BASE PROSPECTUS DATED 19 NOVEMBER 2018

SENAAT SUKUK LIMITED

(incorporated in the Cayman Islands with limited liability)

U.S.$3,000,000,000
Trust Certificate Issuance Programme

Under the U.S.$3,000,000,000 trust certificate issuance programme described in this Base Prospectus (the "**Programme**"), SENAAT Sukuk Limited (in its capacities as issuer and as trustee, the "**Trustee**"), subject to compliance with all applicable laws, regulations and directives, may from time to time issue trust certificates (the "**Certificates**") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Each Tranche (as defined herein) of Certificates issued under the Programme will be constituted by: (a) a master trust deed dated 19 November 2018 (the "**Master Trust Deed**") entered into between the Trustee, General Holding Corporation PJSC ("**Senaat**") and Citibank N.A., London Branch in its capacity as: (i) donee of certain powers set out in the Master Trust Deed; and (ii) as delegate of the Trustee (the "**Delegate**", which expression shall include any co-Delegate or any successor); and (b) a supplemental trust deed (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, each a "**Trust Deed**") in relation to the relevant Tranche. Certificates of each Series confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from an undivided *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**") over the Trust Assets (as defined herein).

The Certificates may be issued on a continuing basis to one or more of the Dealers (each a "**Dealer**" and together the "**Dealers**") specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Trustee and Senaat, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Certificates.

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*" on page 1.

Application has been made to the United Kingdom Financial Conduct Authority (the "**FCA**") in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") (the "**U.K. Listing Authority**") for Certificates issued under the Programme (other than Non-PD Certificates (as defined below)) during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the U.K. Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Certificates to be admitted to trading on the London Stock Exchange's regulated market (the "**Regulated Market**"). Application has also been made to: (a) the Securities and Commodities Authority of the United Arab Emirates (the "**SCA**"), to approve the issuance of the Certificates in accordance with Article 3 of Decision No. 16 of 2014 Concerning the Regulation of Sukuk of the SCA; and (b) the Abu Dhabi Securities Exchange ("**ADX**") for the Certificates to be admitted to listing on the ADX. The SCA makes no representation as to the accuracy or completeness of this Base Prospectus and accepts no liability for the contents of this Base Prospectus or for any loss of any kind which may be incurred by any party in connection with it or its contents. References in this Base Prospectus to the Certificates (other than Non-PD Certificates) being "**listed**" (and all related references) shall mean that such Certificates have been admitted to listing on the Official List and on the ADX and have been admitted to trading on the Regulated Market which is a regulated market for the purposes of Directive 2014/65/EU, as amended ("**MiFID II**") in the European Economic Area. The Programme also permits Certificates to be issued on the basis that they will not be admitted to listing or trading on a regulated market for the purposes of MiFID II ("**Non-PD Certificates**") and/or quotation by any competent authority, stock exchange and/or quotation system or may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Trustee, Senaat and the relevant Dealer(s). References in this Base Prospectus to "**Non-PD Certificates**" are to Certificates issued by the Trustee for which no base prospectus is required to be published under Article 5.4 of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). The U.K. Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Non-PD Certificates. Notice of the aggregate face amount of Certificates (other than Non-PD Certificates) and certain other information which is applicable to each Tranche will be set out in a final terms document (the "**applicable Final Terms**") which, with respect to Certificates on the London Stock Exchange, will be delivered to the U.K. Listing Authority and the London Stock Exchange and will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Non-PD Certificates, notice of the aggregate face amount of the Certificates and certain other information which is applicable to each Tranche will be set out in a pricing supplement (the "**applicable Pricing Supplement**").

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Certificates may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (within the meaning of Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, Certificates may be offered or sold solely to persons who are not U.S. persons outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Senaat has been assigned a long term rating of A with a stable outlook by Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Union ("**EU**") and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation. A Series to be issued under the Programme may be rated or unrated. Where a Series is rated, such rating will be disclosed in the applicable Final Terms (or the applicable Pricing Supplement, as the case may be) and may not necessarily be the same as the rating applicable to the Programme. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.**

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by a member of the Executive Committee of the Fatwa and *Shari'a* Supervisory Board of Abu Dhabi Islamic Bank PJSC, the *Shari'a* Supervisory Board of Citi Islamic Investment Bank E.C., the Executive Committee of the *Shari'a* Board of Dubai Islamic Bank and Dar Al Sharia, the First Abu Dhabi Bank *Shari'a* Supervisory Board and the *Shari'a* Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Shari'a* principles.

ARRANGERS AND DEALERS

Abu Dhabi Islamic Bank | Citigroup | Dubai Islamic Bank

First Abu Dhabi Bank PJSC | Standard Chartered Bank

The date of this Base Prospectus is 19 November 2018.

This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Trustee, Senaat and the Certificates which, according to the particular nature of the Trustee, Senaat and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and Senaat and of the Certificates.

In the case of Non-PD Certificates, each reference in this Base Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement unless the context requires otherwise.

Each of the Trustee and Senaat accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche. To the best of the knowledge of each of the Trustee and Senaat (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Final Terms.

Certain information under the heading "*Description of the Group*" and "*Overview of the UAE and Abu Dhabi*" has been extracted from independent third-party sources which have been stated where such information appears in the Base Prospectus. Each of the Trustee and Senaat confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the Dealers (as defined herein), the Delegate or the Agents (as defined herein) has independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility accepted by the Dealers, the Delegate or the Agents as to the accuracy or completeness of the information contained in this Base Prospectus or for any acts or omissions of the Trustee, the Obligor or any other person (other than the relevant Dealers, the Delegate or the relevant Agents) in connection with this Base Prospectus. Each person receiving the Base Prospectus acknowledges that such person has not relied on any of the Dealers, the Delegate or any of the Agents in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own assessment of the Trustee and/or the Obligor. Nothing contained in this Base Prospectus is, or is to be construed as, or shall be relied on as a promise, representation or warranty, whether as to the past or future, by any of the Dealers, the Delegate or any of the Agents in any respect. To the fullest extent permitted by law, none of the Dealers or their respective affiliates, the Delegate or the Agents accepts any responsibility whatsoever for the contents of this Base Prospectus or for any other statement, made or purported to be made by a Dealer, the Delegate, the Agents (other than themselves) or on any of their behalf in connection with the Programme, this Base Prospectus or the issue and offering of the Certificates.

No person is or has been authorised by the Trustee or Senaat to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, Senaat, the Dealers, the Delegate or the Agents.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Delegate expressly do not undertake to review the financial condition or affairs of the Trustee or Senaat at any point, including during the life of the Programme, or to advise any investor in the Certificates of any information coming to their attention.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates is: (a) intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Trustee, Senaat, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or the issue of any Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and Senaat. None of the Dealers, the Trustee, the Delegate or the Agents accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Trustee and Senaat in connection with the Programme or the issue of any Certificates.

The Certificates of any Series may not be a suitable investment for all investors. Each potential investor in Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should determine (either alone or with the help of financial and professional advisers) whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact the relevant Certificates will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including where the currency of payment is different from the potential investor's currency;

(iv) understands thoroughly the terms of the relevant Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) Certificates are legal investments for it; (2) Certificates can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

No comment is made or advice given by the Trustee, Senaat, the Dealers, the Delegate or the Agents in respect of taxation matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, *SHARI'A* ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, *SHARI'A* COMPLIANCE, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates nor shall there be any sale of any Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, Senaat, the Dealers, the Delegate or the Agents represents that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, Senaat, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the European Economic Area (including the United Kingdom), the Cayman Islands, Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia ("**Saudi Arabia**"), the Kingdom of Bahrain ("**Bahrain**"), State of Qatar ("**Qatar**"), Singapore, Hong Kong and Malaysia (see "*Subscription and Sale*").

If a jurisdiction requires that the offering be made by a licensed broker or dealer, and any Dealer or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Trustee in such jurisdiction.

This Base Prospectus has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive (as implemented in that Relevant Member State), from the requirement to publish a prospectus for offers of Certificates. Accordingly, any person making or intending to make an offer of Certificates in that Relevant Member State may only do so in circumstances in which no obligation arises for the Trustee, Senaat or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Trustee, Senaat or any Dealer has authorised, nor does it authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Trustee, Senaat or any Dealer to publish or supplement a prospectus for such offer.

None of the Dealers, the Trustee, Senaat or the Delegate makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

Following the publication of this Base Prospectus, a supplement may be prepared by the Trustee and Senaat and approved by the U.K. Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Historical financial statements

The financial statements relating to the Group and included in this Base Prospectus are:

- the unaudited interim financial information as at and for the six months ended 30 June 2018 (the "**Interim Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2017 (the "**2017 Financial Statements**"); and
- the audited consolidated financial statements as at and for the year ended 31 December 2016 (the "**2016 Financial Statements**" and, together with the 2017 Financial Statements, the "**Annual Financial Statements**").

The Annual Financial Statements and the Interim Financial Statements are together referred to in this Base Prospectus as the "**Financial Statements**".

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

Senaat's financial year ends on 31 December and references in this Base Prospectus to "**2017**", "**2016**" and "**2015**" are to the 12 month period ending on 31 December in each such year.

Auditors and unaudited information

The Annual Financial Statements have been audited by KPMG Lower Gulf Limited ("**KPMG**"), independent auditors, in accordance with International Standards on Auditing, who have issued unqualified reports on the Annual Financial Statements. The Interim Financial Statements have been reviewed by Deloitte & Touche (M.E.) ("**Deloitte**"), independent auditors, in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", who have issued an unqualified report on the Interim Financial Statements.

All information in this Base Prospectus as at, and for the six-month periods ended, 30 June 2018 and 30 June 2017 is unaudited. In addition, certain other financial information in this Base Prospectus is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Financial Statements. In particular, certain financial information included within "*Selected Financial Information – Selected consolidated ratios*" is unaudited.

Comparability of information

Certain statement of financial position and statement of cash flows financial data for 2016 appearing in the 2016 Financial Statements was reclassified in the financial data for 2016 appearing in the 2017 Financial Statements. All such data is identified in this Base Prospectus and, reflecting these reclassifications, all financial data for 2016 in this Base Prospectus has been extracted from the 2017 Financial Statements.

In addition, 2015 statement of profit or loss and other comprehensive income data for 2015 has, in certain respects, been re-presented to match the presentation in the 2017 Financial Statements.

Alternative Performance Measures

Certain sections of this Base Prospectus, including "*Selected Financial Information*" and "*Financial Review*", include certain Alternative Performance Measures ("**APMs**") as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures, listed below. None of these APMs have been subject to any audit or review by independent auditors.

Senaat believes that the presentation of the APMs listed below are helpful to investors because they are widely used by certain investors, security analysts and other interested parties as supplemental measures of the Group's operating performance and financial position. However, none of the APMs is a measure of financial performance under IFRS and none of these measures should be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS.

Other companies, including those in the Group's industries, may calculate certain APMs listed below differently from the Group. As all companies do not calculate all APMs in the same manner, the Group's presentation of certain of these APMs may not be comparable to other similarly titled measures of other companies.

APM	Definition, method of calculation and reconciliation to financial statement line item
Net debt	As set out in note 37 to each of the 2017 Financial Statements and the 2016 Financial Statements. It is calculated as debt minus cash and bank balances.
EBITDA	In determining EBITDA, the Group adds back to or subtracts from profit for the period the following items: • less: finance income; • add: income tax expense; • add: finance expense; • add: depreciation of property, plant and equipment; • add: depreciation of investment properties; and • add: amortisation of intangible assets. There are certain limitations of using EBITDA as a financial measure, in particular: • it does not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments; • it does not reflect changes in, or cash requirements for, the Group's working capital needs; and • although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and the measure does not reflect any cash requirements for such replacement.
Net debt to EBITDA	Calculated as net debt divided by EBITDA.
Tangible net worth	Calculated in accordance with certain of Senaat's loan agreements, by subtracting from total equity any amount attributable to goodwill and/or intangible assets.
Total liabilities to tangible net worth	Calculated as total liabilities divided by tangible net worth.
Return on assets	Calculated as profit for the year divided by total assets as at the end of the year.
Return on average equity	Calculated as profit for the year divided by average equity with the average being calculated based on the balances at the start and end of each year.
Current ratio	Calculated as current assets divided by current liabilities.
Debt to equity	Calculated as total loans and borrowings divided by total equity.
Net debt to equity	Calculated as net debt divided by total equity.

PRESENTATION OF OTHER INFORMATION

Currencies

Unless otherwise indicated, in this Base Prospectus, all references to:

- "**dirham**" and "**AED**" are to the lawful currency of the United Arab Emirates;
- "**euro**" or "**€**" are to the currency introduced at the third stage of the European economic and monetary union pursuant to the Treaty Establishing the European Community, as amended; and
- "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in dirham. The Group's functional currency is the dirham and the Group prepares its financial statements in dirham.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00. Translations of amounts from dirham to U.S. dollars in this Base Prospectus are solely for the convenience of the reader. These translations were effected at the rate of AED 3.673 = U.S.$1.00.

Third party and market share data

This Base Prospectus contains information regarding the Group's business and the industries in which it operates and competes, which the Group has obtained from third party sources. Where third party information has been used in this Base Prospectus, the source of such information has been identified.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Base Prospectus is referred to as having been estimated. All such estimates have been made by the Group using its own information and other market information which is publicly available. Senaat believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industries in which the Group operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the market within which it operates, Senaat cannot guarantee that a third party expert using different methods would reach the same conclusions.

Statistical information relating to the UAE and Abu Dhabi included in this Base Prospectus has been derived from official public sources, including the Statistics Centre – Abu Dhabi (the "**SCAD**") and the UAE Federal Competitiveness and Statistics Authority (the "**FCSA**") and other sources identified in this Base Prospectus. All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Group to investors who have purchased any Certificates.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

Senaat's website is www.senaat.co. In addition, many other Group companies have their own websites. The information on Senaat's website, other Group company websites and any other website mentioned in this Base Prospectus or directly or indirectly linked to any of these websites has not been verified and is not incorporated by reference into this Base Prospectus, and investors should not rely on it.

Group companies

In this Base Prospectus, references to:

- "**Agthia**" are to Agthia Group PJSC and its subsidiaries named in note 3(a)(ii) to the 2017 Financial Statements. Agthia Group PJSC is a 51 per cent. owned subsidiary of Senaat;

- "**Al Foah**" are to Al Foah Company LLC and its subsidiary named in note 3(a)(ii) to the 2017 Financial Statements. Al Foah Company LLC is wholly-owned by Senaat;
- "**Al Gharbia**" are to Al Gharbia Pipe Company LLC, a joint venture between Senaat and two Japanese companies in which Senaat holds a 51 per cent. shareholding;
- "**Arkan**" are to Arkan Building Materials PJSC and its subsidiaries named in note 3(a)(ii) to the 2017 Financial Statements. Arkan Building Materials PJSC is a 51 per cent. owned subsidiary of Senaat;
- "**DAC**" are to Ducab Aluminium Company LLC, an associate in which the Group has a 40 per cent. shareholding;
- "**Ducab**" are to Dubai Cable Company (Private) Limited, a 50:50 joint venture between Senaat and Investment Corporation of Dubai which is accounted for as an associate as the joint venture agreement gives Senaat significant influence but not control;
- "**Emirates Steel**" are to Emirates Steel Industries PJSC and its subsidiary named in note 3(a)(ii) to the 2017 Financial Statements. Emirates Steel Industries PJSC is wholly-owned by Senaat;
- "**NPCC**" are to National Petroleum Construction Company and its subsidiaries named in note 3(a)(ii) to the 2017 Financial Statements. National Petroleum Construction Company is a 70 per cent. owned subsidiary of Senaat; and
- "**Talex**" are to Taweelah Aluminium Extrusion Company (TALEX) LLC, a 50 per cent. joint venture with Gulf Extrusions Co. (L.L.C.).

Other definitions

In this Base Prospectus, references to:

- "**Abu Dhabi**" means the Emirate of Abu Dhabi;
- "**EPC**" means engineering, procurement and construction;
- "**GCC**" means the Gulf Cooperation Council, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE;
- "**Government**" means the government of Abu Dhabi;
- "**IMF**" mean the International Monetary Fund;
- "**OPEC**" mean the Organization for Petroleum Exporting Countries;
- "**MENA region**" means the Middle East and North Africa region;
- "**tonne**" means a metric tonne, equal to 1,000 kilogrammes; and
- "**UAE**" mean the United Arab Emirates.

Rounding

Certain data in this Base Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row of a table contained in this Base Prospectus may not conform exactly to the total figure given for that column or row. Additionally, the figure "0" is used to indicate that a specific figure has been rounded to zero, whereas a dash indicates that there is no value for the relevant item.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning Senaat's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Financial Review*" and "*Description of the Group*" and other sections of this Base Prospectus. Senaat has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although Senaat believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those which Senaat has identified in this Base Prospectus, or if any of Senaat's underlying assumptions prove to be incomplete or inaccurate, Senaat's actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Financial Review*" and "*Description of the Group*", which include a more detailed description of the factors that might have an impact on the Group's business development and on the industry sector in which the Group operates.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, Senaat expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

BENCHMARKS REGULATION

Amounts payable under the Certificates may be calculated by reference to Euro interbank offered rate ("**EURIBOR**"), which is provided by European Money Markets Institute or by reference to London interbank offered rate ("**LIBOR**"), which is provided by ICE Benchmark Administration Limited. As at the date of this Base Prospectus, European Money Markets Institute does not appear on the register of administrators and benchmarks established and maintained by the ESMA pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmarks Regulation**"). As far as the Trustee and Senaat are aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute is not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence). As at the date of this Base Prospectus, ICE Benchmark Administration Limited appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (a) engaging in proprietary trading; (b) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (c) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, Senaat, the Dealers, the Delegate or the Agents or any of their respective affiliates makes any representation regarding: (i) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes); or (ii) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

All Certificates issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: (Notice on Recommendations on Investment Products)).

MiFID II PRODUCT GOVERNANCE

The applicable Final Terms in respect of any Certificates may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the FCA. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (a) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (b) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order, and (iii) any other person to whom it may otherwise lawfully be promoted. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to any Certificates.

Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Certificates to be issued under the Programme and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any such Certificates.

NOTICE TO RESIDENTS OF BAHRAIN

In relation to investors in Bahrain, any Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a Base Prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF SAUDI ARABIA

This Base Prospectus may not be distributed in Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of Saudi Arabia (the "**CMA**").

The CMA does not make any representation as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Certificates issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Certificates. If you do not understand the contents of this Base Prospectus, you should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF QATAR

Any Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in Qatar and do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar.

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or Senaat and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF THE CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE. ANY STABILISATION ACTION MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

CONTENTS

Page

RISK FACTORS

Each of the Trustee and Senaat believes that the following factors may affect its ability to fulfil its obligations under any Certificates issued under the Programme and the Transaction Documents, respectively. Most of these factors are contingencies which may or may not occur and neither the Trustee nor Senaat is in a position to express a view on the likelihood of any such contingency occurring. The order in which the risks are presented below does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group. In addition, factors which are material for the purpose of assessing the market risks associated with any Certificates issued under the Programme are also described below.

Each of the Trustee and Senaat believes that the factors described below represent the principal risks inherent in investing in Certificates issued under the Programme, but the inability of the Trustee or Senaat to pay any amounts in connection with any Certificates or under the Transaction Documents may occur for other reasons which may not be considered significant risks by the Trustee or Senaat based on information currently available to it. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

The occurrence of any of the risks described below, or any other risks not currently known to the Trustee and Senaat, could have a "material adverse effect" on the Group, which expression (and any similar or related formulations of it), when used in this section, means a material adverse effect on the Group's financial condition, results of operations, business, liquidity, future prospects and reputation which, in turn, could negatively affect (i) the ability of the Trustee to make payments in respect of the Certificates and Senaat to make payments under the Transaction Documents and/or (ii) the market price of the Certificates.

Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any Certificates issued under the Programme and the suitability of investing in those Certificates in light of their particular circumstances, without relying on the Trustee or Senaat. Prospective investors are advised to make, and will be deemed by the Trustee and Senaat to have made, their own investigations in relation to such factors before making any investment decision.

Words and expressions defined in "Structure Diagram and Cashflows" and "Terms and Conditions of the Certificates" shall have the same meanings in this section.

