Abu Dhabi National Energy Company PJSC (“TAQA”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2019 (UNAUDITED)

Building a better working world

Ernst & Young
P.O. Box: 136
27th Floor, Nation Tower 2
Abu Dhabi Corniche
Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com/mena

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

ABU DHABI NATIONAL ENERGY COMPANY PJSC ("TAQA")

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Abu Dhabi National Energy Company PJSC ("TAQA") and its subsidiaries (the "Group") as at 31 March 2019, comprising of the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Signed by
Anthony O Sullivan
Partner
Ernst & Young
Registration No 687

8 May 2019
Abu Dhabi

INTERIM CONSOLIDATED INCOME STATEMENT
Three month period ended 31 March 2019 (Unaudited)

	Notes	***Three month period ended 31 March 2019 AED million***	*Three month period ended 31 March 2018 AED million*
Revenues			
Revenue from oil and gas		**1,466**	1,415
Revenue from electricity and water		**2,156**	2,221
Fuel revenue		**518**	516
Gas storage revenue		**46**	44
Other operating revenue		**144**	141
		4,330	4,337
Cost of sales			
Operating expenses		**(1,837)**	(1,938)
Depreciation, depletion and amortisation		**(983)**	(903)
		(2,820)	(2,841)
GROSS PROFIT		**1,510**	1,496
Administrative and other expenses		**(157)**	(76)
Finance costs		**(1,036)**	(1,035)
(Loss) gain in fair values of derivatives and fair value hedges		**(19)**	23
Net foreign exchange losses		**(65)**	(3)
Gain on sale of land and oil and gas assets		**9**	1
Share of results of associates		**30**	6
Share of results of joint venture		**5**	11
Interest income		**18**	15
Other gains		**7**	4
PROFIT BEFORE TAX		**302**	442
Income tax expense	3	**(121)**	(138)
PROFIT FOR THE PERIOD		**181**	304
Attributable to:			
Equity holders of the parent		**6**	110
Non-controlling interests		**175**	194
PROFIT FOR THE PERIOD		**181**	304
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	4	**0.001**	0.018

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Three month period ended 31 March 2019 (Unaudited)

	Three month period ended 31 March 2019 AED million	*Three month period ended 31 March 2018 AED million*
Profit for the period	**181**	304
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Changes in fair values of derivative instruments in cash flow hedges	**(302)**	442
Reclassification adjustments for losses included in the consolidated income statement	**100**	160
Exchange differences arising on translation of overseas operations	**184**	31
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(18)**	633
Total comprehensive income for the period	**163**	937
Attributable to:		
Equity holders of the parent	**74**	484
Non-controlling interests	**89**	453
	163	937

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019 (Unaudited)

	Notes	***31 March 2019 AED million***	*31 December 2018 (Audited) AED million*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**69,313**	69,456
Operating financial assets		**8,078**	7,999
Intangible assets		**2,108**	2,207
Investment in associates		**1,299**	1,272
Investment in joint venture		**144**	150
Advance and loans to associates		**698**	698
Deferred tax assets		**5,554**	5,516
Other assets		**370**	400
		87,564	87,698
Current assets			
Inventories		**2,840**	2,872
Operating financial assets		**987**	1,150
Accounts receivable and prepayments		**4,304**	4,160
Cash and short-term deposits		**3,076**	3,457
		11,207	11,639
TOTAL ASSETS		**98,771**	99,337
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital		**6,066**	6,066
Contributed capital		**25**	25
Other reserves		**3,781**	3,781
Accumulated losses		**(2,645)**	(2,651)
Foreign currency translation reserve		**(1,563)**	(1,747)
Cumulative changes in fair value of derivatives in cash flow hedges		**(1,265)**	(1,149)
		4,399	4,325
Non-controlling interests		**5,848**	6,046
Loans from non-controlling interest shareholders in subsidiaries		**166**	188
		6,014	6,234
TOTAL EQUITY		**10,413**	10,559

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
As at 31 March 2019 (Unaudited)

