intention to create a new independent investment manager, headquartered in Abu Dhabi.

43.3. Stake in ADNOC Gas

In February 2023, Abu Dhabi National Energy Company PJSC ("TAQA"), one of the Group's subsidiaries, received 5% of total issued share capital in ADNOC Gas. The shareholding was received from ADNOC in recognition of the long-standing strategic partnership between the two companies. The impact of this transaction will be disclosed in future financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Subsequent events (continued)

43.4. Approval of the combination of Etihad Airways Engineering LLC ("EAE"), Advanced Military Maintenance Repair and Overhaul Centre LLC ("AMMROC") and Global Aerospace Logistics LLC ("GAL") with Abu Dhabi Aviation PJSC ("ADA")

On 27 April 2023, the General Assembly of ADA approved the offer made by ADQ Aviation and Aerospace Services LLC ("AAS") to transfer its 100% shareholding in EAE and AMMROC, as well as its 50% shareholding in GAL (EYE, AMMROC and GAL, together referred to as "AAS subsidiaries"). On the same date, the General Assembly of ADA approved the issuance by ADA of a mandatory convertible bond in a principal amount of AED 4,003 million to AAS in consideration of the transfer of the full ownership of AAS subsidiaries. The completion of the transaction is subject to customary regulatory approvals. The impact of this transaction will be disclosed in the quarterly and/or annual consolidated financial statements of the Group after the completion of the transaction.

44. Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree - Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax ("CT") Law to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

45. Comparatives

Certain comparative information has been restated to conform with the current period's presentation.

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