FACTORS THAT MAY AFFECT THE TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME

The Trustee has a limited operating history

The Trustee is an exempted limited company incorporated under the laws of the Cayman Islands on 24 July 2018. The Trustee has not as at the date of this Base Prospectus engaged, and will not engage, in any business activity other than the issuance of Certificates under the Programme, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for the Certificateholders of each Series, will be the Trust Assets relating to that Series, including the obligation of Senaat to make payments to the Trustee under the Transaction Documents to which it is a party. As a result, the Trustee is subject to all the risks to which Senaat is subject, to the extent such risks could limit Senaat's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents. See "*Risk Factors – Factors that may affect Senaat's ability to fulfil its obligations under the Transaction Documents to which it is a party*" for a further description of these risks.

Accordingly, the Trustee's ability to pay amounts due on any Certificates will be dependent upon receipt from Senaat of all amounts due under the Transaction Documents (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents).

FACTORS THAT MAY AFFECT SENAAT'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY

The Government's interests may, in certain circumstances, be different from the interests of the Certificateholders

Senaat was formed by the Government as a holding company for businesses operating in a number of industrial sectors that are important to the Government's development strategy described under "*Relationship with the Government*". In carrying out its mandate, the Group has made and intends to continue to make investments in a range of companies and joint ventures with a view to creating, optimising and promoting champion industrial companies.

As Senaat's sole shareholder, the Government is in a position to control the outcome of actions requiring shareholders' approval and also, through the Abu Dhabi Executive Council (the "**Executive Council**"), appoints all the members of Senaat's board of directors (the "**Board**") and thus influences Board decisions. The interests of the Government may be different from those of Senaat's creditors (including the Certificateholders). For example, decisions made by the Board may be influenced by the need to consider the social benefit of any investment to Abu Dhabi and its nationals or other factors.

In addition, particularly at times when the Government's income is under pressure, for example when oil prices have been low for a sustained period, the Government may require Senaat to pay it significant cash dividends, although no such dividends have been required to date. Further, the Government has in recent years consolidated a number of its investment assets, for example, International Petroleum Investment Company PJSC ("**IPIC**") and Abu Dhabi Investment Council ("**ADIC**") have been transferred to Mubadala Investment Company PJSC ("**MIC**"), and any further consolidation may impact Senaat.

Potential investors should note that the Government does not guarantee the obligations of the Trustee or Senaat in respect of any Certificates issued under the Programme and the Certificateholders therefore do not benefit from any legally enforceable Government backing. In addition, although the Government has in the past contributed assets to Senaat, the Government has not historically funded any of the Group's projects or investments and is not legally obliged to do so. See generally, "*Relationship with the Government*". Whilst the Government has not contributed any assets to Senaat since 2006, it is possible that, should the Government contribute any assets to Senaat in the future, the assets so contributed could dilute Senaat's profitability or cause it to become loss making.

The Group may have material funding requirements

The Group has grown substantially since it was established in 2004. Senaat's cumulative investment in building its business between 2004 and 31 December 2017 is AED 23.3 billion, and Senaat anticipates that the Group will continue to incur capital and investment expenditure in future years and may have material funding needs in relation to particular projects or to refinance existing indebtedness. The Group intends to fund its future capital and investment expenditures and its financial obligations (including its obligation to make payments in respect of any Certificates issued under the Programme) through operating cash flow, borrowings from third parties (including by way of the issue of Certificates under the Programme, through project financing and using committed funding lines) and asset monetisations when appropriate opportunities arise and the divestment fits the Group's strategy. The availability of Group operating cash flow to Senaat may, in certain cases, be limited. See "*– The Group is subject to a range of financial risks – The availability of Group operating cash flow to Senaat may be limited*" below.

The Group's ability to obtain external financing and the cost of such financing are dependent on numerous factors including general economic and market conditions, international interest rates, credit availability from banks or other lenders, investor confidence in the Group and the success of the Group's businesses. There can be no assurance that external financing, either on a short-term or long-term basis and whether to fund new projects or investments or to repay existing financing, will be available or, if available, that such financing will be obtainable on terms that are not onerous to the Group.

In the event that appropriate sources of financing are not available or are only available on onerous terms and Senaat does not have sufficient operating cash flow or cash generated from asset monetisations, this could adversely affect the Group's business through increased borrowing costs and reductions in capital and investment expenditure. In addition, any affected member of the Group may be forced, amongst other measures, to do one or more of the following:

- delay or reduce capital expenditures;
- forgo business opportunities, including acquisitions and joint ventures;
- sell assets on less than optimal terms; or
- restructure or refinance all or a portion of its debt on or before maturity.

Senaat's obligations under the Transaction Documents will be structurally subordinated to the claims of creditors of its subsidiaries and a significant portion of the Group's outstanding debt is secured and/or guaranteed by Senaat

Senaat's subsidiaries have incurred indebtedness, and in the future will continue to incur indebtedness, in order to finance their operations. As at 31 December 2017, 86.5 per cent., or AED 7.2 billion, of the Group's AED 8.4 outstanding debt had been borrowed by Senaat's subsidiaries.

In the event of the insolvency of any of Senaat's subsidiaries, claims of secured and unsecured creditors of such entity, including trade creditors, banks and other lenders, will have priority with respect to the assets of such entity over any claims that Senaat or the creditors of Senaat, as applicable, may have with respect to such assets. Accordingly, if Senaat became insolvent at the same time, the claims of the Trustee, on behalf of the Certificateholders, against Senaat in respect of any Certificates would be structurally subordinated to the claims of all creditors of Senaat's subsidiaries. The Conditions of the Certificates do not restrict the amount of indebtedness which the Group may incur including indebtedness of subsidiaries.

As at 31 December 2017, AED 5.3 billion, equal to 19.6 per cent. of its total assets, of the Group's outstanding debt was secured which reduces the amount of assets available to satisfy the claims of unsecured creditors (such as the Certificateholders) on a winding up. In addition, as at the same date, 36.0 per cent. of the debt incurred by subsidiaries was guaranteed by Senaat, which further dilutes the claims of holders of the Certificates as the claims of the guaranteed creditors would rank equally with those of the holders of Certificates on an insolvency of Senaat. Senaat also guarantees the debt of two of its joint ventures, Al Gharbia and Talex. This debt is not consolidated in the Financial Statements.

The Group depends on the skill and judgment of its senior management team and the members of its Board for all of its major investment decisions

The Group's senior management team is involved in the evaluation and endorsement for Board approval of all major investment decisions made by the Group and, subject to appropriate Board-delegated authority limits, in certain cases may approve investment decisions on its own behalf. The Group's success is thus dependent to a significant extent on the skill and judgment of its senior management team and the members of the Board.

Many Group companies operate in specialised industries and are dependent on their ability to recruit and retain qualified executives, managers and skilled technical and service personnel and may be exposed to production disruptions caused by labour disputes

Many Group companies, including, for example, those operating in the oil and gas services, food and beverage production and manufacturing industries, are dependent on the continued services and contributions of their executive officers and skilled technical and other personnel. Competition for qualified personnel is intense in the Group's markets. The Group faces the risk of losing employees to competitors who are able to offer more competitive compensation packages, and the Group may be unable to find replacements in a timely manner. The Group may also need to incur significant costs in training employees in order to enhance their relevant experience and specialised skills. In addition, the Group may need to improve its remuneration packages and its human resources management to improve employee retention.

The businesses of the Group's companies could be adversely affected if they lose the services and contributions of some of their executive or skilled personnel and are unable to adequately replace them, or if they suffer disruptions to their production operations arising from labour or industrial disputes. In relation to NPCC, because the timing of project awards and execution are often uncertain, effective utilisation of its work force is a critical factor in achieving satisfactory profit margins in its oil and gas services contracting operations.

The Group's continued expansion may increase these pressures. The Group's future operating results will depend on its management's ability to maintain effective control over a large and diversified enterprise. If it is unable to recruit personnel with the necessary skills, the attention of its management could be diverted. If it cannot recruit and retain the employees necessary to perform all relevant business activities, its business operations may be adversely affected.

The Group may not be able to manage its growth successfully

The Group has expanded since 2004, diversifying its activities and expanding its geographic scope, and the Group expects to continue to grow. Management of growth requires, among other things, the Group's continued application of stringent control over financial systems and operations, the continued development of management controls, the hiring and training of new personnel and continued access to funds to finance the growth. It also may increase costs, including the cost of recruiting, training and retaining a sufficient number of professionals and the cost of compliance arising from exposure to additional activities and jurisdictions.

These challenges will increase to the extent that the Group expands into new businesses and jurisdictions. As the Group expands its operations, it may become subject to legal uncertainties or regulations to which it is not currently subject or from which it is currently exempt, which may lead to greater exposure to risk or higher compliance costs. The Group's growth may also lead to organisational and cultural challenges as it strives to integrate newly acquired businesses, including ensuring that adequate controls and supervisory procedures are in place. There can be no assurance that the Group's existing systems and resources will be adequate to support the future growth of its operations.

RISK FACTORS RELATING TO SPECIFIC GROUP BUSINESSES

The Group is engaged in a range of businesses that fall into four broad categories: metal manufacturing, oil and gas services contracting, the production and sale of food and beverages, and building materials manufacturing. The risks described below in relation to these businesses if they materialise could have a material adverse effect both on the company or companies concerned and on the Group as a whole.

Risks relating to the Group's manufacturing businesses

The Group's manufacturing businesses include (i) the steel manufacturing business undertaken by Emirates Steel, which is wholly owned by the Group and which, in 2017, had total revenue of AED 6,585 million and recorded a net profit of AED 150 million, (ii) the building materials manufacturing business undertaken by Arkan, which is 51 per cent. owned by the Group and which, in 2017, had total revenue of AED 909 million and recorded a net profit of AED 30 million, (iii) the cable and related product manufacturing business undertaken by Ducab, which is a 50 per cent. equity accounted associate, (iv) since late 2016, the manufacture of aluminium alloy rods, wires and bare overhead conductors by DAC, a 40 per cent. joint venture and (v) since 2017, the manufacture of aluminium extruded profiles and components by Talex, a 50 per cent. joint venture (as at 30 June 2018). Emirates Steel accounted for 41.8 per cent. of the Group's total revenue in 2017 (before eliminations) and Arkan accounted for 5.8 per cent. of the Group's total revenue in 2017 (before eliminations). The share of the net profit of Ducab recorded in the Group's income statement was AED 60 million in 2017.

The Group's manufacturing companies may be adversely affected if they are unable to obtain adequate supplies of raw materials in a timely manner and at reasonable prices

The Group's manufacturing companies, including Emirates Steel, Arkan and Ducab, depend on their suppliers for raw materials. To maintain competitive manufacturing operations, each relevant Group company must obtain from its suppliers, in a timely manner, sufficient quantities of quality materials at acceptable prices. Although most of the Group's manufacturing subsidiaries source their raw materials from several suppliers, in some cases a small number of suppliers may account for a substantial amount of the relevant company's supply of raw materials. For example, Arkan's main raw material is limestone which is extracted from a nearby quarry. As Arkan does not have rights to this quarry for an indefinite period, it needs to explore other sourcing options which are likely to be more costly and in turn could make Arkan's products significantly less competitive. Emirates Steel has three to five year supply agreements in place with several iron ore pellet producers. The Group's other manufacturing subsidiaries typically do not have long-term contracts with most of their suppliers.

From time to time, certain of the Group's suppliers may extend the lead time or limit the supply of required materials to the Group's manufacturing companies because of capacity constraints. Consequently, from time to time, these companies may experience difficulty in obtaining the quantities of raw materials they need on a timely basis. In addition, from time to time manufacturing companies may reject materials that do not meet their specifications, resulting in declines in output. No assurance can be given that the Group's manufacturing companies will be able to obtain sufficient quantities of raw materials and other supplies in a timely manner. If the supply of materials to a manufacturing company is substantially diminished or if there are significant increases in its costs of raw materials, the relevant company may incur additional costs to acquire sufficient quantities of raw materials to sustain its operations, which may adversely affect its and the Group's business.

Some of the Group's significant raw materials are commodities whose price may fluctuate significantly. Most Group companies typically do not hedge themselves against these fluctuations, although in some cases they may be able to recover part of the increased cost through increased prices where their contracts and commercial circumstances permit this flexibility. As a result, material fluctuations in the price of its raw materials may impact the Group's results of operations from period to period. See "*– The Group is subject to a range of financial risks – The Group is subject to a range of financial risks including, in particular, the risk of losses arising as a result of adverse changes in foreign exchange rates, interest rates and commodity prices*" below.

The Group's manufacturing businesses use significant amounts of energy to produce their products. In the past, the price of energy has been significantly subsidised by the Government (with the exception of water prices). Principally reflecting recessionary economic conditions as a result of significant reductions in international oil and gas prices since mid-2014, the Government substantially reduced these subsidies with effect from 1 January 2017, resulting in a significant increase in the cost of the energy used by the Group in 2017. These increases significantly impacted the Group's manufacturing businesses, for example they resulted in a 83 per cent. increase in utilities costs for Emirates Steel in 2017, were a significant factor in the decision to close Arkan's Emirates Cement factory in 2016 and negatively impacted Arkan's profitability by AED 78 million in 2017.

The Group also depends on a limited number of manufacturers and vendors that make and maintain the complex equipment which certain industrial segment companies use in their manufacturing processes and, in some cases, depends on licences to use these processes. Any failure to renew a process licence could require the Group to cease using that process and, potentially, incur significant expense in switching to an alternative process.

Unexpected equipment failures may lead to production curtailments or shutdowns at one or more of the Group's manufacturing companies

Interruptions in the manufacturing capabilities of one or more of the Group's manufacturing companies could increase the relevant company's production costs and reduce its revenue and net income for the affected period. The Group's manufacturing plants are also subject to the risk of catastrophic loss due to unanticipated events, see "*– Risks relating to the Group's operating activities generally – The Group's operations could be adversely affected by catastrophic events, including natural disasters, terrorist attacks or war, over which it has no control*" below.

Each of Group's manufacturing processes is dependent upon critical pieces of equipment, which could reduce the relevant facility's production capacity or incur downtime as a result of unanticipated failures. For example, in 2014, a direct reduction plant operated by Emirates Steel was closed for two months due to the failure of its process gas heater unit. In the future, the Group could experience inoperability or reduced production capabilities in one or more of its manufacturing facilities due to equipment failure. Unexpected interruptions in production capabilities would adversely affect the relevant manufacturing company's business, productivity and financial condition. Moreover, any interruption in production capability may require significant capital expenditure to remedy the problem, which would reduce the amount of cash available for the Group's operations. The Group's insurance may not cover such losses, see "*– Risks relating to the Group's operating activities generally – The Group's businesses involve numerous operating hazards, and its insurance may not be adequate to cover its losses*" below. In addition, a long-term disruption could harm the relevant manufacturing company's reputation and result in a loss of customers, which could materially adversely affect it and the Group.

Failure to meet customer expectations on quality and timeliness of delivery could result in reputational damage and/or loss of repeat business and potentially lead to litigation

The ability of each of the Group's manufacturing companies to win new business and its relationships with its customers depends in large part on the reputation that it has established. A number of factors, whether within the relevant company's control or not, could mean that products are not delivered in line with expectations as to time, cost or quality and therefore do not meet customer expectations. Any failure to deliver in accordance with contractually specified quality levels and deadlines or customer expectations could subject the relevant company to damages claims and/or reduce the margins on these contracts. Failure to meet contractually specified quality levels and deadlines or customer expectations may also result in disputes or litigation, cancelled or delayed contracts, additional costs or payments for alleged breaches of warranty or other contractual commitments. The occurrence of any of these risks could adversely affect the relevant company's reputation, expose the Group to financial liabilities and have a material adverse effect on the relevant company and the Group.

Some of the Group's joint ventures are loss making and may continue to record significant losses

The Group has two joint ventures which are equity accounted, Talex and Al Gharbia. Both companies have recently completed industrial plant construction projects. Talex commenced production at its aluminium extrusion plant in January 2017 and Al Gharbia is expected to commence production at its welded steel pipe project in the fourth quarter of 2018. These joint ventures made combined losses in each of 2015, 2016 and 2017, and the Group's share of those losses amounted to AED 1.0 million, AED 28.2 million and AED 155.1 million, respectively. The increase in the losses in 2017 was principally due to losses (including impairment losses) incurred by Talex in its first year of commercial operations, which resulted in the Group recoding an impairment against its investment in Talex in 2017. There is no certainty as to when these joint ventures will become profitable or as to the amount of profit these joint ventures may generate in future periods and, accordingly, there is a risk that the Group may record impairments against its investment in Al Gharbia and further impairments against its investment in Talex in future periods.

Risks relating to the Group's oil and gas services contracting business

The Group's oil and gas services business comprises the contracting business undertaken by NPCC, which is 70 per cent. owned by the Group and which, in 2017, had total revenue of AED 5,698 million and recorded a net profit of AED 360 million. NPCC accounted for 36.2 per cent. of the Group's total revenue in 2017 (before eliminations).

NPCC's future business performance depends on its ability to win new and favourable contracts, although there is no certainty relating to future contract awards

Participants in the contracting industry frequently compete in tender processes to win new contracts. NPCC participates in a large number of new contract tenders each year and the tender process often requires significant management time. NPCC's future performance depends on, amongst other factors, whether and when it receives new contract awards. It is, however, generally difficult to predict the volume of new contracts that NPCC may secure through competitive tendering processes.

Tenders for new contracts are affected by a number of factors beyond NPCC's control, such as:

- market conditions;
- general economic conditions (as to which, see "*– Risks relating to the Group's operating activities generally – Economic recessions or downturns, and significant fluctuations in commodity prices, could impair the value of some or all of the Group's projects and investments or prevent it from increasing its project and investment base*" below);
- competitive dynamics;
- financing arrangements; and
- governmental approvals required by NPCC's customers.

Accordingly, NPCC's results of operations and cash flow can fluctuate from period to period depending on the timing of contract awards. In addition, many of NPCC's contracts are subject to financing contingencies and, as a result, it is also subject to the risk that its customers will not be able to secure the necessary financing for the project. See further "*– NPCC's clients may not be able to fulfil their contractual obligations, which could negatively impact the Group's working capital, cash flow and results of operation*s" below.

If NPCC is unable to accurately estimate or control its costs for projects, or there are substantial changes to the scope of work it is required to perform, it may incur additional expenses, which could adversely affect its profitability and could give rise to contract disputes

A substantial portion of NPCC's revenue is derived from fixed price contracts. Under these contracts, NPCC is sometimes responsible for its own costs and its profitability is largely dependent on its ability to accurately estimate its costs and on effective cost control.

NPCC's projects are typically complex and may take several years to complete. NPCC's ability to accurately estimate the likely costs of a new project is founded on its past experience of undertaking similar projects and its ability to identify all relevant factors that could impact its costs on the current project. NPCC may not always be able to identify such factors. Although NPCC generally uses industry standard contracts which include protections for, among other matters, changes in the scope of work and unforeseen delays in the project, it may not always be able to rely on these contractual protections when seeking to recover unforeseen costs. Any significant unreimbursed cost overruns on NPCC's projects could materially adversely affect NPCC's margins and cash flows.

Cost overruns may result in a lower profit margin or even losses on a project. The total costs incurred in any project are influenced by a variety of factors, including but not limited to:

- lower than anticipated productivity (as to which, see further "*– Risk factors relating to the Group generally – Many Group companies operate in specialised industries and are dependent on their ability to recruit and retain qualified executives, managers and skilled technical and service personnel and may be exposed to production disruptions caused by labour disputes*" above);
- conditions at the work sites differing materially from what was anticipated at the time NPCC bid on the contract (as to which, see further "*– NPCC may be affected by difficult work sites and environments, which could cause delays and result in additional costs*" below);
- changes in project scope or conditions;
- the availability of labour, equipment and materials;
- fluctuations in the prices of materials, components and equipment;
- performance of sub-contractors (as to which, see further "*– NPCC is dependent on third party suppliers and sub-contractors*" below);
- delay in the availability of financing (as to which, see further "*– Risk factors relating to the Group generally – The Group may have material funding requirements*" above); and
- political or social disruptions (as to which, see further "*– Risks relating to Abu Dhabi, the UAE and the Middle East – The Group is subject to political and economic conditions in Abu Dhabi, the UAE and the Middle East*" below),

many of which may be beyond NPCC's control.