	Notes	***31 March 2019 AED million***	*31 December 2018 (Audited) AED million*
Non-current liabilities			
Interest bearing loans and borrowings	8	**59,099**	59,943
Islamic loans	8	**1,087**	1,112
Deferred tax liabilities		**940**	937
Asset retirement obligations		**13,919**	13,638
Advances and loans from related parties		**259**	261
Loans from non-controlling interest shareholders in subsidiaries		**-**	18
Other liabilities		**2,290**	2,019
		77,594	77,928
Current liabilities			
Accounts payable, accruals and other liabilities		**4,608**	4,336
Interest bearing loans and borrowings	8	**4,972**	5,013
Islamic loans	8	**206**	203
Asset retirement obligations		**290**	646
Amounts due to related parties		**85**	83
Income tax payable		**585**	504
Bank overdrafts		**18**	65
		10,764	10,850
TOTAL LIABILITIES		**88,358**	88,778
TOTAL EQUITY AND LIABILITIES		**98,771**	99,337

CHAIRMAN OF THE BOARD OF DIRECTORS

CHAIRMAN OF THE AUDIT COMMITTEE

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Three month period ended 31 March 2019 (Unaudited)

	Attributable to owners of the parent									
	Issued capital AED million	*Equity contributed capital AED million*	*Other reserves AED million*	*Accumulated losses AED million*	*Foreign currency translation reserve AED million*	*Cumulative changes in fair value of derivate for cash flow hedges AED million*	*Total AED million*	*Non-controlling interests AED million*	*Loans from non-controlling interest shareholder in subsidiaries AED million*	*Total equity AED million*
Balance at 1 January 2018	6,066	25	3,689	(2,707)	(1,928)	(1,617)	3,528	5,366	242	9,136
Impact of adopting IFRS 9 at 1 January 2018	-	-	-	(250)	-	-	(250)	(21)	-	(271)
Restated balance at 1 January 2018	6,066	25	3,689	(2,957)	(1,928)	(1,617)	3,278	5,345	242	8,865
Profit for the period	-	-	-	110	-	-	110	194	-	304
Other comprehensive income for the period	-	-	-	-	31	343	374	259	-	633
Total comprehensive income for the period	-	-	-	110	31	343	484	453	-	937
Dividends declared to subsidiaries' non-controlling interests	-	-	-	-	-	-	-	(305)	-	(305)
Repayment of loans	-	-	-	-	-	-	-	-	(17)	(17)
Balance at 31 March 2018 (unaudited)	6,066	25	3,689	(2,847)	(1,897)	(1,274)	3,762	5,493	225	9,480
Balance at 1 January 2019	6,066	25	3,781	(2,651)	(1,747)	(1,149)	4,325	6,046	188	10,559
Profit for the period	-	-	-	6	-	-	6	175	-	181
Other comprehensive income (loss) for the period	-	-	-	-	184	(116)	68	(86)	-	(18)
Total comprehensive income for the period	-	-	-	6	184	(116)	74	89	-	163
Dividends declared to subsidiaries' non-controlling interests	-	-	-	-	-	-	-	(287)	-	(287)
Repayment of loans	-	-	-	-	-	-	-	-	(22)	(22)
Balance at 31 March 2019 (unaudited)	**6,066**	**25**	**3,781**	**(2,645)**	**(1,563)**	**(1,265)**	**4,399**	**5,848**	**166**	**10,413**

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
Three month period ended 31 March 2019 (Unaudited)

	Notes	***Three month period ended 31 March 2019 AED million***	*Three month period ended 31 March 2018 AED million*
OPERATING ACTIVITIES			
Profit before tax		**302**	442
Adjustments for:			
Depreciation, depletion and amortisation		**983**	903
Amortisation of deferred expenditure		**9**	8
Release of onerous contracts provision		**(1)**	(1)
Employee benefit obligations, net		**4**	2
Gain on exchange - loans and borrowings and operating financial assets		**(30)**	(11)
Exploration and evaluation costs derecognised during the period		**28**	4
Gain on sale of land and oil and gas assets		**(9)**	(1)
Interest expense and notional interest		**860**	863
Accretion expense		**176**	172
Share of results of associates		**(30)**	(6)
Share of results of joint venture		**(5)**	(11)
Unrealised losses (gains) on fair valuation of derivatives and fair value of hedges		**30**	(8)
Interest income		**(18)**	(15)
Revenue from operating financial assets		**(338)**	(370)
Working capital changes:			
Inventories		**30**	(42)
Accounts receivables and prepayments		**(203)**	(76)
Amounts due to related parties		**2**	(3)
Accounts payable, accruals and other liabilities		**(28)**	(133)
Income tax paid		**(50)**	(97)
Asset retirement obligation payments		**(214)**	(120)
Cash received from service concession arrangements		**381**	446
Net cash from operating activities		**1,879**	1,946