In addition, it may be difficult for NPCC's clients to obtain government permits or other required approvals which may result in delay to a project schedule, or NPCC may face delays due to technical bottlenecks or other reasons, all of which may result in an increase in its costs.

These factors, along with other risks inherent in performing such contracts, may cause NPCC's actual revenue and gross profit for a project to differ from those originally estimated and, as a result, certain agreements or projects could have lower margins than anticipated, or losses, which could reduce NPCC's profitability, cash flows and liquidity and impact its financial condition. If the project is significant, or there are one or more issues that impact multiple projects, cost overruns could have a material adverse effect on NPCC.

Some of NPCC's contracts contain price adjustment clauses, allowing NPCC to adjust the price for additional costs incurred due to unexpected increases in the cost of materials, components and equipment. Even in such cases, however, NPCC typically is required to bear a certain portion of the increased costs.

The scope of work that NPCC is required to perform in relation to a contract is also subject to change. From time to time, clients may require NPCC to perform additional work pursuant to change orders. NPCC cannot be certain that it will be able to recover its costs in full or at all for such additional work that it undertakes on its contracts, which could materially adversely affect NPCC. Moreover, the performance of such additional work pursuant to change orders may have a negative impact on NPCC's ability to meet the specified deadlines of its other projects.

NPCC occasionally initiates contract claims or enters into other disputes against its clients to recover additional costs exceeding the original contract price or for costs not included in the original contract price. These claims and disputes usually arise from matters such as delays caused by the client or deviations from the initial project scope, which may result in additional costs to NPCC, both direct and indirect. These claims may be subject to lengthy arbitration or litigation proceedings, and it is often difficult to predict when or how these claims will be fully resolved. See "*– Risks relating to the Group's operating activities generally – The Group is, and may continue to be, involved in litigation*" below. When such events occur and unresolved claims are pending, NPCC may invest significant working capital in these projects or legal proceedings pending the resolution of the relevant claims. Failure to promptly recover on these types of claims could have a material adverse impact on NPCC's and the Group's liquidity and financial condition.

NPCC's business may be materially adversely affected by matters outside its control and this may adversely impact its liquidity and ability to generate cash flow

NPCC's business may be materially adversely affected by matters outside its control, including:

- customers and counterparties failing to pay amounts due to NPCC on time or at all (for example, in weak economic environments, NPCC has experienced, and may continue to experience, delays or failures in counterparties paying invoices);
- a deterioration in economic or other conditions leading to a fall in the number of projects being tendered;
- a reduction in the number of awards being made to NPCC, for example as a result of increased environmental awareness or regulation and/or reduced demand for fossil fuels in the future;
- cancellation of, or significant delays in, the performance of contracts;
- an increase in NPCC's cost base;
- an inability to obtain advance payments from customers or bonds from sub-contractors;
- a disagreement with customers in respect of the allocation of costs and losses in connection with cost overruns or delays in projects, which could cause such customers to delay payment of disputed or undisputed amounts;
- sub-contractors failing to perform in accordance with contractual specifications (see "*– NPCC is dependent on third party suppliers and sub-contractors*" below);
- labour unrest and strikes in relation to particular projects;
- execution of guarantees by clients; and
- unexpected contingent liabilities.

If NPCC's cash flows were to be materially reduced due to the above or any other factors, this could affect NPCC's ability to make payments of interest and principal under its financing facilities. Failure to pay interest and principal when due could give rise to the acceleration of such obligations and trigger cross default and cross acceleration provisions in other financing facilities, which could have a material adverse effect on NPCC. Further, if one or more of NPCC's customers delays or fails to pay significant amounts of outstanding receivables, for any reason, this could have a material adverse effect on NPCC's liquidity position such that it may reduce cash or cash equivalents and require NPCC to draw on credit facilities from time to time, which could have a material adverse effect on NPCC's liquidity position and prospects.

NPCC is dependent on third party suppliers and sub-contractors

NPCC sources materials and supplies from third party suppliers and also engages sub-contractors on significant projects. However, qualified sub-contractors may not always be readily available when NPCC requires support. If NPCC is unable to hire qualified sub-contractors, its ability to complete its current projects on time or undertake additional projects could be impaired. Additionally, if the cost for sub-contractors rises, NPCC's profitability may be affected, particularly to the extent that such increases cause its costs to exceed what it estimated when pricing fixed-price contracts with clients.

NPCC depends on reliable access to certain raw materials and equipment essential to its operations. Supply shortages, supply chain problems, market conditions and import/export controls, amongst other factors, could trigger certain constraints in supply. In the event of supply disruption, there could be project delays, and such delays could have a material adverse effect on NPCC.

The use of third party suppliers and sub-contractors also exposes NPCC to potential liabilities that may arise in cases where such third parties fail to meet pre-agreed budgets, timelines and quality of a particular project or materials supplied to NPCC. The materials and supplies used in many of NPCC's projects are required to conform to high quality specifications, and the work NPCC is contracted to provide must be provided to a minimum standard. The use of third party suppliers and sub-contractors also increases the demands on NPCC's quality control personnel and exposes NPCC to risks that the materials purchased from such suppliers or services provided by such sub-contractors may not meet necessary quality standards and consequently result in delays in correcting any deficiencies. To the extent that NPCC is unable to rely on its third party suppliers or sub-contractors, either due to an adverse change in its relationships with them, increases in the cost of their goods and services, or a supplier's inability to provide NPCC with materials or services in a timely manner or of the necessary quality, NPCC could be adversely affected through higher costs or the resulting potential inability to service its customers, which could have a material adverse effect on NPCC.

While NPCC may attempt to seek indemnity from the relevant sub-contractors, the sub-contractors may not be able to perform or timely perform their obligations and NPCC may be required to compensate its clients before recovering any amounts from its sub-contractors. Moreover, warranty periods provided by sub-contractors may be shorter than the warranty period NPCC provides to its clients, and warranty claims against sub-contractors may be subject to certain conditions precedent that are not easily satisfied. If no claim can be asserted against a sub-contractor, or amounts that NPCC claims cannot be recovered from the sub-contractors, NPCC may be required to bear client claims to the extent that such amounts are not covered by insurance coverage (if any), in which case NPCC could be materially adversely affected.

NPCC's clients may not be able to fulfil their contractual obligations, which could negatively impact its working capital, cash flow and results of operations

Many of NPCC's projects take a significant period of time to complete. Therefore, these contracts generally require clients to make payments to NPCC in instalments. Any significant delays or failures to make payment by its clients may negatively influence NPCC's cash flow position and its ability to meet its working capital requirements. In addition, NPCC incurs costs associated with a project, including materials, equipment and labour costs, on an ongoing basis, and frequently at the beginning of a project or before instalment payments are made. In respect of the projects on which NPCC has already incurred significant costs and expenditures, clients' defaults in making payment could materially and adversely affect NPCC's results of operations and reduce its working capital that would otherwise be available for other projects.

In addition, NPCC faces the risk that its clients may be unable to perform their contractual obligations to NPCC due to failure to obtain sufficient funding for project development, general financial difficulties or other reasons. In particular, many of NPCC's clients require bank financing for their projects. Accordingly, the availability and terms of financing in the market have a significant influence on those clients' demand for NPCC's services. To the extent there is instability in the credit markets, the availability of credit may be limited and it may be relatively difficult or expensive for NPCC's clients to obtain financing. This situation could negatively impact those clients' ability to fund their projects and purchase NPCC's services. Accordingly, if NPCC's clients are unable to obtain financing in a timely manner or at a reasonable cost, relevant projects may be adversely affected, and NPCC's financial performance and prospects may be materially and adversely affected.

Warranty claims by NPCC's clients could have a material adverse effect on NPCC

NPCC generally warrants the work that it performs for varying periods of time following substantial completion of a project, subject to further extensions of the warranty period following repairs or replacements. Whilst NPCC does, in respect of projects which it believes are characterised by a higher degree of risk associated with potential warranty claims, make provisions for such potential claims, such provisions may not be sufficient to cover the costs associated with potential warranty claims (and warranty claims may be made relating to matters in respect of which NPCC has not made any provision). The costs associated with any such warranty claims, including any warranty-related legal proceedings, could have a material adverse effect on NPCC.

NPCC may be affected by difficult work sites and environments, which could cause delays and result in additional costs

NPCC performs work under a variety of conditions, including, but not limited to, difficult and hard to reach terrain and difficult site conditions, particularly in relation to its offshore projects. Performing work under such conditions can result in project delays or cancellations, potentially causing NPCC to incur additional, unanticipated costs, reductions in revenue or the payment of liquidated damages.

Some of NPCC's projects involve challenging EPC phases that may occur over extended time periods, sometimes over several years. NPCC may encounter difficulties in engineering, delays in designs or materials provided by the customer or a third party, equipment and material delivery delays, schedule changes, delays from customer failure to timely obtain rights of way, weather-related delays and other factors, some of which are beyond its control, but which impact its ability to complete a project within the original delivery schedule. In some cases, delays and additional costs may be substantial and NPCC may be required to cancel a project and/or compensate the customer for the delay. NPCC may not be able to recover any of such costs. Any such delays or cancellations, defects or errors or other failures to meet customer expectations could result in damages claims substantially in excess of the revenue associated with a project. Delays or cancellations could also negatively impact NPCC's reputation or relationships with its major customers, which could adversely affect its ability to secure new contracts.

The use of the percentage of completion accounting method for contracts could result in a reduction of previously recorded profits

In accordance with IFRS, NPCC measures and recognises almost all of its revenue using percentage of completion accounting methodology. This methodology allows NPCC to recognise revenue rateably over the life of a contract, without regard to the timing of receipt of cash payments, by comparing the amount of the costs incurred to date against the total amount of costs expected to be incurred. This method relies on estimates of the extent of progress towards completion, including estimates regarding the scope of deliveries and services required for fulfilling the contractually defined obligations, total contract costs, remaining costs to completion, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. Management continually reviews such estimates and adjusts these as necessary. The effect of revisions to estimated costs is recorded when the amounts are known and can be reasonably estimated and may lead to an increase or decrease in revenues in the reporting period in which it is recorded. These revisions can occur at any time and could result in material reductions or reversals of previously recorded profits. See "*Financial Review – Critical accounting judgments and estimates*".

Amounts included in NPCC's backlog are management estimates that may not result in actual revenue or translate into profits, and NPCC's backlog is subject to cancellation, delay and adjustments and therefore is not an accurate indicator of its future operating results

NPCC's backlog, which amounted to AED 7.1 billion as at 31 December 2017 and AED 12.4billion as at 30 June 2018, is based on its estimates of awarded and ongoing projects which have not yet completed and therefore may not result in actual receipt of revenue in the originally anticipated period, or at all. In addition, contracts included in NPCC's backlog may not be profitable as NPCC may experience variances in the realisation of its backlog because of:

- contract termination or suspension;
- project deferrals, delays or cancellations;
- scope adjustments;
- foreign exchange rate movements;
- force majeure;
- legal impediments;
- default by its customers; and
- external market factors and economic or other factors beyond its control.

Backlog is computed based on facts known and assumptions deemed appropriate at the computation date. Backlog is calculated as NPCC's best estimate of the remaining contractual value of a project as at the date of announcement, and is generally conservatively calculated to include signed contracts and in some instances direct orders. NPCC may decide to include or exclude any projects in the backlog it deems necessary to accurately reflect estimated revenue visibility. NPCC's definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of NPCC's backlog may not be comparable to the backlog reported by such other companies. If NPCC's backlog fails to materialise, its results of operations, cash flows and liquidity would be materially and adversely affected. NPCC's backlog as of any particular date is not an accurate indicator of its future cash flow and revenue.

Any historical correlation between backlog and revenue should not be relied on as indicative of future trends. The risk of contracts being cancelled or suspended generally increases during periods of wide economic slowdowns. There is no assurance that backlog will actually be realised as revenue in the amounts reported or, if realised, will result in profits.

Risk factors relating to the Group's food and beverage business segment

The Group's food and beverage business principally comprises the consumer and agri businesses undertaken by Agthia and the dates business undertaken by Al Foah. Agthia, which is 51 per cent. owned by the Group (as at 30 June 2018), had total revenue of AED 2,048 million and recorded a net profit of AED 204 million in 2017. Al Foah, which is wholly owned by the Group, had total revenue of AED 509 million and recorded a net profit of AED 265 million in 2017. Agthia accounted for 13.0 per cent. of the Group's total revenue in 2017 (before eliminations) and Al Foah accounted for 3.2 per cent. of the Group's total revenue in 2017 (before eliminations).

The Group's food and beverage businesses could be adversely affected by changes in public and consumer tastes

The success of the Group's food and beverage businesses depends substantially on consumer tastes and preferences that can change in often unpredictable ways and on its ability to ensure that its products meet the changing preferences of the broad consumer market. Consumers' purchasing preferences may be influenced by tastes and eating customs and also increasingly by environmental concerns (including (i) greenhouse gas emissions, mainly methane emissions by cows producing milk; (ii) the preservation of water resources; and (iii) packaging and its recycling). Demand for the Group's food and beverage products could be adversely affected if the value of any of its key brands diminishes as a result of changes in public and consumer tastes or for any other reason.

If the demand for any of the Group's existing or new food and beverage products declines or fails to materialise, the Group's revenue from food and beverage sales may decline or fail to grow to the extent that the Group anticipated when making investment decisions, thereby affecting the profitability of its food and beverage business.

In order to remain competitive, both Agthia and Al Foah continue to research and develop new and innovative products that satisfy consumer needs and preferences, provide cost savings or other advantages. These new products may not gain market acceptance for a number of reasons, including availability of alternative products, ineffective marketing and distribution support, a lack of cost-effectiveness and the timing of market introduction of competitive products. If any new products fail to achieve market acceptance, Agthia or Al Foah, as the case may be, may fail to maintain its margins and could otherwise be adversely affected.

The Group's food and beverage businesses could be adversely affected by events that negatively impact their reputations

As consumer-facing business, both Agthia and Al Foah are exposed to criticisms of all types and origin, whether well-founded or not and whether in good or bad faith, that could affect their image and reputation.

For example, the production and sale of products for human or animal consumption involves the risk of injury to the Group's customers and others. While the Group's food and beverage production facilities are subject to inspection and regulation and the Group believes that it complies in all material respects with applicable laws and regulations, the actual or perceived sale of contaminated food or other products by the Group could result in product recalls or product liability claims, the settlement or outcome of which could have a material adverse effect on the Group. Even if an event causing a product recall proves to be unfounded or if a product liability claim against the Group is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that the products sold by the Group caused illness or injury, or any product recall, could adversely affect both the Group's reputation with existing and potential new customers and the Group's corporate and brand image.

In addition, each of Agthia and Al Foah may face negative publicity that could result from an actual situation, for example incorrect labelling of its products, or a simple allegation, concerning its activities, its brands or its practices in commercial affairs, its communication and marketing or its societal responsibilities toward its stakeholders. The media publicity of such criticisms, whether they are founded or not, is facilitated by the development of social networks, which can amplify the impact considerably.

Such events could adversely affect Agthia's and/or Al Foah's image and have negative repercussions on their respective sales, activities, results and growth prospects.

Agthia may be adversely affected by negative changes in the price or availability of raw materials

Agthia's raw material needs consist primarily of:

- the materials needed to produce its food and beverage products (the "**food raw materials**");
- product packaging materials, in particular plastics and cardboard ("**packaging**"); and
- energy supplies.

Variations in supply and demand, weather conditions, government controls, regulatory changes and geopolitical events (for example, changes in production methods or trade saturation) could substantially impact the price and availability of Agthia's food raw materials and packaging, which could have an adverse effect on its results. In particular, a potential increase in the prices of these raw materials and energy may not be passed on, either in full or in part, in the sales price of Agthia's products. This could have a significant adverse effect on Agthia's activities and results.

In common with the Group's manufacturing businesses, Agthia has been negatively impacted by increased competition following changes in subsidy regimes in Abu Dhabi. In Agthia's case, changes in subsidies relating to flour and animal feed were the principal factors impacting its business, although it was also negatively impacted by increases in utility costs. With respect to flour, the subsidy on sales to retail, trade and catering customers was removed in full in September 2016. The subsidy on sales to the bakery channel was cut by 50 per cent. in July 2017 and was planned for full withdrawal by July 2018, but the Executive Council reviewed the Group's request and recently accepted to defer this withdrawal until 1 January 2019. However, flour sold through municipalities is not subject to subsidy cuts. With respect to animal feed, the subsidy was removed in full in July 2016 across all sales channels except for sales to commercial farms. These changes resulted in lower sales of flour and animal feed in both 2016 and 2017 (by 13 per cent. compared to 2016 as the full year effect of most of the changes was felt in 2017).

Agthia may be negatively affected by concentration of distribution

While Agthia's end customers are individual consumers, Agthia sells its products mainly to major retail and grocery chains. Overall, the distribution market has become increasingly concentrated in the countries in which Agthia sells its products. A continuation of this trend could result in a smaller number of customers for Agthia and could lead to retailers demanding better terms, which could in particular affect Agthia's operating margins, and impact its market share.

Unfavourable climate and weather conditions may impact date crop yields

The agriculture industry is seasonal and cyclical in nature and is subject to unfavourable climate and weather conditions, including too low or excessive rainfall, frost or natural disasters. Al Foah's results of operations are affected by weather conditions and its revenue relates directly to the volume and quality of the dates supplied by its farmers. If climate and weather conditions are less favourable than expected, the quantity of dates harvested by its farmers may be reduced, which could severely impact Al Foah's business, results of operations, financial condition or prospects. Adverse weather conditions can also affect the presence of diseases and pest infestations in the short term, which may affect the date crop. In addition, global warming and other changes in climate make it more difficult for Al Foah to rely on weather forecasts and its actual results of operations may vary, sometimes significantly, from period-to-period.

Al Foah's costs have been increased by a change in subsidy policy that took effect in 2018

In July 2017, the Government announced a reduction on the date subsidy which came into effect in 2018. Prior to the revised subsidy mechanism, Al Foah served as a pass through entity whereby it collected from the Government the full amount due to the farmers which was then paid out to the farmers. The revised subsidy policy is now requiring a contribution from Al Foah for the dates procured. The amount Al Foah is required to pay is based on the farmers' income and the quality of the dates. Senaat currently estimates that the cost to Al Foah of this change in subsidy will be approximately AED 75 million in 2018. It is possible that further reductions in subsidy may be announced in the future which could result in additional costs for Al Foah.

THE GROUP IS SUBJECT TO A RANGE OF FINANCIAL RISKS

The availability of Group operating cash flow to Senaat may be limited

Senaat conducts its operations principally through, and derives all of its revenue from, its subsidiaries and it does not anticipate that this will change in the near future. Most of the Group's indebtedness has been incurred by Senaat's subsidiaries. The ability of its subsidiaries to pay dividends or make other distributions or payments to Senaat will be subject to the availability of profits or funds for the purpose which, in turn, will depend on the future performance of the subsidiary concerned which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control. In addition, any subsidiary may be subject to restrictions on the making of distributions to Senaat contained in applicable laws and regulations. There can be no assurance that the Group's individual businesses will generate sufficient cash flow from operations or that alternative sources of financing will be available at any time in an amount sufficient to enable these businesses to service their indebtedness, to fund their other liquidity needs and to make payments to Senaat to enable it to service its indebtedness.

The terms of the indebtedness of certain members of the Group contain financial and operating covenants, which may limit the Group's operating flexibility

Certain Group companies (including Senaat) have significant indebtedness outstanding and the terms of the indebtedness of certain members of the Group contain financial and operating covenants, including covenants to maintain (i) defined ratios of consolidated total liabilities to consolidated tangible net worth and (ii) consolidated tangible net worth above a defined level.

Should the Group need, in the future, to renegotiate any financial or operating covenants or obtain a waiver in respect of any breach of such a covenant, no assurance can be given that it will be successful. Any failure to renegotiate such covenants could restrict the Group's ability to raise financing in the future. In addition, any breach of such covenants which is not waived by the relevant lender could result in the relevant financing being accelerated and potentially trigger cross default provisions under the Group's other financing arrangements. In such a case, the Group's liquidity and financial position could be materially adversely affected.

Senaat's credit ratings may change and any ratings downgrade could adversely affect the value of Certificates issued under the Programme

Senaat has a rating of A with a stable outlook by Fitch.