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS continued
Three month period ended 31 March 2019 (Unaudited) continued

	Notes	***Three month period ended 31 March 2019 AED million***	*Three month period ended 31 March 2018 AED million*
INVESTING ACTIVITIES			
Proceeds from sale of non-core assets		**1**	1
Purchase of property, plant and equipment	6	**(419)**	(422)
Movement in capex liabilities		**(23)**	22
Dividend received from joint venture and associate		**14**	22
Purchase of intangible assets		**(16)**	(6)
Interest received		**18**	15
Movement of other assets		**22**	-
Net cash used in investing activities		**(403)**	(368)
FINANCING ACTIVITIES			
Interest bearing loans and borrowings received	8	**-**	2,281
Repayment of interest bearing loans and borrowings	8	**(810)**	(3,234)
Repayment of Islamic loans	8	**(34)**	(32)
Payment of lease liabilities		**(65)**	-
Interest paid		**(834)**	(957)
Dividend paid to non-controlling interest shareholders		**(228)**	(217)
Repayment of loans to non-controlling interest shareholders in subsidiaries		**(42)**	(42)
Net cash used in financing activities		**(2,013)**	(2,201)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(537)**	(623)
Net foreign exchange difference		**203**	57
Cash and cash equivalents at 1 January		**3,392**	4,207
CASH AND CASH EQUIVALENTS AT 31 MARCH	7	**3,058**	3,641

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Abu Dhabi National Energy Company PJSC ("TAQA" or the "Company") was established on 21 June 2005 pursuant to the provisions of Emiri Decree number 16/2005 as a public joint stock company with Abu Dhabi Water and Electricity Authority ("ADWEA") as its founding shareholder and 100% owner. 24.9% of TAQA's shareholding is held by public and the remaining was retained by ADWEA and, accordingly, the Company was a subsidiary of ADWEA.

In February 2018, Law No. 11 of 2018 on the establishment of the Department of Energy (DOE) was published. Pursuant to the law, all of ADWEA's assets, rights and obligations were transferred to the Department of Energy and the Department of Energy became their legal successor holding 75.1% shares in TAQA. The Department of Energy is responsible for the control, supervision and regulation of the energy sector in the Emirate of Abu Dhabi, including the Emirate's energy strategy.

In January 2019, by virtue of Law No. 3 of 2019, the shareholding held by the Department of Energy has been transferred to Abu Dhabi Power Corporation (ADPC). As such, TAQA is now a subsidiary of ADPC.

TAQA owns a number of strategic power generation and water desalination assets in its domestic market in the UAE and operates internationally across the energy value chain from upstream and midstream oil and gas businesses through to power generation. TAQA's registered head office is at 25th Floor, Al Maqam Tower, Abu Dhabi Global Market Square, PO Box 55224, Abu Dhabi, United Arab Emirates.

The interim condensed consolidated financial statements of TAQA and its subsidiaries (the "Group") as at and for the period ended 31 March 2019 were authorised for issuance by the Board of Directors on 8 May 2019.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months period ended 31 March 2019 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Company and presentation currency of the Group. All values are rounded to the nearest million (AED million) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. In addition, results for the three months ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

During the period ended 31 March 2019, the Group made a profit of AED 181 million (31 March 2018: AED 304 million). The Group has sufficient short to medium term liquidity to meet ongoing commitments and upcoming debt repayments in the ordinary course of business. Therefore it is concluded that there is sufficient resources available to support the going concern assumption being appropriate for the preparation of the 2019 interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

2.2 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2018, except for the following accounting policies due to first time adoption of IFRS 16 – *Leases* which became applicable from 1 January 2019.