Senaat cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

Any future downgrade or withdrawal at any time of a credit rating assigned to Senaat or Abu Dhabi by any rating agency could have a material adverse effect on the Group's cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of Certificates issued under the Programme and cause trading in such Certificates to be volatile.

The Group is exposed to a range of financial risks including, in particular, the risk of losses arising as a result of adverse changes in foreign exchange rates, interest rates and commodity prices

The Group's principal foreign currency risks are its exposure to the effect of movements in the euro – dirham and pound sterling – dirham exchange rates on certain of its borrowings and investments. The Group's principal interest rate risk is its exposure to the effect of increases in interest rates on its variable rate interest bearing financial liabilities. The Group's principal commodity price exposures are to:

- changes in the price of iron ore which it imports and the steel which it sells through Emirates Steel;
- changes in the price of copper, which is Ducab's principal raw material; and
- changes in the prices of wheat and other grain products which are the key raw materials for Agthia's agri business.

In addition, the Group is subject to a range of credit risks and to liquidity risk. See generally "*Financial Review – Disclosures about risk*".

The Group's cash flow may be adversely affected if receivables or other balances due from related parties are not settled in a timely manner

The Group has significant receivables and other balances due to it from related parties, both under the construction contracts undertaken by NPCC and as a result of other transactions. The amounts due to the Group from related parties under construction contracts were AED 479 million as at 31 December 2017, AED 454 million as at 31 December 2016 and AED 1,000 million as at 31 December 2015. The amounts due to the Group from related parties (other than Group companies), before impairment, as a result of other transactions amounted to AED 688 million as at 31 December 2017, AED 644 million as at 31 December 2016 and AED 973 million as at 31 December 2015. Almost all of these other balances reflected amounts due from Abu Dhabi National Oil Company group companies.

Typically the Group has received timely payment from its related parties, although there have been instances of delayed payment in relation to certain amounts due which are not related to contracting contracts. As at 31 December 2017, AED 209 million due from a related party was overdue and as at the same date an AED 59 million amount due from ZonesCorp to the Group was being disputed and is fully impaired.

Should any of the Group's related parties choose to settle significant amounts owed to the Group either late or only partially or dispute such amounts in whole or in part, this could negatively impact the Group's liquidity and otherwise have a material adverse effect on the Group.

The Group's business will be adversely affected if the dirham/U.S. dollar peg is removed or adjusted in a manner that adversely affects the Group

The Group maintains its accounts, and reports its results, in dirham. As at the date of this document, the dirham remains pegged to the U.S. dollar. However, there can be no assurance that the dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Group.

Significant management judgments are involved in the preparation of the Group's consolidated financial statements for any period

The preparation of the Group's consolidated financial statements requires management to make certain significant estimates and judgments, the most significant of which relate to:

- revenue and cost recognition on its contracts accounted for using the percentage of completion method;

- the estimation of impairment losses and any reversals of impairment losses, in particular in its property, plant and equipment, its equity accounted investees, its goodwill and its trade and other receivables;

- the determination of its provision for slow moving and obsolete inventories; and

- hedge accounting.

See "*Financial Review – Critical accounting judgments and estimates*".

The exercise of these judgments may have a material effect on the Group's results of operations as presented in its consolidated financial statements and the results of operations so presented could be materially different from those which would have been presented if different assumptions and/or estimates had been used. In addition, there can be no assurance that any assumptions made by management will necessarily prove to have been accurate predictions of future events.

RISK FACTORS RELATING TO THE GROUP'S INVESTMENT ACTIVITIES GENERALLY

Since 2004, the Group has made a number of acquisitions and it expects to continue to make acquisitions, some of which may be significant. In addition, the Group has undertaken and is undertaking a number of projects including, in recent years, the construction of an aluminium extrusion plant and a welded steel pipe manufacturing plant through joint ventures and a new water bottling plant in Kuwait through a 50 per cent. owned subsidiary (as at 30 June 2018). In making acquisitions and undertaking projects, the Group is exposed to a number of risks, certain of which are summarised below. The realisation of any of the risks described below could have a material adverse impact on the Trustee's and Senaat's ability to fulfil their respective obligations in respect of any Certificates issued.

Significant acquisitions could prove to be costly in terms of the Group's time and resources and may impose post-acquisition integration risks and businesses may be loss making when acquired which may adversely affect the Group's results of operations and increase its funding requirements

As part of its or its shareholder's strategy, the Group may from time to time make significant acquisitions or obtain a controlling interest in other enterprises. For example, in 2017 Agthia acquired all of the shares in Delta Bottled Water Factory Company Limited based in Jeddah, Saudi Arabia, for consideration of AED 179 million. This, and any other significant acquisitions the Group may make in the future, expose the Group to numerous risks including:

- diversion of management attention and financial resources that would otherwise be available for the ongoing development or expansion of existing operations;

- unexpected losses of key employees, customers and suppliers of the acquired operations;

- difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the acquired business with those of the Group's existing operations;

- challenges in managing the increased scope, geographic diversity and complexity of the Group's operations;

- difficulties in obtaining any financing necessary to support the growth of the acquired businesses; and

- exposure to unanticipated liabilities and/or difficulties in mitigating contingent and/or assumed liabilities.

In addition, acquired businesses may be loss making when acquired and/or may have significant accumulated deficits which may limit their ability to pay dividends to Senaat until they develop distributable reserves. Unless and until any such businesses become profitable, this may also significantly adversely affect the Group's results of operations in periods after the acquisition is effective and may increase the Group's funding requirements.

The Group may invest in joint ventures and companies that the Group does not control or over which it only has joint control and this could expose the Group to additional risks

The Group currently invests in, and expects to make additional investments in, joint ventures and companies that it does not control or over which it only has joint control.

Investments in which the Group has joint control with third parties are subject to the risk that the other shareholders of the company in which the investment is made, who may have different business or investment objectives, may have the ability to block business, financial or management decisions which the Group believes are crucial to the success of the project or investment concerned, or work in concert to implement initiatives which may be contrary to the Group's interests. In addition, the Group's joint venture partners may be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements or may experience financial or other difficulties that may adversely impact the Group's investment. In certain of its joint ventures, for example, Al Gharbia, the Group is reliant on the particular expertise of its joint venture partners and any failure by any such partner to perform its obligations in a diligent manner could also adversely impact the Group's investment. The Group can give no assurance as to the performance of any of its joint venture partners.

Investments over which the Group does not have control, for example Ducab and DAC which are both equity-accounted associates, are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Group does not agree or that the majority shareholders or the management of the company may take risks or otherwise act in a manner that does not serve the Group's interests. The Group's equity investments in such companies may also be diluted if it does not partake in future equity or equity-linked fundraising opportunities.

Implementing projects is inherently risky

When undertaking a new project, the Group faces a number of risks, including:

- requirements to make significant capital expenditures without receiving cash flow from the project concerned until future periods;
- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for such construction and capital improvements may not be available to the Group on suitable terms or at all;
- delays in obtaining, or a failure to obtain, all necessary governmental and regulatory permits, approvals and authorisations;
- uncertainties as to market demand or a decline in market demand for the products or services to be generated by the project after construction has begun;
- an inability to complete projects on schedule or within budgeted amounts;
- methodological errors or erroneous assumptions in the financial models used by the Group to make investment decisions; and
- fluctuations in demand for the products or services produced by the project due to a number of factors, including market and economic conditions and competition from third parties, that may result in the Group's investment not being profitable or not generating the originally anticipated level of cash flows.

There can be no assurance that the Group's current or future projects will be completed in the anticipated timeframe or at all, whether as a result of the factors specified above or for any other reason.

The Group's ongoing projects are also exposed to a number of construction risks, including the following:

- major design and/or construction changes, whether caused by changes in technological demand, market conditions or other factors;
- an inability to find a suitable contractor either at the commencement of a project or following a default by an appointed contractor;
- default or failure by the Group's contractors to finish projects on time and within budget;
- disruption in service and access to third parties;
- delays arising from shortages and long lead times for the delivery of complex plant and equipment or defective materials;
- shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances; and
- escalating costs of construction materials and global commodity prices.

Moreover, continued growth through new projects and initiatives may also divert management's capacity to deal with existing projects. Any of these factors could materially delay the completion of a project or materially increase the costs associated with a project.

The due diligence process that the Group undertakes in connection with new projects and investments may not reveal all relevant facts

Before implementing a new project or making a new investment, the Group conducts due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. The objective of the due diligence process is to identify attractive investment opportunities and to prepare a framework that may be used from the date of investment to drive operational performance and value creation. When conducting due diligence, the Group evaluates a number of important business, financial, tax, accounting, regulatory, environmental and legal issues in determining whether or not to proceed with a project or an investment. Outside consultants, including legal advisers, accountants, investment banks and industry experts, are involved in the due diligence process in varying degrees depending on the type of project or investment. Nevertheless, when conducting due diligence and making an assessment regarding a project or an investment, the Group can only rely on resources available to it, including information provided by the target of the investment where relevant and, in some circumstances, third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as the Group could for information produced from its own internal sources. The due diligence process may at times be subjective and the Group can offer no assurance that any due diligence investigation it carries out with respect to any project or investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. Any failure by the Group to identify relevant facts through the due diligence process may mean that projected rates of return and other relevant factors considered by the Group in making investment decisions prove to be significantly inaccurate over time.

The Group may choose to pursue investment opportunities in countries in which it has no previous investment experience including in markets that have greater social, economic and political risks

To the extent that the Group undertakes projects and makes investments in countries in which it has little or no previous investment experience, the Group may not be able to assess the risks of investing in such countries adequately, or may be unfamiliar with the laws and regulations of such countries governing the Group's projects and investments. The Group cannot guarantee that its strategy will be successful in such markets. The projects and investments that the Group makes in those countries could lose some or all of their value and may generate returns that are substantially lower than those experienced by the Group through other projects and investments. For example, Ducab's acquisition of the UK-based cable company, AEI Cables, failed to meet the Group's investment expectations. As a result, the manufacturing operations in England were closed and transferred to the UAE as part of a restructuring programme.

RISK FACTORS RELATING TO THE GROUP'S OPERATING ACTIVITIES GENERALLY

The Group is subject to hazards that could result in liabilities, weaken its financial condition and harm its reputation

The Group's manufacturing, food and beverage production and contracting operations expose its employees to a wide range of hazards, including electrical lines, pipelines carrying potentially toxic or explosive materials, heavy equipment, mechanical failures, transportation accidents, explosions, industrial accidents, adverse weather conditions and the risk of damage to equipment and property. These hazards can cause personal injuries and loss of life, severe damage to or destruction of property and equipment and other consequential damage and could lead to suspension of operations at one or more facilities and large damages claims. In addition, if serious accidents or fatalities occur, or the Group's safety record were to deteriorate, the Group may be restricted from undertaking certain manufacturing operations or from bidding for certain projects and certain existing contracts could be terminated. The occurrence of accidents in the Group's business could result in significant liabilities, employee turnover, increased manufacturing or project costs or harm its ability to perform under its contracts or enter into new contracts with customers, any of which could materially reduce its revenue, profitability and liquidity.

The Group's operations may also impact the environment or cause exposure to hazardous substances, and its properties may have environmental contamination, which could result in material liabilities

The nature of the Group's operations, in particular its manufacturing and contracting businesses, requires assuming certain risks which could cause environmental and other damages. The Group's operations are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, fuel storage and air quality. Certain of the Group's operations use hazardous materials and, to the extent that such materials are not properly stored, contained or recycled, they could become hazardous waste. The Group may be subject to claims under various environmental laws and regulations for toxic torts and other damages, as well as for natural resource damages and the investigation and clean-up of soil, surface water, groundwater and other related occurrences. Liability may be imposed without regard to fault and may be strict and/or joint and several, such that the Group may be held responsible for more than its share of any contamination or other damages, or even for the entire share, and may be unable to obtain reimbursement from the parties causing the contamination. The Group's insurance may not be sufficient or may not apply to certain types of environmental damage.

The Group's business operation management systems, particularly with respect to quality control procedures, may not be able to prevent all incidences of negligence or mistake

The Group's management systems, which cover matters including manufacturing processes and quality, project scheduling and quality, costs, and health, safety and environmental protection, are essential to the effective management, progress, quality, safety and profit margins of its operations. In particular, the quality of the Group's services is critical to the success of its business. Accordingly, the Group must maintain effective quality control systems for its business operations. Effective quality control depends on various factors, including the mechanism of its quality control system, management of the individual projects and manufacturing operations, provision of sufficient project-related training to its employees and its ability to ensure that employees adhere to its quality control policies and guidelines. Any negligence or mistake in quality control could result in defects in the products that the Group manufactures or defects or delays in its projects, which in turn may subject the Group to contractual and other claims. Any such claims, regardless of outcome, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations.

The Group owns a number of brands which are important to its business

The Group owns a number of brands which are important to its business, including Al Ain Water, Grand Mills, Date Crown and Emirates Cement. Should any event, such as a material quality claim (see "**–** *The Group's business operation management systems, particularly with respect to quality control procedures, may not be able to prevent all incidences of negligence or mistake*" above) or other adverse publicity relating to any of these brands, occur, this could have a negative effect on demand for the products concerned and thus an adverse impact on the Group's business.

The Group seeks to protect its important brands, including by means of appropriate trademark and other registrations. If the Group is unable to protect these brands or if a third party alleges that any of these brands infringe its own intellectual property rights, this could also have a material adverse effect on the Group's business.

The Group needs qualifications and licences to undertake its business operations and any revocation, cancellation or non-renewal of any of these qualifications or licences could have a material and adverse impact on its business

The Group needs qualifications and licences issued by relevant government agencies to conduct its business. Likewise, clients typically require enterprises providing the services offered by certain Group companies, such as NPCC, to hold appropriate qualifications. The Group must comply with certain restrictions and conditions imposed by various levels of government to maintain its qualifications and licences. If the Group fails to comply with any of the conditions required for obtaining and maintaining its qualifications and licences, its qualifications and licences could be cancelled or revoked, or the renewal of its licences, upon expiry of their original terms, may be delayed, which could directly and adversely impact its business operations.

Failure to comply with existing laws and regulations, or increased governmental regulation of the Group's operations, could result in substantial additional compliance costs or fines or other sanctions

The Group's operations are subject to laws and regulation enacted by various national, regional and local governments. Such laws and regulations may relate to licensing requirements, environmental obligations, health and safety obligations, asset and investment controls and a range of other requirements. For example, the Group's steel and building materials manufacturing businesses, as well as its oil and gas services contracting business, are all subject to a variety of laws and governmental regulations relating to the use, discharge and disposal of toxic or otherwise hazardous materials used by the respective businesses. In addition, its food and beverage production business are subject to stringent regulation in relation to product quality and safety. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time.

Government authorities often have the right to, and frequently do, conduct periodic inspections of the Group's operations. Any such future inspections may conclude that the Group has violated laws, decrees or regulations, and it may be unable to refute such conclusions or remedy the violations. Any failure by the Group to comply with existing laws and regulations may result in:

- significant fines or other penalties and legal liabilities, including the suspension, amendment or termination of its licences and permits, or in orders that it cease certain business activities or in material clean-up costs;
- the temporary or permanent suspension of production of any affected products;
- unfavourable alterations in the Group's manufacturing processes; and
- restrictions on the Group's operations or sales.

Any such decisions, requirements or sanctions, or any increase in governmental regulation of the Group's operations, could increase the Group's costs and otherwise have a material adverse effect on the Group.

Existing and future environmental and climate-related laws and regulations could also require the Group, among other things, to:

- purchase, use or install expensive pollution control, reduction or remediation equipment;
- implement climate change mitigation programmes, abatement or reduction of greenhouse gas emissions programmes and/or carbon credit trading programmes;
- modify the Group's product designs and manufacturing processes; and/or
- incur other significant expenses, such as obtaining substitute raw materials or chemicals that may cost more or be less available for the Group's operations.

Some of the industries in which the Group operates are highly competitive, which may reduce the Group's market share, reduce its margins and accordingly harm its financial performance

The Group competes with other large companies in some of the markets in which it operates, including manufacturing and contracting. There are relatively few barriers to entry into certain sectors or markets in which the Group operates and, as a result, any organisation that has adequate financial resources and access to technical expertise and skilled personnel may become a competitor in these sectors and markets. For example, unlike some other GCC markets, the UAE does not impose any import tariffs on certain services or products manufactured overseas in industries such as cable and steel manufacturing. Some of the Group's competitors may have greater resources than the Group or more specialised expertise in certain segments.

In each of its businesses, the Group competes on the basis of some or all of the following factors: price, quality, execution capability and track record, reputation and brand, health, safety and environment record and product and service quality.

Most of the Group's contracting work and some of its manufacturing work is awarded through a bid process, which can be highly competitive. Consequently, price is often the principal factor in determining which service provider is selected, especially on smaller, less complex projects. The Group's competitors could be inclined to take greater or unusual risks or accept terms and conditions in a contract that the Group may not consider acceptable, and are sometimes able to win bids for projects based on price alone due to their lower costs and financial return requirements. There is also no assurance that the Group will not face additional competition from international contractors or manufacturers entering or expanding their business in the Group's markets. If the Group is unsuccessful in bidding on projects, and if price competition were to intensify, the Group's results of operations, profitability and margin levels, cash flows and liquidity could be materially and adversely affected.

In addition, Agthia's and Al Foah's consumer-facing businesses are highly dependent on marketing to maintain their market positions. Should any competitors to these businesses significantly increase its marketing spend or implement advertising campaigns which attract significant consumer interest, Agthia and/or Al Foah may need to take additional steps to retain customers such as reducing prices and/or increasing their marketing that could increase their respective costs and negatively impact their profitability.

The Group's operations could be adversely affected by catastrophic events, including natural disasters, terrorist attacks or war, over which it has no control

The Group has manufacturing facilities, and conducts a significant proportion of its oil and gas services contracting business, in locations subject to natural disasters, such as severe weather, flooding and earthquakes as well as interruptions or shortages in the supply of utilities (such as water, electricity and gas) that could disrupt operations. The frequency and severity of natural disasters have increased in the past decade due to abnormal environmental and climate-related changes. In addition, certain of the Group's material suppliers and customers also have operations in such locations. A natural disaster or interruption in the supply of utilities that results in a prolonged disruption to any of the Group's material operations, or the operations of its material customers or suppliers, could materially adversely affect the Group's business. For example, in 2016, Arkan's cement manufacturing plant in Al Ain was damaged by a storm that resulted in four months production being lost and resulted in lower profitability for Arkan in that year.

The Group may also be exposed to the effects of man made disasters including major accidents and incidents, international and regional armed conflicts, hostilities, criminal acts and acts of terrorism, all of which are beyond the Group's control. The continued threat of terrorist activity and other acts of war, or hostility, have significantly increased the risk of political, economic and social instability in a number of the countries in which the Group operates. It is possible that acts of terrorism may occur in many of these countries and such acts of terrorism could be directed against the Group's property and personnel. Although, to date, the Group has not experienced any significant property losses, or material adverse effects on its results of operations or financial condition as a result of terrorism and regional political instability or war, no assurance can be given that the Group will not be affected by such events in the future.

The Group may also face civil liabilities or fines in the ordinary course of its business as a result of damage to third parties caused by natural and man made disasters. These liabilities may result in the Group being required to make indemnification payments in accordance with applicable laws to the extent and in the amount that such indemnification payments are not covered by its insurance policies.

While the Group seeks to take precautions against natural and man made disasters, maintains disaster recovery strategies and purchases levels of insurance coverage that it regards as commercially appropriate, should any damage occur and be substantial, the Group could incur losses and damages not recoverable under its insurance policies, which could have a material adverse effect on the Group.

Any failure of the Group's information technology systems could have a material adverse effect on its business and reputation

The Group depends on its information technology ("**IT**") systems to conduct its business. The proper functioning of the Group's IT systems are critical to the Group's business and ability to compete effectively. The Group's business activities would be materially disrupted if there is a partial or complete failure of any of its IT systems. Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Group's control, including natural disasters, extended power outages, computer viruses and malicious third party intrusions. The proper functioning of the Group's IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. The Group has implemented and tested business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on the Group's business and reputation.

The Group's internal controls may not protect it from loss in all circumstances

The Group is exposed to losses arising as a result of fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation and failure to comply with regulatory requirements, including international sanctions requirements. The Group has implemented internal risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential risks that the Group faces.

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or deter these types of misconduct, and the precautions which the Group takes to detect and prevent such misconduct may not be effective in all cases. There can be no assurance that the internal controls implemented to combat these types of misconduct will be successful. Any such actions by employees could expose the Group to financial losses resulting from the need to reimburse customers who suffered loss or as a result of fines or other sanctions, and could damage the Group's reputation.

The Group is, and may continue to be, involved in litigation

The Group has been, and may from time to time be, subject to legal or administrative proceedings, contract disputes or liability claims, and the Group may be named as a defendant in legal proceedings, whether related to contractual disputes or other factors in connection with the services that it undertakes in the ordinary course. Any litigation, pending, threatened or future claims against the Group and subsequent liability, warranty obligations, and other liabilities which, to the extent not covered by any applicable insurance or which exceeds such insurance limits, could result in a financial loss and, accordingly, a material adverse impact on the Group's business, results of operations and financial condition. In addition, litigation can be lengthy to pursue, is expensive and may divert management's attention from running the affected business. There is also no certainty of a successful outcome and any unsuccessful litigation, whether as plaintiff or dependent, could result in reputational damage which could significantly adversely affect the Group.

The Group's businesses involve numerous operating hazards, and its insurance may not be adequate to cover its losses

The Group's insurance is intended to cover normal risks in its current operations, including insurance for property damage, occupational injury and illness and certain third-party liability including pollution liability. The Group's insurance policies and contractual rights to indemnity may not however adequately cover its losses, and the Group may not have insurance coverage or rights to indemnity for all risks it faces.

Pollution and environmental risks generally are subject to significant deductibles and are not completely insurable. The Group could also experience a significant accident or other event resulting in damage to its projects or equipment, including, but not limited to, fire, severe weather, terrorist acts and acts of war that may not be fully covered by insurance or a recoverable indemnity from a customer. Moreover, the Group may not be able to obtain insurance for certain risks or maintain adequate insurance at rates that it considers reasonable. The Group may also choose not to insure certain risks, for example it does not currently have litigation insurance cover. The occurrence of a loss or liability, for which the Group is not fully insured, could significantly reduce its revenue or otherwise have a material adverse effect on it.

The Group's existing policies, like all insurance policies, contain certain exclusions and limitations on coverage and some policies may not provide full insurance coverage against all potential risks related to the Group's business. In addition, the Group's insurance policies may not continue to be available and its insurers may not be able to meet all claims made against them. As a result, the Group's insurance policies may not cover the full extent of losses incurred by it. As a result, there is a risk that losses and liabilities from uninsured or underinsured risks may significantly increase the Group's costs which would have a material adverse effect on its business.

Economic recessions or downturns, and significant fluctuations in commodity prices, could impair the value of some or all of the Group's projects and investments or prevent it from increasing its project and investment base

A significant proportion of the Group's business is conducted by companies that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, these companies may experience decreased revenue, financial losses from impairments or otherwise, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due. Any of the foregoing could cause the value of the affected companies to decline, in some cases significantly. In addition, during periods of adverse economic conditions, the Group may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for new investments.

The Group's results from certain of its companies are dependent on commodity prices. For example, the Group's revenue and results from Emirates Steel depend significantly on the level of iron ore and steel product prices. Similarly, the Group's revenue and results from NPCC is generally adversely affected at times of prolonged low oil and gas prices as the level of investment in that industry tends to fall at such times and demand for the services offered by NPCC is consequently reduced. Further, the Group's share of the results of Ducab, which is an equity accounted investee, depends to a significant extent on the price of the copper which is Ducab's principal raw material.

The financial performance of the Group has in the past been adversely affected by these trends and could be adversely affected in the future by any deterioration of general economic conditions in the markets in which the Group operates and/or related factors. In particular, the Group's consumer businesses operated by Agthia and Al Foah may be adversely affected in times of economic recession to the extent that consumer spending power or propensity to spend is negatively impacted.

RISK FACTORS RELATING TO ABU DHABI, THE UAE AND THE MIDDLE EAST

The Group is subject to political and economic conditions in Abu Dhabi, the UAE and the Middle East

The Group currently has a significant proportion of its operations and interests in the UAE, with a particular focus on Abu Dhabi. While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. In particular, the armed conflicts in Syria, Iraq and Yemen have the potential to further destabilise the region, further increase uncertainty and have a material negative impact on the regional economy. In addition, in mid-2017 Bahrain, Saudi Arabia and the UAE and certain other countries imposed sanctions on Qatar.

The Group's business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the Middle East. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Group's business. Investors should also note that the Group's business could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

Investors should also be aware that investments in emerging markets are subject to greater risks than those in more developed markets, including risks such as:

- political, social and economic instability;
- external acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism, subsidies, expropriation of assets and cancellation of contractual rights;
- regulatory, taxation and other changes in law;
- difficulties and delays in obtaining new permits and consents for the Group's operations or renewing existing ones;
- potential lack of reliability as to title to real property in certain jurisdictions where the Group operates; and
- inability to repatriate profits and/or dividends.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Although the UAE has enjoyed significant economic growth and stability, there can be no assurance that such growth or stability will continue. Moreover, while the UAE government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained.

Abu Dhabi's economy is highly dependent upon its hydrocarbon revenue

Abu Dhabi's economy is highly dependent upon its hydrocarbon-related revenue. Oil and gas prices have fluctuated in response to changes in many factors over which the Group has no control. These factors include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil and gas producing or consuming countries;
- prices and availability of alternative fuels;
- global economic and political conditions;
- prices and availability of new technologies; and

- global weather and environmental conditions.

The Government's fiscal position was negatively impacted by the significant fall in oil prices in mid-2014 and the sustained low prices of oil up to the end of 2016. As a result the Government took a number of steps to improve its fiscal position, including implementing subsidy reductions in relation to energy and water, certain food items and health insurance as well as other actions designed to increase its non-hydrocarbon revenue and limit its expenditure. Certain of the subsidy reductions have significantly adversely impacted the Group and there is no assurance that further subsidy reform or other measures that negatively affect the Group will not be taken in the future, particularly if oil prices should fall significantly and remain depressed for a significant period.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CERTIFICATES ISSUED UNDER THE PROGRAMME

Risks relating to the Lease Assets

Ownership of the Lease Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in the Lease Assets will pass to the Trustee under the relevant Purchase Agreement and the Trustee will lease the Lease Assets to Senaat under the relevant Lease Agreement. The Trustee will declare a trust in respect of such Lease Assets and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Trust Deed. Accordingly, from a *Shari'a* perspective, Certificateholders will, through the ownership interest obtained by the Trustee pursuant to the terms of the relevant Purchase Agreement, have an undivided ownership interest in the relevant Lease Assets.

However, no investigation or enquiry will be made and no due diligence will be conducted in respect of any Lease Assets. Such Lease Assets will be selected by Senaat and none of the Certificateholders, the Trustee, the Agents or the Delegate will have the ability to influence such selection. Only limited representations will be obtained from Senaat in respect of the Lease Assets of any Series. No steps are intended to be taken to perfect the legal transfer of the ownership interest (including registration if required as a matter of law) in the Lease Assets of any Series with any relevant regulatory authority in the UAE and, therefore, in the absence of registration in relation to such Lease Assets which require perfection in order to legally transfer any ownership interest therein, the Certificateholders would not have any interest in any such Lease Assets.

Transfer of the Lease Assets

No investigation has been or will be made as to whether any Lease Assets may be transferred as a matter of the law governing the contracts (if any) underlying such assets, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the relevant Purchase Agreement will have the effect of transferring the relevant Lease Assets.

Nevertheless, as indicated above, although the *Shari'a* analysis is that an ownership interest in the Lease Assets will pass to the Trustee under the relevant Purchase Agreement, the Certificateholders will not have any rights of enforcement as against the Lease Assets and their rights are limited to enforcement against Senaat of its obligation to purchase the Lease Assets pursuant to the terms of the Purchase Undertaking in accordance with the terms of the Transaction Documents.

However, Senaat has covenanted in the Master Trust Deed that, if the relevant Exercise Price or (where all outstanding Certificates of the relevant Series are redeemed pursuant to the exercise of the Certificateholder Put Option or the Change of Control Option) the relevant Certificateholder Put Option Exercise Price or Change of Control Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, or the Sale Undertaking (as applicable), whether as a result of a dispute or challenge in relation to the interests, rights, title, benefits and entitlements of the Trustee in, to and under the relevant Lease Assets, Certificateholder Put Option Lease Assets or Change of Control Put Option Lease Assets, as the case may be, or any of them, or for any other reason, Senaat shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Certificateholder Put Option Exercise Price or Change of Control Exercise Price, as the case may be. If payment has been made by Senaat pursuant to this paragraph in full, the Trustee shall transfer its interests, rights, title, benefits and entitlements in, to and under the relevant Lease Assets to Senaat.

Occurrence of a Total Loss Event

From a *Shari'a* perspective, as owner of the Lease Assets, the Trustee (in its capacity as Lessor) is required to, *inter alia*, insure the Lease Assets. The Trustee has appointed Senaat as its Servicing Agent, which has undertaken in the Service Agency Agreement to, *inter alia*, insure the Lease Assets in the name of the Trustee against the occurrence of a Total Loss Event in an amount which is at all times at least equal to the Full Reinstatement Value (as defined in the Service Agency Agreement) (and to ensure, in relation to each relevant Series, that such amount is not at any time less than, *inter alia*, the aggregate face amount of Certificates of such Series then outstanding plus accrued but unpaid Periodic Distribution Amounts less the aggregate amounts of the Deferred Sale Price then outstanding, if any, payable by Senaat (in its capacity as Commodity Buyer) to the Trustee (in its capacity as Commodity Seller) pursuant to the Master Murabaha Agreement and the relevant Murabaha Contract(s)).

Nevertheless, should such an event occur and unless the Lease Assets are replaced by Senaat in accordance with the Service Agency Agreement, the relevant Lease Agreement will terminate and the payment obligations arising on the Certificates of the relevant Series will be met using the proceeds of the insurance received by the Trustee and, if any, the aggregate amounts of the Deferred Sale Price then outstanding. In this scenario, potential investors should be aware that: (a) Rental will cease upon the occurrence of a Total Loss Event (since the relevant Lease Agreement will have terminated) and accordingly the Periodic Distribution Amount payable to the Certificateholders will not accrue after the date of such Total Loss Event; and (b) there may be a delay in the Trustee receiving the proceeds of insurance and therefore in the Certificateholders receiving a Dissolution Amount in respect of their Certificates and no additional Periodic Distribution Amount will be paid in respect of this delay. In this regard, the Service Agency Agreement provides that if a Total Loss Event occurs and the amount (if any) credited to the Transaction Account by Senaat is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), then Senaat acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is both: (i) not attributable to its negligence; and (ii) not attributable to its failing to comply with the terms of the Service Agency Agreement relating to insurance and the Insurances (as defined in the Service Agency Agreement)) irrevocably and unconditionally undertakes to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account (as defined in the Service Agency Agreement) by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Subject to paying such Total Loss Shortfall Amount, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations.

Risks relating to the Certificates

The Certificates are limited recourse obligations

Certificates to be issued under the Programme are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the relevant Trust Assets. Recourse to the Trustee in respect of each Series is limited to the Trust Assets of that Series and the proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, the sole right of each of the Trustee, and, through the Delegate, the Certificateholders of the relevant Series will be against Senaat to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee or Senaat in respect of any shortfall in the expected amounts due under the relevant Trust Assets. Senaat is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Delegate will have direct recourse against Senaat to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In the absence of default by the Delegate, investors have no direct recourse to Senaat and there is no assurance that the net proceeds of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing Senaat's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the relevant Certificates. After enforcing or realising the rights in respect of the Trust Assets of a Series (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 4.2, the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents (which includes the Purchase Undertaking). The sole right of the Trustee, the Delegate and, through the Delegate, the Certificateholders against Senaat shall be to enforce the obligation of Senaat to perform its obligations under the Transaction Documents to which it is a party.

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of those Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the relevant Certificates and the financial and other risks associated with an investment in the relevant Certificates. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity. Application has been made for the admission to listing of certain Series to be issued under the Programme on the Official List and on the ADX and to trading on the Regulated Market but there can be no assurance that any such admission will occur or will enhance the liquidity of the Certificates of the relevant Series.

The Certificates may be subject to early redemption

In the event that the amount payable on the Certificates of any Series is required to be increased to include additional amounts in certain circumstances and/or Senaat is required to pay additional amounts pursuant to certain Transaction Documents, in each case, as a result of certain changes affecting taxation in the Cayman Islands or the UAE or any Emirate therein (as the case may be), or, in each case, any political sub-division or any authority thereof or therein having power to tax, the Trustee may redeem the Certificates in whole, but not in part, upon giving notice in accordance with the Conditions.

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Trustee. Any such early redemption feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to redeem the Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any redemption period. The Trustee may be expected to redeem Certificates when Senaat's cost of borrowing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

Risks relating to enforcement

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Abu Dhabi

The payments under the Certificates are dependent upon Senaat making payments to the Trustee in the manner contemplated under the Transaction Documents. If Senaat fails to do so, it may be necessary to bring an action against Senaat to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Furthermore, to the extent that enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

The Transaction Documents are governed by English law and the parties to such Transaction Documents have agreed to refer any disputes arising from such Transaction Documents to arbitration under the LCIA Rules with a seat in London unless the option to litigate is exercised. In addition, at the option of the Delegate, any dispute may also be referred to the English courts (or such other court of competent jurisdiction which the Delegate may elect). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that Senaat has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced.

Under current Abu Dhabi law, the Abu Dhabi courts are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the relevant Transaction Document or Certificates. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. This may mean that the UAE courts may seek to interpret English law governed documents as if they were governed by UAE law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such documents in the same manner as the parties may intend.

The UAE is a civil law jurisdiction and judicial precedents in Abu Dhabi have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in Abu Dhabi. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should therefore be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

How the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE. Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the "**Law of Civil Procedure**"). Article 238 provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the UAE courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention. In particular, there remains a risk that notwithstanding Article 238 of the Law of Civil Procedure or the terms of an applicable multilateral or bilateral enforcement convention, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the "**UAE Arbitration Law**") related to the enforcement of domestic arbitral awards (as provided in Articles 52 to 57 of the UAE Arbitration Law) or in the Law of Civil Procedure related to the enforcement of foreign judgments to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law is a new law and it is unclear how it will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Compliance with UAE bankruptcy law may affect Senaat's ability to perform its obligations under the Transaction Documents to which it is a party

In the event of Senaat's insolvency, UAE bankruptcy law may adversely affect Senaat's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, may adversely affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders, the Trustee and/or the Delegate against Senaat upon its insolvency would be resolved, and therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances.

A court may not grant an order for specific performance

In the event that Senaat fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include: (a) obtaining an order for specific performance of Senaat's obligations, or (b) a claim for damages.

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Senaat to perform its obligations set out in the Transaction Documents to which it is a party.

Change of law

The structure of each issue of Certificates under the Programme is governed by English law and Cayman Islands law and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to, or interpretation of, English or Cayman Islands law or administrative practices in any such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of Senaat to comply with its obligations under the Transaction Documents to which it is a party.

Waiver of immunity

Senaat has waived its rights in relation to sovereign immunity. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by Senaat under the Transaction Documents to which it is a party are valid and binding under the laws of Abu Dhabi and, to the extent applicable therein, the federal laws of the UAE.

Other risks that may affect the Certificates

Emerging markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Certificates of each Series will be initially represented by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in Global Certificates held through them. While the Certificates of any Series are represented by a Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates of any Series are represented by a Global Certificate, the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Regulation and reform of EURIBOR, LIBOR or other "benchmarks" could adversely affect any Certificates linked to such benchmarks

EURIBOR, LIBOR and other rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates linked to such a benchmark.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and became applicable from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things: (a) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (b) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Certificates linked to EURIBOR, LIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, there is a risk that administrators of certain benchmarks will fail to obtain a necessary licence, preventing them from continuing to provide such benchmarks. Other administrators may cease to administer certain benchmarks because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to such benchmark; (ii) trigger changes in the rules or methodologies used in the benchmarks; or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Certificates linked to a benchmark.

On 27 July 2017, the Chief Executive of the FCA announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis as is (or at all) cannot and will not be guaranteed after 2021 and that planning a transition to alternative reference rates that are based firmly on transactions, such as reformed SONIA (the Sterling Over Night Index Average), must begin.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant

Certificates, the return on the relevant Certificates and the trading market for securities based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable. These fallback arrangements may lead to changes to the profit rate and, in certain circumstances, the ultimate fallback of profit rate for a particular Return Accumulation Period may result in the profit rate for the last preceding Return Accumulation Period being used. This may result in the effective application of a fixed rate for Certificates linked to a benchmark based on the rate which was last observed on the Relevant Screen Page. Such consequences could have a material adverse effect on the value of and return on any such Certificates. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Trustee to make payments under the Certificates or of Senaat to comply with its obligations under the Transaction Documents to which it is a party or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Certificates. Investors should consider these matters when making their investment decision with respect to any Certificates linked to a benchmark.

Value of fixed rate Certificates may be adversely affected by movements in market interest rates

Investment in fixed rate Certificates involves the risk that if market interest rates subsequently increase above the rate paid on the fixed rate Certificates, this will adversely affect the value of fixed rate Certificates.

Shari'a rules

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved as *Shari'a*-compliant by a member of the Executive Committee of the Fatwa and *Shari'a* Supervisory Board of Abu Dhabi Islamic Bank PJSC, the *Shari'a* Advisory Board of Citi Islamic Investment Bank E.C., the Executive Committee of the *Shari'a* Board of Dubai Islamic Bank and Dar Al Sharia¸ the First Abu Dhabi Bank *Shari'a* Supervisory Board and the *Shari'a* Supervisory Committee of Standard Chartered Bank. However, there can be no assurance that the Transaction Documents or any issue and trading of any Certificates will be deemed to be *Shari'a*-compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, Senaat, the Dealers or the Delegate makes any representation as to the *Shari'a*-compliance of any Series and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Potential investors should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and the issue and trading of any Series with *Shari'a* principles.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under certain Transaction Documents and/or the Certificates would, if in dispute, either be the subject of arbitration in London under the LCIA Rules or litigation before the English courts. In such circumstances, the arbitrator or judge, as the case may be, will apply the governing law of the relevant Transaction Document or the Certificates (as the case may be) in determining the obligations of the parties.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to any Certificates. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to certain transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated list on the ESMA website.

Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Certificates which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time such Certificateholder may not receive a Certificate in definitive form in respect of such holding (should Certificates in definitive form be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Certificate in definitive form.

If Certificates in definitive form are issued, holders should be aware that Certificates in definitive form which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Consents to variation of Transaction Documents and other matters

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Master Trust Deed contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Master Trust Deed if, in the opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the relevant Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Trust Deed). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the relevant Certificateholders and shall in any event be binding upon the relevant Certificateholders.

In agreeing to any modification, each of the Delegate and/or the Certificateholders may, in its sole and absolute discretion, retain the services of a *Shari'a* advisor of its choosing in order to assess the *Shari'a* compliance of the proposed modification.

European Monetary Union may cause Certificates denominated in certain currencies to be redenominated in euro

If Certificates are issued under the Programme which are denominated in the currency of a country which, at the time of issue, has not adopted the euro as its sole currency and, before the relevant Certificates are redeemed, the euro becomes the sole currency of that country, a number of consequences may follow including, but not limited to: (a) all amounts payable in respect of the relevant Certificates may become payable in euro; (b) applicable law may allow or require such Certificates to be redenominated into euro and additional measures to be taken in respect of such Certificates; and (c) there may no longer be available published or displayed rates for deposits in such currency used to determine the rates of Periodic Distribution Amount on such Certificates. Any of these or any other consequences could adversely affect the holders of the relevant Certificates.