IFRS 16 'LEASES'

In January 2016, the IASB issued IFRS 16 Leases which replaces the existing leasing standard (IAS 17 Leases) and requires the recognition of most leases on the balance sheet. IFRS 16 effectively removes the classification of leases as either finance or operating leases and treats all leases as finance leases for lessees with exemptions for short-term leases where the term is twelve months or less and for leases of low-value items. The accounting treatment for lessors remains essentially unchanged, with the requirement to classify leases as either finance or operating. The Group has adopted IFRS 16 on the effective date of 1 January 2019 through the simplified modified approach.

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

2.3 TRANSITION TO IFRS 16

The impact on the interim condensed consolidated statement of financial position as at 1 January 2019 was as follows:

	At 1 January 2019 AED million
Non-current assets	
Property, plant and equipment (right of use asset)	473
Current assets	
Accounts receivable and prepayments	16
Non-current liabilities	
Other liabilities (lease liabilities)	156
Current liabilities	
Accounts payable, accruals, and other liabilities (lease liabilities)	333

The impact on the interim condensed consolidated income statement was as follows:

	Three month period ended 31 March 2019 AED million
Other operating revenue	(1)
Operating expenses	24
Depreciation, depletion, and amortisation	(26)
Gross loss	(3)
Administrative and other expenses	5
Finance costs	(3)
Loss for the period	(1)

3 INCOME TAX

	Three month period ended 31 March 2019 AED million	*Three month period ended 31 March 2018 AED million*
Current income tax:		
Current income tax charge	**(156)**	(163)
Deferred income tax:		
Relating to origination and reversal of temporary differences	**35**	25
Income tax expense	**(121)**	(138)

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Basic earnings per share amounts are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the profit and share data used in the earnings per share computations:

	Three month period ended 31 March 2019	*Three month period ended 31 March 2018*
Profit for the period attributable to equity holders of the parent (*AED million*)	**6**	110
Weighted average number of ordinary shares issued (million)	**6,066**	6,066
Basic earnings per share (AED)	**0.001**	0.018

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

5 OPERATING SEGMENT INFORMATION

For management reporting purposes, the Group is organised into business units based on their geography, products and services, and has five reportable operating segments as follows:

- Power and Water Segment – U.A.E
- Power Segment – Others
- Oil and Gas Segment – North America
- Oil and Gas Segment – Europe
- Oil and Gas Segment – Atrush

Power and Water Segment – U.A.E
This segment is engaged in generation of electricity and production of desalinated water for supply in UAE.

Power Segment – Others
This segment is engaged in generation of electricity in Morocco, India, Ghana, Saudi Arabia and United States.

Oil and Gas Segment-North America
This segment is engaged in Upstream and Midstream oil and gas activities in Canada and the United States.

Oil and Gas Segment-Europe
This segment is engaged primarily in Upstream oil and gas activities in the United Kingdom, and Upstream and Midstream oil and gas activities in the Netherlands.

Oil and Gas Segment-Atrush
This segment is engaged primarily in Upstream oil and gas activities in Kurdistan, Iraq.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss. Group financing cost and income except for the subsidiaries with project financing arrangements and interest income is managed on a group basis and is not allocated to operating segments.

Investment in certain associates with activities other than power and water generation and oil and gas and available for sale investments are managed on a group basis and are therefore not allocated to operating segments. In addition, leasehold land is also managed on a group basis and therefore not allocated to operating segments.

Interest bearing loans and borrowings and Islamic loans except for the subsidiaries with project financing arrangements and bank overdrafts are managed on a group basis and are not allocated to operating segments.

5 OPERATING SEGMENT INFORMATION continued

The following table presents revenue and profit information for the Group's operating segments:

	Power and water generation - UAE AED million	*Power generation - others AED million*	*Oil and gas - North America AED million*	*Oil and gas - Europe AED million*	*Oil and gas - Atrush AED million*	*Adjustments, eliminations and unallocated AED million*	*Consolidated AED million*
Period ended 31 March 2019:							
Revenue from external customers	**1,664**	**1,057**	**508**	**1,011**	**90**	**-**	**4,330**
Operating expenses	**(408)**	**(701)**	**(236)**	**(466)**	**(26)**	**-**	**(1,837)**
Administrative and other expenses	**(40)**	**(24)**	**(33)**	**(13)**	**(10)**	**(37)**	**(157)**
Share of results of joint ventures	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Share of results of associates	**-**	**2**	**-**	**-**	**-**	**28**	**30**
Earnings (losses) before interest, tax, depreciation and amortisation (EBITDA)	**1,216**	**334**	**239**	**532**	**54**	**(4)**	**2,371**
Depreciation, depletion and amortisation	**(458)**	**(17)**	**(227)**	**(244)**	**(35)**	**(2)**	**(983)**
Earnings (losses) before interest and tax (EBIT)	**758**	**317**	**12**	**288**	**19**	**(6)**	**1,388**
Finance costs	**(413)**	**(64)**	**(28)**	**(130)**	**-**	**(401)**	**(1,036)**
(Loss) gain in fair value of derivatives and fair value hedges	**-**	**(19)**	**-**	**-**	**-**	**-**	**(19)**
Gain from sale of land and oil and gas assets	**-**	**-**	**9**	**-**	**-**	**-**	**9**
Net foreign exchange losses	**-**	**(14)**	**(1)**	**-**	**-**	**(50)**	**(65)**
Interest income	**-**	**-**	**-**	**-**	**-**	**18**	**18**
Other gains	**-**	**5**	**-**	**-**	**-**	**2**	**7**
Income tax (expense) credit	**-**	**(83)**	**(3)**	**(39)**	**-**	**4**	**(121)**
Profit (loss) for the period	**345**	**142**	**(11)**	**119**	**19**	**(433)**	**181**

5 OPERATING SEGMENT INFORMATION continued

The following table presents revenue and profit information for the Group's operating segments:

	Power and water generation - UAE AED million	*Power generation - others AED million*	*Oil and gas - North America AED million*	*Oil and gas - Europe AED million*	*Oil and gas - Atrush AED million*	*Adjustments, eliminations and unallocated AED million*	*Consolidated AED million*
Period ended 31 March 2018:							
Revenue from external customers	1,643	1,092	479	1,082	38	3	4,337
Operating expenses	(360)	(707)	(264)	(593)	(14)	-	(1,938)
Administrative and other expenses	(35)	(20)	(40)	(17)	(8)	44	(76)
Share of results of joint ventures	-	-	-	-	-	11	11
Share of results of associates	-	3	-	-	-	3	6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,248	368	175	472	16	61	2,340
Depreciation, depletion and amortisation	(458)	(16)	(247)	(168)	(15)	1	(903)
Earnings (losses) before interest and tax (EBIT)	790	352	(72)	304	1	62	1,437
Finance costs	(427)	(73)	(27)	(131)	-	(377)	(1,035)
Gain (loss) in fair value of derivatives and fair value hedges	-	24	-	-	-	(1)	23
Gain from sale of land and oil and gas assets	-	-	1	-	-	-	1
Net foreign exchange gains (losses)	1	22	3	(29)		-	(3)
Interest income	-	-	-	-	-	15	15
Other gains (losses)	-	5	(1)	-	-	-	4
Income tax (expense) credit	-	(75)	23	(64)	-	(22)	(138)
Profit (loss) for the period	364	255	(73)	80	1	(323)	304

5 OPERATING SEGMENT INFORMATION continued

The following table presents segment assets of the Group's operating segments as at 31 March 2019 and 31 December 2018:

	Power and water generation - UAE AED million	*Power generation - others AED million*	*Oil and gas - North America AED million*	*Oil and gas - Europe AED million*	*Oil and gas - Atrush AED million*	*Adjustments, eliminations and unallocated AED million*	*Consolidated AED million*
At 31 March 2019							
Investment in associates	**-**	**104**	**-**	**-**	**-**	**1,195**	**1,299**
Investment in joint venture	**-**	**-**	**-**	**-**	**-**	**144**	**144**
Advance and loans to associates	**-**	**-**	**-**	**-**	**-**	**698**	**698**
Operating financial assets	**-**	**9,065**	**-**	**-**	**-**	**-**	**9,065**
Freehold land	**-**	**-**	**-**	**-**	**-**	**18,682**	**18,682**
Other assets	**43,166**	**3,810**	**9,533**	**9,576**	**2,307**	**491**	**68,883**
Segment assets	**43,166**	**12,979**	**9,533**	**9,576**	**2,307**	**21,210**	**98,771**
Segment liabilities	**31,018**	**6,861**	**2,915**	**12,057**	**221**	**35,286**	**88,358**
At 31 December 2018 (Audited)							
Investment in associates	-	105	-	-	-	1,167	1,272
Investment in joint venture	-	-	-	-	-	150	150
Advance and loans to associates	-	-	-	-	-	698	698
Operating financial assets	-	9,149	-	-	-	-	9,149
Freehold land	-	-	-	-	-	18,682	18,682
Other assets	43,995	3,757	9,394	9,503	2,347	390	69,386
Segment assets	43,995	13,011	9,394	9,503	2,347	21,087	99,337
Segment liabilities	31,516	6,916	2,803	11,979	203	35,361	88,778

6 PROPERTY, PLANT AND EQUIPMENT

During the three month period ended 31 March 2019, the Group incurred capital expenditure of AED 419 million (31 March 2018: AED 422 million).

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim consolidated statement of cash flows comprise the following amounts:

	At 31 March 2019 AED million	*At 31 March 2018 AED million*
Cash in hand and at banks	**2,426**	2,641
Short term deposits	**650**	1,031
	3,076	3,672
Bank overdrafts	**(18)**	(31)
	3,058	3,641

Significant non-cash transactions:
The Group recorded lease liabilities of AED 489 million in relation to the recognition of right of use assets capitalised as a result of the adoption of IFRS 16 on 1 January 2019.

8 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC LOANS

	Three month period ended 31 March 2019 AED million	*Three month period ended 31 March 2018 AED million*
Receipts:		
Loans received during the period are as follows:		
Interest bearing loans and borrowings	**-**	2,281
Repayments:		
The Group made the following repayments during the period:		
Interest bearing loans and borrowings	**810**	3,234
Islamic loans	**34**	32

8 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC LOANS continued

Changes in liabilities arising from financing activities

	1 January 2019 AED million	*Cash flows AED million*	*Other AED million*	*31 March 2019 AED million*
2019				
Current:				
Interest bearing loans and borrowings	**5,013**	**(810)**	**769**	**4,972**
Islamic loans	**203**	**(34)**	**37**	**206**
	5,216	**(844)**	**806**	**5,178**
Non-current:				
Interest bearing loans and borrowings	**59,943**	**-**	**(844)**	**59,099**
Islamic loans	**1,112**	**-**	**(25)**	**1,087**
	61,055	**-**	**(869)**	**60,186**
Total	**66,271**	**(844)**	**(63)**	**65,364**

	1 January 2018 AED million	*Cash flows AED million*	*Other AED million*	*31 March 2018 AED million*
2018				
Current:				
Interest bearing loans and borrowings	6,964	(953)	2,777	8,788
Islamic loans	180	(32)	35	183
	7,144	(985)	2,812	8,971
Non-current:				
Interest bearing loans and borrowings	61,750	-	(2,610)	59,140
Islamic loans	1,331	-	(7)	1,324
	63,081	-	(2,617)	60,464
Total	70,225	(985)	195	69,435

9 SEASONALITY OF OPERATIONS

Due to higher electricity demand in the summer period in the United Arab Emirates, higher revenues and operating profits are usually expected for the power and water generation domestic subsidiaries in the second and third quarters of the year compared to the first and fourth quarters of the year.

Due to high demand for natural gas in Canada and Europe in the winter period, higher revenues and operating profits are usually expected in the first and fourth quarters of the year compared to the second and third quarters of the year. Revenue from European midstream operations is generated during the first and fourth quarters of the year.

10 RELATED PARTY TRANSACTIONS

The following table provides a summary of significant related party transactions included in the interim consolidated income statement during the three month period:

	Three month period ended 31 March 2019 AED million	*Three month period ended 31March 2018 AED million*
Fellow subsidiary (Abu Dhabi Water and Electricity Company):		
Revenue from electricity and water	**1,650**	1,634
Fuel revenue	**14**	9

Compensation of key management personnel
Some subsidiaries’ key management personnel are provided by operation and maintenance companies under contractual agreements with the controlled subsidiaries.