Exchange rate risks and exchange controls

The Trustee will make all payments on the Certificates, and Senaat will make any payments under the Transaction Documents to which it is a party, in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Certificates; (b) the Investor's Currency equivalent value of the principal payable on the Certificates; and (c) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Amount on a Certificate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

Taxation risks on payments

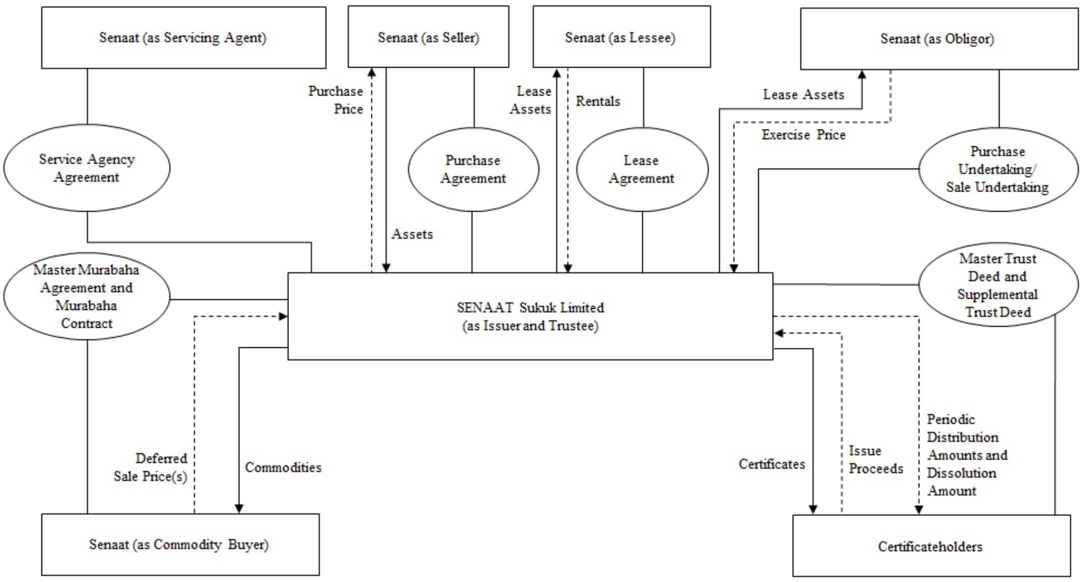
Payments made by Senaat to the Trustee under the Transaction Documents and payments by the Trustee in respect of the Certificates could become subject to taxation. Each of the Master Murabaha Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking and the Master Trust Deed requires Senaat to pay additional amounts in the event that any withholding or deduction is required by applicable law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Amounts.

Condition 13 provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by Cayman Islands law in certain circumstances. If the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 13, it shall unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 13. For the avoidance of doubt, any payment by Senaat pursuant to this paragraph shall discharge *pro tanto* the Trustee's obligation to pay additional amounts pursuant to Condition 13.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing in this Base Prospectus. Potential investors are referred to the "Terms and Conditions of the Certificates" and the detailed descriptions of the relevant Transaction Documents set out in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Payments by the Certificateholders and the Trustee

On the Issue Date of each Tranche of each Series, the relevant Certificateholders will pay the issue proceeds in respect of the Certificates (the "**Issue Proceeds**") to the Trustee and the Trustee will use the Issue Proceeds as follows:

(a) an amount as specified in the applicable Final Terms (the "**Purchase Price**"), being no less than 34 per cent. of the aggregate face amount of such Tranche, will be used by the Trustee (in its capacity as purchaser, the "**Purchaser**") to purchase and accept the transfer and conveyance from Senaat (or a Subsidiary thereof) (in its capacity as seller, the "**Seller**") of the Seller's interests, rights, title, benefits and entitlements in, to and under certain unencumbered ijara assets (the "**Assets**" or, in the case of each subsequent Tranche of such Series, the "**Additional Assets**") pursuant to the Master Purchase Agreement as supplemented by the relevant Supplemental Purchase Agreement (together, the "**Purchase Agreement**"); and

(b) an amount as specified in the applicable Final Terms (the "**Commodity Purchase Price**"), being no greater than 66 per cent. of the aggregate face amount of such Tranche, will be used by the Trustee to purchase certain *Shari'a*-compliant commodities (the "**Commodities**") through the Commodity Agent and the Trustee (in its capacity as seller, the "**Commodity Seller**") will sell such Commodities to Senaat (in its capacity as buyer, the "**Commodity Buyer**") on a deferred payment basis for a sale price (the "**Deferred Sale Price**") specified in a letter of acceptance pursuant to a murabaha contract (the "**Murabaha Contract**") under the terms of the Master Murabaha Agreement.

In respect of each Series, pursuant to the Master Lease Agreement as supplemented by the relevant Supplemental Lease Agreement (together, the "**Lease Agreement**"), the Trustee (in its capacity as lessor, the "**Lessor**") shall lease the relevant Assets and, if applicable, the relevant Additional Assets (such assets, the "**Lease Assets**") to Senaat (in its capacity as lessee, the "**Lessee**") in consideration for periodic rental payments by the Lessee ("**Rentals**").

The Trustee has, pursuant to the terms of the Service Agency Agreement, appointed Senaat as its agent (in such capacity, the "**Servicing Agent**") to perform certain services set out in the Service Agency Agreement (the "**Services**").

Periodic Distribution Payments

The Servicing Agent will be obliged under the Service Agency Agreement to maintain a ledger account in respect of each Series (the "**Collection Account**").

In respect of each Series:

(i) all Rentals payable pursuant to the relevant Lease Agreement in respect of the Lease Assets and all instalment payments of the Murabaha Profit payable pursuant to the terms of each Murabaha Contract will be credited to the Collection Account; and

(ii) on the business day prior to each Periodic Distribution Date, the amounts standing to the credit of the Collection Account will be applied by the Servicing Agent towards the payment into a non-interest bearing account in the name of the Trustee maintained in London (the "**Transaction Account**") of an amount which is intended to be sufficient to fund the Periodic Distribution Amount payable under the Certificates on the immediately following Periodic Distribution Date and shall be applied by the Trustee for such purpose.

Dissolution Distribution Payments

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

(a) the Trustee will have the right under the Purchase Undertaking to require Senaat to purchase all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Lease Assets in consideration for payment by Senaat of the Exercise Price; and

(b) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Commodity Buyer under the Master Murabaha Agreement and the relevant Murabaha Contract(s).

The Exercise Price payable by Senaat to the Trustee and the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Amount payable by the Trustee under the Certificates.

The Certificates in relation to any Series may be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons:

(i) redemption following a Dissolution Event;

(ii) redemption following a Tax Event;

(iii) if so specified in the applicable Final Terms, following the exercise of the Optional Dissolution Right (Call) by Senaat;

(iv) if so specified in the applicable Final Terms, following the exercise of the Change of Control Put Option by the Certificateholders;

(v) if so specified in the applicable Final Terms, following the exercise of the Certificateholder Put Option by the Certificateholders; and

(vi) unless the Lease Assets are replaced by Senaat in accordance with the Service Agency Agreement, redemption following a Total Loss Event.

In the case of paragraphs (i), (iv) and (v) above, the Dissolution Amount payable by the Trustee on the relevant date for the redemption of the Certificates will be funded in a similar manner as for the payment of the Dissolution Amount on the Scheduled Dissolution Date, save in the case of paragraphs (iv) and (v) above, if the Certificates in relation to a Series are to be redeemed in part only: (A) the Trustee will have the right to require Senaat to purchase the applicable portion of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Lease Assets; and (B) the applicable portion of the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable.

In the case of paragraphs (ii) and (iii) above, Senaat will have the right under the Sale Undertaking to require the Trustee to sell to Senaat all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Lease Assets in consideration for payment by Senaat of the Exercise Price. Further, the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Commodity Buyer under the Master Murabaha Agreement and the relevant Murabaha Contract(s). The Exercise Price and the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Amount payable by the Trustee on the relevant date for the redemption of the Certificates in full.

In the case of paragraph (vi) above,

(A) the Trustee will have the right under the Service Agency Agreement to receive all insurance proceeds relating to the Lease Assets; and

(B) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Commodity Buyer under the Master Murabaha Agreement and the relevant Murabaha Contract(s),

in each case, by no later than the 31st day after the occurrence of the Total Loss Event. Such amount is intended to fund the Dissolution Amount payable by the Trustee under the Certificates.

For *Shari'a* reasons, dissolution at the option of Senaat and the Certificateholder Put Option cannot both be specified as applicable in the applicable Final Terms in respect of any single Series.

OVERVIEW OF THE PROGRAMME

The following is an overview of the principal features of the Programme. This overview does not contain all of the information that an investor should consider before investing in Certificates and is qualified in its entirety by the remainder of this Base Prospectus and the applicable Final Terms. Each investor should read the entire Base Prospectus and the applicable Final Terms carefully, especially the risks of investing in the Certificates issued under the Programme discussed under *"Risk Factors*".

Words and expressions defined in "*Structure Diagram and Cashflows*", "*Form of the Certificates*" and "*Terms and Conditions of the Certificates*" shall have the same meanings in this overview.

Certain Transaction Documents are described in more detail in "*Summary of the Principal Transaction Documents*".

Trustee:	SENAAT Sukuk Limited, a limited liability exempted company incorporated in accordance with the laws of, and formed and registered in, the Cayman Islands with registered number 340449 and its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
Trustee Legal Entity Identifier (LEI):	5493005QT1H61U928I30.
Obligor:	General Holding Corporation PJSC.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.
Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the "**Trustee Administrator**"), who provides, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to a corporate services agreement dated 30 October 2018 (the "**Corporate Services Agreement**") between the Trustee and the Trustee Administrator. The Trustee Administrator's registered office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.
Arrangers:	Abu Dhabi Islamic Bank PJSC, Citigroup Global Markets Limited, Dubai Islamic Bank PJSC, First Abu Dhabi Bank PJSC and Standard Chartered Bank.
Dealers:	Abu Dhabi Islamic Bank PJSC, Citigroup Global Markets Limited, Dubai Islamic Bank PJSC, First Abu Dhabi Bank PJSC, Standard Chartered Bank and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Certificates.
Delegate:	Citibank N.A., London Branch. In accordance with the Master Trust Deed, the Trustee will, *inter alia*, unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain present and future rights, powers, authorities and discretions vested in the Trustee by certain provisions of the Master Trust Deed in accordance with the terms of the Master Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being

	indemnified and/or secured and/or prefunded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against Senaat (in any capacity) following a Dissolution Event.
Principal Paying Agent:	Citibank N.A., London Branch.
Registrar:	Citigroup Global Markets Europe AG.
Transfer Agent:	Citibank Europe PLC.
Certain restrictions:	Each Series denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). The proceeds of each Series will not be accepted in the United Kingdom except in compliance with applicable law, including article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
Programme size:	Up to U.S.$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Trustee and Senaat may increase the size of the Programme in accordance with the terms of the Programme Agreement.
Issuance in Series:	The Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will all be subject to terms and conditions which are the same in all respects, save that the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue may be different in respect of different Tranches. The specific terms of each Tranche will be set out in the applicable Final Terms.
Currencies:	Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency agreed between the Trustee, Senaat and the relevant Dealer.
Face amount of Certificates:	The Certificates will be issued in such face amounts as may be agreed between the Trustee, Senaat and the relevant Dealer save that the minimum face amount of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see also "*Overview of the Programme – Certain restrictions*"), and save that the minimum face amount of each Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Certificates are issued in a currency other than euro, the equivalent amount in such currency).
Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, Senaat and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed

	or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.
Issue price:	Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, Senaat and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
Form of Certificates:	The Certificates will be issued in registered form as described in "*Form of the Certificates*". The Certificates of each Tranche will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Certificates in definitive form evidencing holdings of Certificates will be issued in exchange for interests in a Global Certificate only in limited circumstances.
Clearance and settlement:	The Certificates of each Series will be initially represented by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in Global Certificates held through them. While the Certificates of any Series are represented by a Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.
Status of the Certificates:	Each Certificate will evidence an undivided ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee and will rank *pari passu*, without any preference or priority, with all other Certificates of the relevant Series issued under the Programme.
Trust Assets:	Pursuant to the Trust Deed, the Trustee shall hold the Trust Assets for each Series upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of the Certificates held by each holder. The Trust Assets in respect of each Series will comprise: (a) the Issue Proceeds, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the relevant Lease Assets; (c) all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Transaction Documents (other than: (i) in relation to any representations given to the Trustee by Senaat pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents; (ii) the covenant given to the Trustee pursuant to clause 15.1 of the Master Trust Deed; and (iii) any rights given to the Delegate in its personal capacity); (d) all moneys

	standing to the credit of the relevant Transaction Account from time to time; and (e) all proceeds of the foregoing.
Limited recourse:	Each Certificate represents solely an undivided ownership interest in the relevant Trust Assets. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets. Certificateholders will otherwise have no recourse to any assets of the Trustee or Senaat in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.
Periodic Distribution Amounts:	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
Redemption of Certificates:	Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the relevant Final Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts for such Certificates on the relevant Scheduled Dissolution Date specified in the applicable Final Terms and the Trust in relation to the relevant Series will be dissolved by the Trustee.
Early dissolution for taxation reasons:	Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 13 or Senaat has or will become obliged to pay any additional amounts in respect of amounts payable under any Transaction Document to which it is a party as a result of a change in the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Trustee or Senaat, as applicable, taking reasonable measures available to it, the Trustee may, following receipt of an exercise notice from Senaat pursuant to the Sale Undertaking, redeem the Certificates in whole, but not in part, at an amount equal to the relevant Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates on the relevant Tax Dissolution Date in accordance with Condition 12.2.
Optional Dissolution Right (Call):	If so specified in the applicable Final Terms, the Trustee may, following receipt of an exercise notice from Senaat pursuant to the Sale Undertaking, redeem in whole, but not in part, the Certificates of the relevant Series at the relevant Optional Dissolution Amount (Call) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates on the relevant Optional Dissolution Date in accordance with Condition 12.3. For *Shari'a* reasons, Optional Dissolution Right (Call) and Certificateholder Put Option cannot both be applicable to any single Series.
Certificateholder Put Option:	If so specified in the applicable Final Terms, each Certificateholder may elect to redeem its Certificates on any

	Certificateholder Put Option Date(s) specified in the applicable Final Terms at an amount equal to the relevant Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates in accordance with Condition 12.4. For *Shari'a* reasons, Optional Dissolution Right (Call) and Certificateholder Put Option cannot both be applicable to any single Series.
Change of Control Put Option:	If so specified in the applicable Final Terms, each Certificateholder may elect to redeem its Certificates on any Change of Control Put Option Date at an amount equal to the relevant Change of Control Amount together with any accrued but unpaid Periodic Distribution Amounts in accordance with Condition 12.5.
Total Loss Event:	Following the occurrence of a Total Loss Event, save where the Lease Assets are replaced in accordance with the Service Agency Agreement, the Trustee will redeem the Certificates of the relevant Series in whole, but not in part, at the relevant Total Loss Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts for such Certificates in accordance with Condition 12.6.
Cancellation of Certificates held by Senaat and/or its Subsidiaries:	Pursuant to Condition 15, Senaat and/or any of its Subsidiaries may at any time purchase Certificates in the open market or otherwise and, if Senaat wishes to cancel such Certificates purchased by it and/or its Subsidiaries, Senaat will deliver those Certificates to the Registrar for cancellation.
Dissolution Events:	Upon the occurrence of any Dissolution Event, the Certificates may be redeemed in full on the Dissolution Event Redemption Date at the relevant Dissolution Event Amount (see Condition 16).
Withholding tax:	All payments by the Trustee in respect of the Certificates shall be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts as shall result in receipt by the Certificateholders of such net amounts as would have been received by them had no such withholding or deduction been required, subject to and in accordance with Condition 13. If the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 13, Senaat has undertaken in the Master Trust Deed to unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 13. In addition, all payments by Senaat under the Transaction Documents to which it is a party are to be made without withholding or deduction for, or on account of, any means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction, unless the

	withholding or deduction of the Taxes is required by law. In such event, Senaat has undertaken to pay additional amounts as shall result in receipt by the Trustee of such net amounts as would have been received by it under the relevant Transaction Document had no such withholding or deduction been required.
Negative pledge and other covenants:	The Conditions of the Certificates contain a negative pledge and certain other covenants given by Senaat (see Condition 6 and Condition 7).
Cross-default:	The Conditions of the Certificates contain a cross-default provision in relation to Senaat (see Condition 16).
Trustee covenants:	The Trustee has agreed to certain restrictive covenants as set out in Condition 5.
Ratings:	Senaat has been assigned a long term rating of A with a stable outlook by Fitch. Fitch is established in the EU and is registered under the CRA Regulation. As such, Fitch is included in the list of credit agencies published by ESMA on its website in accordance with the CRA Regulation. A Series to be issued under the Programme may be rated or unrated. Where a Series is to be rated, its rating will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Certificates will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of repayment and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Listing and admission to trading:	Application has been made to the U.K. Listing Authority for Certificates issued under the Programme (other than Non-PD Certificates) for a period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the Regulated Market. Application has also been made to the ADX for the Certificates to be admitted to listing on the ADX. The Programme also permits Certificates to be issued on the basis that they will not be admitted to listing, trading on a regulated market for the purposes of MiFID II and/or quotation by any competent authority, stock exchange and/or quotation system or may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Trustee, Senaat and the relevant Dealer(s). The applicable Final Terms (or the applicable Pricing Supplement, as the case may be) will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Transaction Documents:	The Transaction Documents are the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Master Murabaha Agreement, each Murabaha Contract, the Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, each Sale Agreement entered into under the Purchase Undertaking, each Sale Agreement entered into under the Sale Undertaking and any Declaration of Commingling of Assets.
Governing law and dispute resolution:	The Certificates of each Series and any non-contractual obligations arising out of or in connection with the Certificates of each Series will be governed by, and construed in accordance with, English law. Each Transaction Document and any non-contractual obligations arising out of or in connection with it will be governed by English law. In respect of any dispute under any such agreement or deed to which it is a party, Senaat has consented to arbitration with a seat in London under the LCIA Rules. Any dispute may also be referred to the courts in England. The Corporate Services Agreement and Share Declaration of Trust are governed by the laws of the Cayman Islands and are subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.
Waiver of immunity:	To the extent that Senaat may claim for itself or its assets immunity from suit, execution, seizure, attachment or legal other process and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets, Senaat has agreed in the Transaction Documents to which it is a party not to claim and has irrevocably and unconditionally waived such immunity in relation to any legal proceedings to the fullest extent permitted by the laws of such jurisdiction.
Distribution:	Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Selling restrictions:	There are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the European Economic Area (including the United Kingdom), the Cayman Islands, Japan, the UAE (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Saudi Arabia, Bahrain, Qatar, Singapore, Hong Kong and Malaysia.
U.S. selling restrictions:	Regulation S, Category 2.

FORM OF THE CERTIFICATES

Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

The Certificates of each Tranche will be in registered form. Certificates will be issued outside the United States to persons who are not U.S. persons (within the meaning of Regulation S) in reliance on Regulation S.

Each Tranche will initially be represented by a global certificate in registered form (a "**Global Certificate**"). Global Certificates will be deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and will be registered in the name of a nominee for the common depositary. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Certificates in definitive form in fully registered form.

Payments of any amount in respect of each Global Certificate will, in the absence of any provision to the contrary, be made to the person shown on the relevant Register as the registered holder of the Certificates represented by the relevant Global Certificate. None of the Trustee, Senaat, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Certificate will be exchangeable (free of charge), in whole, but not in part, for Certificates in definitive form only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 19 if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that: (a) a Dissolution Event (as defined in Condition 16) has occurred and is continuing; or (b) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the relevant Global Certificate shall be exchanged in full for Certificates in definitive form and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Certificates in definitive form to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Certificates in definitive form.

General

For so long as any Certificate is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes (save in the case of manifest error) shall be treated by the Trustee, Senaat, the Delegate and their respective agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, Senaat, the Delegate and their respective agents as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Certificates issued under the Programme (other than Non-PD Certificates).