The remuneration of senior key management personnel of the Group during the three month period was as follows:

	Three month period ended 31 March 2019 AED million	*Three month period ended 31March 2018 AED million*
Short-term benefits	**3**	3

11 COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure commitments
The authorised contracted capital expenditure contracted for at 31 March 2019 but not provided for amounted to AED 1,421 million (31 December 2018: AED 1,171 million).

(ii) Operating lease commitments
Group as a lessor:
Future capacity payments to be received by the Group under the power and water purchase agreement (“PWPA”) based on projected plant availability as at 31 March 2019 amount to AED 68 billion (31 December 2018: AED 68 billion).

11 COMMITMENTS AND CONTINGENCIES continued

(iii) Other commitments

a) As at the reporting date TAQA North has entered into contractual commitments, mainly pipeline usage, under which they are committed to spend AED 1,187 million as at 31 March 2019 (31 December 2018: AED 904 million).

b) On 27 December 2018, TAQA Atrush B.V., ("TABV") the Group's wholly owned subsidiary, entered into a sale and purchase agreement with ShaMaran Petroleum Corporation ("ShaMaran") to acquire 50% of the working interest currently held by Marathon Oil Kurdistan BV ("MOKDV") in the Atrush Block of the Kurdistan Region of Iraq. As initially structured, ShaMaran agreed to purchase the entire issued share capital of MOKDV, and subsequently transfer 50% of MOKDV's working interest in Atrush (equating to a 7.5% working interest) to TABV. On 2 April 2019, the transaction was restructured such that General Exploration Partners, Inc. ("GEP") will purchase MOKDV's entire working interest in the Atrush Block, and simultaneously transfer 50% of such interest (equating to a 7.5% working interest in the Atrush Block) to TABV. TABV's rights and obligations under the sale and purchase documentation remain substantially unchanged between the two transaction structures. Closing of the transaction remains conditional on Kurdistan Regional Government consent. With this acquisition, TABV's working interest in the Atrush Block will increase from 39.9% to 47.4%.

(iv) Contingencies

a) As a result of acquisitions made in prior periods, there are contingent liabilities arising from (a) tax assessments or proposed assessments and (b) certain other disputes, all of which are being contested. Pursuant to the Purchase and Sale Agreements between TAQA and the sellers, the sellers have provided TAQA and its subsidiaries with indemnity obligations with respect to such contingent liabilities for the periods prior to date of the respective acquisitions.

b) TAQA GEN X LLC ("GENX") is the owner by assignment of a Fuel Conversion Services, Capacity and Ancillary Services Purchase Agreement dated as of 17 September 1999 (the "Tolling Agreement") by and between AES Red Oak, L.L.C. ("AES") and Williams Energy Marketing & Trading Company (succeeded by GENX), as well as other ancillary rights and agreements relating to the Red Oak power plant situated in New Jersey, USA. TigerGenCo LLC, a special purpose acquisition subsidiary of Morgan Stanley Infrastructure, acquired all the shareholding of Red Oak LLC. GENX entered into an Energy Management Agreement ("EMA") and an International Swap & Derivatives Master Agreement ("ISDA") both dated 28 December 2010 with Morgan Stanley Capital Group Inc. to manage the energy products under the Tolling Agreement and ancillary rights and agreements. The Group guaranteed the obligations of GENX to Morgan Stanley Capital Group Inc. under the EMA and ISDA agreement. Payments under this guarantee shall not exceed US $100 million (AED 367 million) (31 December 2018: US$ 100 million) over the life of the EMA. No payments have been made to date (31 December 2018: nil)

c) TAQA Bratani Ltd. has entered into decommissioning deeds and other agreements for certain North Sea assets acquired by it, pursuant to which it may be required to provide financial security to the former owners of the assets. As at 31 March 2019, TAQA Bratani Ltd has provided financial security through parent company guarantees from TAQA PJSC in addition to a letter of credit. Under the terms of the letter of credit, TAQA PJSC has provided an undertaking to reimburse any amount called in order to meet certain future decommissioning costs of TAQA Bratani Ltd.

d) TAQA Energy B.V. is working with other oil and gas companies and the government of the Netherlands in a cross industry initiative to provide security for offshore oil and gas infrastructure decommissioning. TAQA Energy B.V. has formally committed to the Government initiative and a legal Netherlands trust arrangement has been set up, and a credit facility secured, to effect the provision of security by TAQA Energy B.V.