[**MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (a) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU, as amended ("**MiFID II**"); and (b) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [ ]

SENAAT SUKUK LIMITED

ISSUE OF [ ] [ ]

under the
U.S.$3,000,000,000 Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 19 November 2018 [and the supplement to the base prospectus dated [ ]] [which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**")] (the "**Base Prospectus**"). [This document constitutes the applicable Final Terms of the Certificates described herein [for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with the Base Prospectus.] Full information on the Trustee, Senaat and the offer of the Certificates is only available on the basis of a combination of the applicable Final Terms and the Base Prospectus. The Base Prospectus is available for viewing in accordance with Article 14 of the Prospectus Directive on the London Stock Exchange's website at *http://www.londonstockexchange.com/exchange/ news/market-news/market-news-home.html* and during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from the registered office of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

1.	(a)	Trustee:	SENAAT Sukuk Limited
	(b)	Trustee Legal Entity Identifier Number (LEI):	5493005QT1H61U928I30
	(c)	Obligor:	General Holding Corporation PJSC
2.	(a)	Series Number:	[ ]
	(b)	Tranche:	[ ]
	[(c)]	[Date on which the Certificates will be consolidated and form a single Series:]	[The Certificates which are Additional Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert date*]]
3.		Specified Currency:	[ ]

4.	Aggregate Face Amount:	
	(a) Series:	[ ]
	(b) Tranche:	[ ]
5.	Issue Price:	[ ] per cent. of the Aggregate Face Amount [plus accrued Periodic Distribution Amounts from [ ]]
6.	(a) Specified Denominations:	[ ] [and integral multiples of [ ] in excess thereof]
	(b) Calculation Amount:	[ ]
7.	(a) Issue Date:	[ ]
	(b) Return Accrual Commencement Date:	[ ]/[Issue Date]
8.	Scheduled Dissolution Date:	[ ]
9.	Profit Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[ ] +/- [ ] per cent. Floating Periodic Distribution Amount] (further particulars specified at paragraph [14]/[15] below)
10.	Dissolution Basis:	Dissolution at par
11.	Change of Periodic Distribution Basis:	[ ]/[Not Applicable]
12.	Put/Call Options[1]:	[Not Applicable] [Optional Dissolution Right (Call)] [Certificateholder Put Option] [Change of Control Put Option] [(further particulars specified at paragraph [16]/[17]/[18] below)]
13.	Date of Trustee board approval and date of Obligor's [board] approval for issuance of the Certificates:	[ ] and [ ], respectively

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

14.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable]
	(a) Rate[s]:	[ ] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[monthly]/[in arrear]]
	(b) Periodic Distribution Date(s):	[[ ] in each year up to and including the Scheduled Dissolution Date, commencing on [ ]]/[ ]
	(c) Fixed Amount(s):	[ ] per Calculation Amount
	(d) Broken Amount(s):	[[ ] per Calculation Amount [payable on [ ]]]/[Not Applicable]
	(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]

1 For *Shari'a* reasons, Optional Dissolution Right (Call) and Certificateholder Put Option cannot both be specified as applicable in respect of a single Series.

	(f)	Determination Date(s):	[[ ] in each year]/[Not Applicable]
15.		Floating Periodic Distribution Provisions:	[Applicable/Not Applicable]
	(a)	Specified Periodic Distribution Date(s):	[ ]/[Not Applicable]
	(b)	Specified Period:	[ ]/[Not Applicable]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(d)	Additional Business Centre(s):	[ ]/[Not Applicable]
	(e)	Manner in which the Rate(s) is/are to be determined:	Screen Rate Determination (Condition 9.3 applies)
	(f)	Screen Rate Determination:	Applicable
		(i) Reference Rate:	[LIBOR]/[EURIBOR] [calculated in accordance with Condition 9.3]
		(ii) Periodic Distribution Determination Date:	[ ]
		(iii) Relevant Screen Page:	[ ]
		(iv) Relevant Time:	[ ]
	(g)	Linear Interpolation:	[Not Applicable/Applicable – the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation]
	(h)	Margin:	[ ]
	(i)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/360]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/Actual (ISDA)]/[Actual/Actual]
	(j)	Calculation Agent:	[ ]
16.		Optional Dissolution Right (Call):	[Applicable/Not Applicable]
	(a)	Optional Dissolution Amount (Call):	[[ ] per Calculation Amount]
	(b)	Optional Dissolution Date(s):	[ ]
	(c)	Notice period (if other than as set out in Condition 12.3):	[ ]
17.		Certificateholder Put Option:	[Applicable/Not Applicable]
	(a)	Optional Dissolution Amount (Certificateholder Put):	[[ ] per Calculation Amount]
	(b)	Certificateholder Put Option Date(s):	[ ]

	(c) Notice period (if other than as set out in Condition 12.4):	[ ]
18.	Change of Control Put Option:	[Applicable/Not Applicable]
	(a) Change of Control Amount:	[[ ] per Calculation Amount]
	(b) Change of Control Put Option Date:	[[ ] day after the expiry of the Change of Control Put Period, provided that if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency, the Change of Control Put Option Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency]/[ ]/[Condition 12.5 applies]
19.	Final Dissolution Amount:	[[ ] per Calculation Amount]
20.	Early Dissolution Amount (Tax):	[[ ] per Calculation Amount]
21.	Total Loss Dissolution Amount:	[[ ] per Calculation Amount]
22.	Dissolution Event Amount:	[[ ] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

23.	Form of Certificates:	Registered Certificates. Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
24.	Additional Financial Centre(s):	[ ]/[Not Applicable]

PROVISIONS IN RESPECT OF THE TRUST ASSETS

25.	On the Issue Date:	
	(a) Lease Asset percentage:	[ ]
	(b) Murabaha percentage:	[ ]
26.	Transaction Account:	[SENAAT Sukuk Limited Transaction Account No: [ ] with [ ] for Series No.: [ ]]
27.	Trust Assets:	Condition 4.1 applies
28.	Other Transaction Documents:	
	(a) Supplemental Trust Deed:	[Supplemental Trust Deed dated [ ] between SENAAT Sukuk Limited, Senaat and the Delegate]
	(b) Supplemental Purchase Agreement:	[Supplemental Purchase Agreement dated [ ] between SENAAT Sukuk Limited (as Purchaser) and [ ] (as Seller)]
	(c) Supplemental Lease Agreement:	Supplemental Lease Agreement dated [ ] between SENAAT Sukuk Limited (as Lessor) and Senaat (as Lessee)

[(d)][Murabaha Contract:]	[Purchase Order dated [ ] from Senaat to SENAAT Sukuk Limited and Letter of Offer and Acceptance dated [ ] from SENAAT Sukuk Limited to Senaat]
[(e)][Declaration of Commingling of Assets:]	[Declaration of Commingling of Assets dated [ ] between SENAAT Sukuk Limited, Senaat and the Delegate]

SIGNED on behalf of

SENAAT SUKUK LIMITED

By: ....
Duly authorised

SIGNED on behalf of

GENERAL HOLDING CORPORATION PJSC

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i) Listing and admission to trading:	[Application [has been/is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on the London Stock Exchange's regulated market and to the official list of the U.K. Listing Authority with effect from [ ].] [Application [has also been/is also expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to listing on the ADX with effect from [ ].]/[Not Applicable]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

Ratings:	[The Certificates to be issued [[have been]/[are expected to be]] rated [ ] by [ ]/[are unrated].] [[ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.] [[ ] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended.] [[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended. The ratings [[have been]/[are expected to be]] endorsed by [ ] in accordance with Regulation (EC) No. 1060/2009, as amended. [ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.] [[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended, but it is certified in accordance with such Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as each of the Trustee and Senaat is aware, no person involved in the issue of the Certificates has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee or Senaat or their affiliates in the ordinary course of business for which they may receive fees.]

4. **[PROFIT OR RETURN (*Fixed Periodic Distribution Certificates only*)**

Indication of profit or return:	[ ] The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price and may not be an indication of future profit or return]

5. **OPERATIONAL INFORMATION**

(i) ISIN:	[ ]
(ii) Common Code:	[ ]
(iii) Any other security identification codes:	[ ]/[Not Applicable]
(iv) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable]/[ ]
(v) Delivery:	Delivery [against/free of] payment
(vi) Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable]/[ ]

6. **DISTRIBUTION**

(i) Method of distribution:	[Syndicated/Non-syndicated]
(ii) If syndicated, names of Managers:	[Not Applicable]/[ ]
(iii) Stabilisation Manager:	[Not Applicable]/[ ]
(iv) If non-syndicated, name of relevant Dealer:	[Not Applicable]/[ ]
(v) U.S. selling restrictions:	Regulation S, Category 2; TEFRA not applicable

7. **[RESPONSIBILITY**

[*Relevant third party information*] has been extracted from [*specify source*]. Each of SENAAT Sukuk Limited and Senaat confirms that such information has been accurately reproduced and that so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Non-PD Certificates issued under the Programme.

[**MiFID II PRODUCT GOVERNANCE/TARGET MARKET –** [*appropriate target market legend to be included*].]

No base prospectus is required to be produced in accordance with Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**") for the issue of Certificates described below and, accordingly, the Certificates issued as described below are not required to, and do not comply with, the Prospectus Directive as so amended. The U.K. Listing Authority has neither approved nor reviewed the information contained in this Pricing Supplement.

Pricing Supplement dated [ ]

SENAAT SUKUK LIMITED

ISSUE OF [ ] [ ]

under the
U.S.$3,000,000,000 Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 19 November 2018 [and the supplement to the base prospectus dated [ ]] [which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**")] (the "**Base Prospectus**"). This document constitutes the applicable Pricing Supplement of the Certificates described herein and must be read in conjunction with the Base Prospectus. Full information on the Trustee, Senaat and the offer of the Certificates is only available on the basis of a combination of these applicable Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing in accordance with Article 14 of the Prospectus Directive on the London Stock Exchange's website at *http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html* and during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, Cayman Islands and copies may be obtained from the registered office of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

1.	(a)	Trustee:	SENAAT Sukuk Limited
	(b)	Trustee Legal Entity Identifier Number (LEI):	5493005QT1H61U928I30
	(c)	Obligor:	General Holding Corporation PJSC
2.	(a)	Series Number:	[ ]
	(b)	Tranche:	[ ]
	[(c)]	[Date on which the Certificates will be consolidated and form a single Series:]	[The Certificates which are Additional Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert date*]]
3.		Specified Currency:	[ ]
4.		Aggregate Face Amount:	
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]

5.	Issue Price:	[ ] per cent. of the Aggregate Face Amount [plus accrued Periodic Distribution Amounts from [ ]]
6.	(a) Specified Denominations:	[ ] [and integral multiples of [ ] in excess thereof]
	(b) Calculation Amount:	[ ]
7.	(a) Issue Date:	[ ]
	(b) Return Accrual Commencement Date:	[ ]/[Issue Date]
8.	Scheduled Dissolution Date:	[ ]
9.	Profit Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[ ] +/- [ ] per cent. Floating Periodic Distribution Amount] (further particulars specified at paragraph [14]/[15] below)
10.	Dissolution Basis:	Dissolution at par
11.	Change of Periodic Distribution Basis:	[ ]/[Not Applicable]
12.	Put/Call Options[2]:	[Not Applicable] [Optional Dissolution Right (Call)] [Certificateholder Put Option] [Change of Control Put Option] [(further particulars specified at paragraph [16]/[17]/[18] below)]
13.	Date of Trustee board approval and date of Obligor's [board] approval for issuance of the Certificates:	[ ] and [ ], respectively

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

14.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable]
	(a) Rate[s]:	[ ] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[monthly]/[in arrear]]
	(b) Periodic Distribution Date(s):	[[ ] in each year up to and including the Scheduled Dissolution Date, commencing on [ ]]/[ ]
	(c) Fixed Amount(s):	[ ] per Calculation Amount
	(d) Broken Amount(s):	[[ ] per Calculation Amount [payable on [ ]]]/[Not Applicable]
	(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]
	(f) Determination Date(s):	[[ ] in each year]/[Not Applicable]

2 For *Shari'a* reasons, Optional Dissolution Right (Call) and Certificateholder Put Option cannot both be specified as applicable in respect of a single Series.

15.	Floating Periodic Distribution Provisions:	[Applicable/Not Applicable]
	(a) Specified Periodic Distribution Date(s):	[ ]/[Not Applicable]
	(b) Specified Period:	[ ]/[Not Applicable]
	(c) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(d) Additional Business Centre(s):	[ ]/[Not Applicable]
	(e) Manner in which the Rate(s) is/are to be determined:	Screen Rate Determination (Condition 9.3 applies)
	(f) Screen Rate Determination:	Applicable
	(i) Reference Rate:	[LIBOR]/[EURIBOR] [calculated in accordance with Condition 9.3]
	(ii) Periodic Distribution Determination Date:	[ ]
	(iii) Relevant Screen Page:	[ ]
	(iv) Relevant Time:	[ ]
	(g) Linear Interpolation:	[Not Applicable/Applicable – the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation]
	(h) Margin:	[ ]
	(i) Day Count Fraction:	[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/360]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/Actual (ISDA)]/[Actual/Actual]
	(j) Calculation Agent:	[ ]
16.	Optional Dissolution Right (Call):	[Applicable/Not Applicable]
	(a) Optional Dissolution Amount (Call):	[[ ] per Calculation Amount]
	(b) Optional Dissolution Date(s):	[ ]
	(c) Notice period (if other than as set out in Condition 12.3):	[ ]
17.	Certificateholder Put Option:	[Applicable/Not Applicable]
	(a) Optional Dissolution Amount (Certificateholder Put):	[[ ] per Calculation Amount]
	(b) Certificateholder Put Option Date(s):	[ ]
	(c) Notice period (if other than as set out in Condition 12.4):	[ ]

18.	Change of Control Put Option:	[Applicable/Not Applicable]
	(a) Change of Control Amount:	[[ ] per Calculation Amount]
	(b) Change of Control Put Option Date:	[[ ] day after the expiry of the Change of Control Put Period, provided that if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency, the Change of Control Put Option Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency]/[ ]/[Condition 12.5 applies]
19.	Final Dissolution Amount:	[[ ] per Calculation Amount]
20.	Early Dissolution Amount (Tax):	[[ ] per Calculation Amount]
21.	Total Loss Dissolution Amount:	[[ ] per Calculation Amount]
22.	Dissolution Event Amount:	[[ ] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

23.	Form of Certificates:	Registered Certificates. Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
24.	Additional Financial Centre(s):	[ ]/[Not Applicable]

PROVISIONS IN RESPECT OF THE TRUST ASSETS

25.	On the Issue Date:	
	(a) Lease Asset percentage:	[ ]
	(b) Murabaha percentage:	[ ]
26.	Transaction Account:	[SENAAT Sukuk Limited Transaction Account No: [ ] with [ ] for Series No.: [ ]]
27.	Trust Assets:	Condition 4.1 applies
28.	Other Transaction Documents:	
	(a) Supplemental Trust Deed:	[Supplemental Trust Deed dated [ ] between SENAAT Sukuk Limited, Senaat and the Delegate]
	(b) Supplemental Purchase Agreement:	[Supplemental Purchase Agreement dated [ ] between SENAAT Sukuk Limited (as Purchaser) and [ ] (as Seller)]
	(c) Supplemental Lease Agreement:	Supplemental Lease Agreement dated [ ] between SENAAT Sukuk Limited (as Lessor) and Senaat (as Lessee)
	[(d)][Murabaha Contract:]	[Purchase Order dated [ ] from Senaat to SENAAT Sukuk Limited and Letter of Offer and Acceptance dated [ ] from SENAAT Sukuk Limited to Senaat]

[(e)][Declaration of Commingling of Assets:]	[Declaration of Commingling of Assets dated [ ] between SENAAT Sukuk Limited, Senaat and the Delegate]

SIGNED on behalf of

SENAAT SUKUK LIMITED

By: ....
Duly authorised

SIGNED on behalf of

GENERAL HOLDING CORPORATION PJSC

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i) Listing and admission to trading:	[Application [has been/is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to listing on [ ] with effect from [ ].] [Application [has been/is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [ ] with effect from [ ].]/[ ]/[Not Applicable]
(ii) Estimate of total expenses related to admission to trading:	[ ]/[Not Applicable]

2. **RATINGS**

Ratings: [The Certificates to be issued [[have been]/[are expected to be]] rated [ ] by [ ]/[are unrated].]

[[ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.]

[[ ] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended.]

[[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended. The ratings [[have been]/[are expected to be]] endorsed by [ ] in accordance with Regulation (EC) No. 1060/2009, as amended. [ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.]

[[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended, but it is certified in accordance with such Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as each of the Trustee and Senaat is aware, no person involved in the issue of the Certificates has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee or Senaat or their affiliates in the ordinary course of business for which they may receive fees.]

4. **[PROFIT OR RETURN (*Fixed Periodic Distribution Certificates only*)**

Indication of profit or return: [ ]

The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price and may not be an indication of future profit or return]

5. **OPERATIONAL INFORMATION**

(i) ISIN:	[ ]
(ii) Common Code:	[ ]
(iii) Any other security identification codes:	[ ]/[Not Applicable]
(iv) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable]/[ ]
(v) Delivery:	Delivery [against/free of] payment
(vi) Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable]/[ ]

6. **DISTRIBUTION**

(i) Method of distribution:	[Syndicated/Non-syndicated]
(ii) If syndicated, names of Managers:	[Not Applicable]/[ ]
(iii) Stabilisation Manager:	[Not Applicable]/[ ]
(iv) If non-syndicated, name of relevant Dealer:	[Not Applicable]/[ ]
(v) U.S. selling restrictions:	Regulation S, Category 2; TEFRA not applicable

7. **[RESPONSIBILITY**

[*Relevant third party information*] has been extracted from [*specify source*]. Each of SENAAT Sukuk Limited and Senaat confirms that such information has been accurately reproduced and that so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which subject to completion in accordance with the provisions of Part A of the relevant Final Terms (save for the text in italics) will be endorsed on each Certificate in definitive form issued under the Programme and will apply to each Global Certificate.

*In the case of Certificates which will not be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended) in the European Economic Area or offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (as amended or superseded) ("**Non-PD Certificates**") and, accordingly, for which no base prospectus is required to be produced in accordance with Directive 2003/71/EC, as amended, a pricing supplement (a "**Pricing Supplement**") will be issued describing the final terms of such Series of Non-PD Certificates. Each reference in these Terms and Conditions of the Certificates to "Final Terms" shall, in the case of a Series of Non-PD Certificates, be read and construed as a reference to such Pricing Supplement unless the context requires otherwise.*

SENAAT Sukuk Limited (in its capacities as issuer and trustee, the "**Trustee**") has established a programme (the "**Programme**") for the issuance of up to U.S.$3,000,000,000 in aggregate face amount of trust certificates. In these terms and conditions (the "**Conditions**"), references to "**Certificates**" shall be references to the trust certificates which are the subject of the applicable Final Terms and references to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Certificate.

As used herein, "**Tranche**" means Certificates which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which are: (a) expressed to be consolidated and form a single series; and (b) have the same terms and conditions which are identical in all respects except for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) and the date from which Periodic Distribution Amounts start to accrue.

The Certificates of each Series will represent an undivided ownership interest in the Trust Assets (as defined in Condition 4.1) which are held by the Trustee on trust (the "**Trust**") for, *inter alia*, the benefit of the registered holders of the Certificates pursuant to: (i) a master trust deed dated 19 November 2018 (the "**Master Trust Deed**") and made between the Trustee, General Holding Corporation PJSC ("**Senaat**") and Citibank N.A., London Branch (in its capacity as: (A) donee of certain powers set out in the Master Trust Deed; and (B) delegate of the Trustee, the "**Delegate**" which expression shall include any co-Delegate or any successor); and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**") having the details set out in the applicable Final Terms.

Payments relating to the Certificates will be made pursuant to an agency agreement dated 19 November 2018 (the "**Agency Agreement**") made between the Trustee, Senaat, the Delegate, Citibank N.A., London Branch in its capacities as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor and, together with any further or other paying agents appointed from time to time in accordance with the Agency Agreement, the "**Paying Agents**", which expression shall include any successors) and calculation agent (in such capacity, the "**Calculation Agent**", which expression shall include any successors), Citigroup Global Markets Europe AG in its capacity as a registrar (in such capacity, the "**Registrar**", which expression shall include any successors) and Citibank Europe PLC in its capacity as a transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any successors). The Principal Paying Agent, the Paying Agents, the Calculation Agent, the Registrar and the Transfer Agent are together referred to in these Conditions as the "**Agents**".

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions:

(A) any reference to face amount shall be deemed to include the relevant Dissolution Amount (as defined in Condition 10.1), any additional amounts (other than relating to Periodic Distribution Amounts (as defined in Condition 0)) which may be payable under Condition 13, and any other amount in the nature of face amounts payable pursuant to these Conditions;

(B) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 13 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;

(C) references to Certificates being "outstanding" shall be construed in accordance with the Master Trust Deed; and

(D) any reference to a Transaction Document (as defined below) shall be construed as a reference to that Transaction Document as amended and/or supplemented from time to time.