12 FINANCIAL INSTRUMENTS

12.1 Hedging Activities

	31 March 2019			*31 December 2018 (Audited)*		
	Notional amount	***Fair value Current***	***Fair value Non-current***	*Notional amount*	*Fair value Current*	*Fair value Non-current*
	AED million	***AED million***	***AED million***	*AED million*	*AED million*	*AED million*
Cash flow hedges						
Assets						
Interest rate swaps - hedged	**635**	**-**	**5**	1,941	2	15
Forward foreign exchange contracts	**9**	**-**	**-**	10	-	-
		-	**5**		2	15
Liabilities						
Cross currency interest rate swap	**1,260**	**87**	**234**	1,259	73	250
Interest rate swaps - hedged	**22,286**	**431**	**1,748**	20,256	368	1,607
Forward foreign exchange contracts	**56**	**13**	**13**	66	16	7
		531	**1,995**		457	1,864
Fair value hedges						
Liabilities						
Futures and forward contracts		**52**	**-**		100	-

12.2 Fair values

The fair values of the financial instruments of the Group are not materially different from their carrying values at the reporting date except for certain fixed interest borrowings and operating financial assets. Set out below is a comparison of the carrying amounts and fair values of fixed interest borrowings and operating financial assets:

	Carrying amount		*Fair value*	
	31 March 2019	*31 December 2018 (Audited)*	***31 March 2019***	*31 December 2018 (Audited)*
	AED million	*AED million*	***AED million***	*AED million*
Operating financial assets	**9,065**	9,149	**9,366**	9,400
Interest bearing loans and borrowings (note i)	**33,172**	33,183	**35,346**	34,103

(i) Interest bearing loans and borrowings relates to the Abu Dhabi National Energy Company Global Medium Term notes, Abu Dhabi National Energy Company bonds, Emirates Semb Corp Water and Power Company bond and the Ruwais Power Company bond.

The fair value of operating financial assets is estimated by discounting the expected future cash flows using appropriate interest rates for assets with similar terms, credit risk and remaining maturities.

The fair value of the interest bearing loans and borrowings is based on price quotations at the reporting date.

12 FINANCIAL INSTRUMENTS continued

12.3 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Total AED million	*Level 1 AED million*	*Level 2 AED million*	*Level 3 AED million*
At 31 March 2019				
Financial assets measured at fair value				
Interest rate swaps – hedged	**5**	**-**	**5**	**-**
Financial assets disclosed at fair value				
Operating financial assets	**9,366**	**-**	**-**	**9,366**
Financial liabilities measured at fair value				
Interest rate swaps– hedged	**2,179**	-	**2 ,179**	**-**
Forward foreign exchange contracts	**26**	-	**26**	**-**
Cross currency interest rate swaps	**321**	-	**321**	**-**
Futures and forward contracts	**52**	-	**52**	**-**
Financial liabilities disclosed at fair value				
Interest bearing loans and borrowings	**35,346**	**35,346**	**-**	**-**
At 31 December 2018				
Financial assets measured at fair value				
Interest rate swaps – hedged	17	-	17	-
Financial assets disclosed at fair value				
Operating financial assets	9,400	-	-	9,400
Financial liabilities measured at fair value				
Interest rate swaps – hedged	1,975	-	1,975	-
Forward foreign exchange contracts	23	-	23	-
Cross currency interest rate swaps	323	-	323	-
Futures and forward contracts	100	-	100	-
Financial liabilities disclosed at fair value				
Interest bearing loans and borrowings	34,103	34,103	-	-

During the period ended 31 March 2019 and the year ended 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

For financial instruments where there is no active market, fair value is determined using valuation techniques. These techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

13 EVENTS AFTER THE REPORTING DATE

On 17 April 2019, the Company finalised a US$ 200 million, three-year term loan facility with a local bank. The facility is intended to refinance the US$ 200 million equivalent Japanese Yen term loan which matured in April 2019.