Subject as set out below, copies of the documents set out below are available for inspection and obtainable free of charge by the Certificateholders during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office for the time being of the Principal Paying Agent. The holders of the Certificates (the "**Certificateholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

(1) the Trust Deed and any declaration of commingling of assets entered into pursuant to the Trust Deed (the "**Declaration of Commingling of Assets**");

(2) the Agency Agreement;

(3) a master murabaha agreement dated 19 November 2018 (the "**Master Murabaha Agreement**") between the Trustee (in its capacity as seller, the "**Commodity Seller**") of certain commodities (to be specified in the Purchase Order and the Letter of Offer and Acceptance (together, the "**Murabaha Contract**"), the forms of which are scheduled to such Master Murabaha Agreement) and Senaat (in its capacity as buyer of such commodities, the "**Commodity Buyer**");

(4) any Murabaha Contract, having the details set out in the applicable Final Terms;

(5) a master purchase agreement dated 19 November 2018 (the "**Master Purchase Agreement**") between SENAAT Sukuk Limited (in its capacity as Trustee and in its capacity as purchaser, the "**Purchaser**") and Senaat (with Senaat or a Subsidiary of Senaat being a seller, in such capacity the "**Seller**");

(6) the supplemental purchase agreement (the "**Supplemental Purchase Agreement**" and, together with the Master Purchase Agreement, the "**Purchase Agreement**") having the details set out in the applicable Final Terms;

(7) a master lease agreement dated 19 November 2018 (the "**Master Lease Agreement**") between SENAAT Sukuk Limited (in its capacity as Trustee and in its capacity as lessor, the "**Lessor**") and Senaat (in its capacity as lessee, the "**Lessee**");

(8) any supplemental lease agreement (the "**Supplemental Lease Agreement**" and, together with the Master Lease Agreement, the "**Lease Agreement**") having the details set out in the applicable Final Terms;

(9) a service agency agreement dated 19 November 2018 (the "**Service Agency Agreement**") between the Trustee and Senaat (in its capacity as servicing agent, the "**Servicing Agent**");

(10) a purchase undertaking dated 19 November 2018 (the "**Purchase Undertaking**") executed by Senaat for the benefit of the Trustee and the Delegate and any sale agreement entered into under the Purchase Undertaking; and

(11) a sale undertaking dated 19 November 2018 (the "**Sale Undertaking**") executed by the Trustee for the benefit of Senaat and any sale agreement entered into under the Sale Undertaking.

The documents listed above are referred to in these Conditions as the "**Transaction Documents**". The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct SENAAT Sukuk Limited, on behalf of the Certificateholders: (X) to apply the specified portion of the sums paid by it in respect of its Certificates to the Purchaser in accordance with the Purchase Agreement; (Y) to apply the remaining portion of the sums paid by it in respect of its Certificates to purchase and sell certain commodities in accordance with the Master Murabaha Agreement and the relevant Murabaha Contract; and (Z) to enter into each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Certificates are issued in registered form in the Specified Denominations and, in the case of Certificates in definitive form, are serially numbered.

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by a clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, Senaat, the Delegate and the Agents as the holder of such face amount of such Certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, Senaat, the Delegate and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder**" in relation to any Certificates and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular face amount of Certificates as aforesaid, the Delegate may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Each holder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Global Certificate. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

1.2 Register

The Registrar will maintain a register (the "**Register**") of Certificateholders in respect of the Certificates in accordance with the provisions of the Agency Agreement. In the case of Certificates in definitive form, a definitive Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

1.3 Title

The Trustee, Senaat, the Delegate and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificate is for the time being registered (as set out in the Register) as the holder of such Certificate or of a particular face amount of the Certificates for all purposes (whether or not such Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, Senaat, the Delegate and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for moneys payable in respect of such Certificate or face amount.

2. TRANSFERS OF CERTIFICATES

2.1 Transfers of interests in the Global Certificate

Transfers of interests in the Global Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Certificates in definitive form

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer: (a) the holder or holders must: (i) surrender the definitive Certificate for registration of the transfer thereof (or the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such regulations as SENAAT Sukuk Limited, Senaat, the Delegate, the Registrar and the Transfer Agent may from time to time prescribe (the initial such regulations being scheduled to the Master Trust Deed).

Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request a new Certificate in definitive form of a like aggregate face amount to the Certificate (or the relevant part of the Certificate) transferred. In the case of the transfer of part only of a Certificate in definitive form, a new Certificate in definitive form in respect of the balance of the Certificate not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

No Certificateholder may require the transfer of a Certificate in definitive form to be registered during the period of 15 days ending on a Periodic Distribution Date (as defined in Condition 0 or Condition 9.2, as applicable), a Dissolution Date (as defined in Condition 12.9) or any other date on which any payment of the face amount or payment of any profit in respect of a Certificate falls due.

2.3 Costs of registration

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Trustee may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS AND LIMITED RECOURSE

3.1 Status

Each Certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Trust Deed and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

3.2 **Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in the next sentence, the Certificates do not represent an interest in or obligation of any of the Trustee, Senaat, the Delegate, the Agents, the Trustee Administrator or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that they will have no recourse to any assets of the Trustee (including, in particular, other assets comprised in other trusts, if any), Senaat (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents, the Trustee Administrator or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

Senaat is obliged to make certain payments under the Transaction Documents directly to the Trustee (for and on behalf of the Certificateholders) and the Delegate will have, pursuant to the Transaction Documents, recourse against Senaat to recover such payments.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 17, no holder of Certificates will have any claim against SENAAT Sukuk Limited, Senaat (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents, the Trustee Administrator or any of their respective affiliates or against any assets (other than the Trust Assets to the extent not exhausted) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding-up or receivership of SENAAT Sukuk Limited, Senaat (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents, the Trustee Administrator or any of their respective affiliates as a consequence of such shortfall or otherwise.

"**Trustee Administrator**" means MaplesFS Limited in its capacity as the administrator of the Trustee and shall include any successor.

3.3 **Agreement of Certificateholders**

By purchasing Certificates, each Certificateholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(a) no payment of any amount whatsoever shall be made by or on behalf of SENAAT Sukuk Limited (acting in any capacity) except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document to which it is a party, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon any Transaction Document, against SENAAT Sukuk Limited (acting in any capacity) to the extent the Trust Assets have been exhausted following which all obligations of SENAAT Sukuk Limited (acting in any capacity) shall be extinguished;

(b) it will not institute against, or join with any other person in instituting against, SENAAT Sukuk Limited any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law; and

(c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of SENAAT Sukuk Limited (acting in any capacity) arising under or in connection with these Conditions by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director or corporate administrator of SENAAT Sukuk Limited in their capacity as such and any and all personal liability of every such shareholder, officer, director or corporate administrator in their capacity as such for any breaches by SENAAT Sukuk Limited (acting in any capacity) of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law.

Neither Senaat nor the Certificateholders shall be entitled to claim or exercise any right of set-off or counterclaim in respect of any sums due under these Conditions or any part thereof with respect to any liability owed by it to the Trustee or claim any lien or other rights over any property held by it on behalf of the Trustee.

4. **THE TRUST**

4.1 **The Trust Assets**

Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder. The "**Trust Assets**" in respect of each Series comprise:

(i) the cash proceeds of the issue of the Certificates (the "**Issue Proceeds**"), pending application thereof in accordance with the terms of the Transaction Documents;

(ii) all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the relevant Lease Assets;

(iii) all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Transaction Documents (other than: (i) in relation to any representations given to the Trustee by Senaat pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents; (ii) the covenant given to the Trustee pursuant to clause 15.1 of the Master Trust Deed; and (iii) any rights given to the Delegate in its personal capacity);

(iv) all moneys standing to the credit of the relevant Transaction Account from time to time; and

(v) all proceeds of the foregoing.

4.2 **Application of Proceeds from the Trust Assets**

On each Periodic Distribution Date and on a Dissolution Date, the monies standing to the credit of the Transaction Account shall be applied in the following order of priority:

(a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it or any Appointee (as defined in the Master Trust Deed) under the Transaction Documents in its capacity as Delegate or Appointee;

(b) *second*, only if such payment is due on a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(c) *third*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount; and

(d) *fourth*, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and provided that all amounts required to be paid in respect of the Certificates pursuant to the Conditions have been discharged in full, to Senaat.

The Trustee will establish a Transaction Account in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be maintained in London and operated by the

Principal Paying Agent on behalf of the Trustee for the benefit of Certificateholders, details of which are specified in the applicable Final Terms.

5. TRUSTEE COVENANTS

The Trustee covenants that, for so long as any Certificate is outstanding, it will not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of borrowed money whatsoever (whether structured in accordance with the principles of the *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates except, in all cases, as contemplated in the Transaction Documents;

(b) grant or permit to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its ownership interest in any of the Trust Assets except pursuant to the Transaction Documents;

(d) use any Issue Proceeds for any purpose other than as stated in the Transaction Documents;

(e) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof);

(f) act as trustee in respect of any trust other than a trust corresponding to any other Series issued under the Programme;

(g) have any subsidiaries or employees;

(h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;

(i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

    (i) as provided for or permitted in the Transaction Documents;

    (ii) the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and

    (iii) such other matters which are incidental thereto.

6. NEGATIVE PLEDGE

Senaat undertakes that, so long as any Certificate is outstanding, it shall not, and shall ensure that none of its Material Subsidiaries will, create, or have outstanding, any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto creating and according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as: (a) the Delegate may in its absolute discretion deem not materially less beneficial to the interests of the Certificateholders; or (b) as shall be approved by an Extraordinary Resolution of the Certificateholders.

In these Conditions:

"**Indebtedness**" means any indebtedness of any person for or in respect of any money borrowed or raised, including (without limitation) any undertaking or other obligation to pay money given in connection with any issue of sukuk or other securities intended to be issued in compliance with the principles of *Shari'a*;

"**Material Subsidiary**" means, at any time, any Subsidiary: (i) whose total assets exceed 15 per cent. of the consolidated total assets of Senaat, or (ii) whose net profit before taxation exceeds 15 per cent. of the consolidated net profit before taxation of Senaat. For these purposes: (1) all calculations shall be determined in accordance with the generally accepted accounting principles used in the preparation of (A) the then latest annual audited consolidated financial statements of the relevant Subsidiary (in the case of a Subsidiary preparing consolidated financial statements) or the then latest annual audited financial statements of the relevant Subsidiary (in the case of a Subsidiary preparing non-consolidated financial statements), and (B) the then latest annual audited consolidated financial statements of Senaat, (2) upon a Material Subsidiary transferring all or substantially all of its assets or business to another Subsidiary, the transferor shall cease to be a Material Subsidiary on the effective date of such transfer and thereupon the transferee shall be deemed to be a Material Subsidiary until the date of its next annual audited consolidated financial statements or, as the case may be, annual audited financial statements are prepared after which whether it is or is not a Material Subsidiary shall be determined in accordance with paragraphs (i) and (ii) above, and (3) subject to paragraph (1) above, if as a result of any transfer, reconstruction, amalgamation, reorganisation, merger or consolidation of a company which, immediately before such transfer, reconstruction, amalgamation, reorganisation, merger or consolidation, satisfied either of the tests set forth in paragraphs (i) and (ii) above, but immediately after such transfer, reconstruction, amalgamation, reorganisation, merger or consolidation does not satisfy either such test, such company shall immediately cease to be a Material Subsidiary;

"**Non-recourse Project Financing**" means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that: (i) any Security Interest given by Senaat or the relevant Material Subsidiary, as the case may be, is limited solely to assets of the project, (ii) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced, and (iii) there is no other recourse to Senaat or the relevant Material Subsidiary, as the case may be, in respect of any default by any person under the financing;

"**Permitted Security Interest**" means: (i) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Certificates, (ii) any Security Interest securing Relevant Indebtedness of a person existing at the time that such person is merged into, or consolidated with, Senaat or the relevant Material Subsidiary, as the case may be, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of Senaat or the relevant Material Subsidiary, as the case may be, (iii) any Security Interest existing on any property or assets prior to the acquisition thereof by Senaat or the relevant Material Subsidiary, as the case may be, and not created in contemplation of such acquisition, or (iv) any renewal of or substitution for any Security Interest permitted by any of paragraphs (i) to (iii) (inclusive) of this definition, provided that with respect to any such Security Interest the face amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets) having, in aggregate, a greater value than those to which the Security Interest the subject of renewal or substitution, as the case may be, relates;

"**Relevant Indebtedness**" means any Indebtedness, other than Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, sukuk certificates or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

"**Securitisation**" means any securitisation of existing or future assets and/or revenues, provided that: (i) any Security Interest given by Senaat or the relevant Material Subsidiary, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation, (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability, and (iii) there is no other recourse to Senaat or the relevant Material Subsidiary, as the case may be, in respect of any default by any person under the securitisation;

"**Security Interest**" means any mortgage, charge, lien, pledge or other security securing any obligation of any party; and

"**Subsidiary**" means, at any time, any entity whose financial statements at such time are required by law or in accordance with applicable generally accepted accounting principles at such time to be fully consolidated with those of Senaat.

7. **ASSET SALE COVENANT**

Senaat undertakes that, so long as any Certificate is outstanding, it shall not, and shall ensure that none of its Material Subsidiaries will, enter into any Asset Sale of an asset with a book value (as determined by reference to the then latest annual audited financial statements of Senaat or the relevant Subsidiary, as the case may be) that exceeds the higher of U.S.$200,000,000 or three per cent. of the consolidated total assets of Senaat (determined by reference to the then latest annual audited consolidated financial statements of Senaat), unless such Asset Sale shall have been approved by the board of directors of Senaat. A certified copy of the relevant resolution to that effect, or a certified extract of the minutes of the meeting at which the resolution to that effect was passed recording the passing of such resolution, shall be conclusive evidence of such approval, shall be filed with the Principal Paying Agent within 30 business days of the date of passing of the relevant resolution and shall be available for inspection by the Certificateholders during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Principal Paying Agent.

In these Conditions:

"**Asset Sale**" means any sale, lease, sale and lease-back, transfer or other disposition by Senaat or any of its Materials Subsidiaries of all or any of the legal or beneficial interest in either any Capital Stock of any Subsidiary or Joint Venture Company or all or substantially all of the property, assets and business of any Subsidiary or Joint Venture Company (in one or more connected transactions) to any Person who is not a member of the Group at such time;

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such Person, whether now outstanding or issued after the date hereof, including, without limitation, all series and classes of such Capital Stock;

"**Group**" means Senaat together with its consolidated subsidiaries, joint ventures and associates, taken as a whole;

"**Joint Venture Company**" means an entity which is, at any particular time, jointly controlled (whether directly or indirectly) by Senaat and any other Person or Persons. For the purposes of this definition, an entity shall be considered as being jointly controlled by Senaat if it is accounted for as a jointly controlled entity in the then latest annual audited consolidated financial statements of Senaat; and

"**Person**" means any individual, company, unincorporated association, government, state agency, international organisation or other entity.

8. FIXED PERIODIC DISTRIBUTION PROVISIONS

8.1 Application

This Condition is applicable to the Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

8.2 Periodic Distribution Amount

Subject to Condition 4.2 and Condition 10, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on each "**Periodic Distribution Date**" (as specified in the applicable Final Terms) equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

In these Conditions:

"**Periodic Distribution Amount**" means, in relation to a Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with this Condition 8 or Condition 9; and

"**Return Accumulation Period**" means the period from (and including) a Periodic Distribution Date (or the Return Accrual Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date.

8.3 Determination of Periodic Distribution Amount

The Periodic Distribution Amount payable in respect of each Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount or, if so specified in the applicable Final Terms, the Broken Amount so specified.

Except in the case of Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate shall be calculated by applying the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the "**Rate**") applicable to the relevant Return Accumulation Period to:

(a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or

(b) in the case of Certificates in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the amount of profit distribution payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition:

(a) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(b) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(i) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of: (A) the number of days in such Determination Period; and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Dates that would occur in one calendar year.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

8.4 **Cessation of Profit Entitlement**

No further Periodic Distribution Amounts will be payable in respect of any Certificate from and including: (a) any Dissolution Date (other than the Total Loss Dissolution Date in relation to which see paragraph (b) below) unless payment is improperly withheld or refused and no sale agreement has been executed pursuant to the Purchase Undertaking or the Sale Undertaking (as the case may be and, in which case, the Lessee shall continue to enjoy the benefit of the Lease Assets pursuant to the terms of the relevant Lease Agreement), in which event the Periodic Distribution Amounts shall continue to accumulate (both before and after judgment) in the manner provided in this Condition 8 to the earlier of: (i) the Relevant Date (as defined in Condition 13), or (ii) the date on which the relevant sale agreement(s) have been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking (as the case may be); or (b) the Total Loss Dissolution Date.

9. FLOATING PERIODIC DISTRIBUTION PROVISIONS

9.1 **Application**

This Condition is applicable to the Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

9.2 **Periodic Distribution Amount**

Subject to Condition 4.2 and Condition 10, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on either:

(a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or

(b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a "**Periodic Distribution Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accrual Commencement Date.

In relation to each Periodic Distribution Date, the distribution payable will be equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

If a Business Day Convention is specified in the applicable Final Terms and: (i) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur; or (ii) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 9.2(b) above, the Floating Rate Convention, such Periodic Distribution Date: (1) in the case of (i) above, shall be the last day that is a Business Day in the relevant month and the provisions of (Y) below shall apply *mutatis mutandis*; or (2) in the case of (ii) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (X) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; and (Y) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred;

(B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day;

(C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

"**Business Day**" means:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open ("**TARGET Settlement Day**"); and

(c) either: (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre); or (ii) in relation to any sum payable in euro, a TARGET Settlement Day.

9.3 **Screen Rate Determination**

The rate or rates (expressed as a percentage per annum) (the "**Rate**") applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

(a) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable (other than in the circumstances provided for in Condition 9.4), the Calculation Agent will:

   (i) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in the London or Eurozone interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and

   (ii) determine the arithmetic mean of such quotations; and

(d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined, provided that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

In this Condition the following expressions have the following meanings:

"**EURIBOR**" means, in respect of the euro and any specified period, the rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**LIBOR**" means, in respect of any specified currency and any specified period, the rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of

ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"**Reference Banks**" means the principal London office of each of four major banks engaged in the London or Eurozone inter-bank market selected by or on behalf of the Trustee, provided that once a Reference Bank has first been selected by or on behalf of the Trustee, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

"**Reference Rate**" means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms: (a) EURIBOR; and (b) LIBOR;

"**Relevant Screen Page**" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

"**Relevant Time**" has the meaning given to it in the applicable Final Terms and, if no such relevant time is specified in the applicable Final Terms, means: (a) 11.00 a.m. (Brussels time) in the case of a determination of EURIBOR; and (b) 11.00 a.m. (London time) in the case of a determination of LIBOR.

9.4 **Benchmark Replacement**

Notwithstanding the other provisions of this Condition 9, if the Trustee and Senaat determine that a Benchmark Event has occurred when any Rate (or any component part thereof) remains to be determined by reference to the relevant Reference Rate then the following provisions shall apply:

(a) the Trustee and Senaat shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than 10 days prior to the relevant Periodic Distribution Determination Date relating to the next succeeding Return Accumulation Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate (or the relevant component part thereof) applicable to the relevant Certificates;

(b) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Return Accumulation Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 9.4);

(c) if the Independent Adviser, following consultation with the Trustee and Senaat, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser, following consultation with the Trustee and Senaat, may also specify changes to these Conditions (including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Periodic Distribution Determination Date and/or the definition of Reference Rate applicable to the Certificates and the method for determining the fallback rate in relation to the Certificates) in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Trustee and Senaat) determines that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or

Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Trustee, Senaat, the Delegate and the Agents shall, at the direction and expense of Senaat, without the requirement for any consent or approval of the Certificateholders be obliged to, effect such amendments to these Conditions, the Trust Deed and the Agency Agreement as may be specified by the Independent Adviser (following consultation with the Trustee and Senaat) in order to give effect to this Condition 9.4(c) (such amendments, the "**Benchmark Amendments**"), provided that none of the Trustee, the Delegate or any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. Prior to any such Benchmark Amendments taking effect:

(i) the Trustee shall provide a certificate signed by two directors of the Trustee to the Delegate and the Principal Paying Agent; and

(ii) Senaat shall provide a certificate signed by two authorised signatories of Senaat to the Trustee, the Delegate and the Principal Paying Agent,

that such Benchmark Amendments are: (i) in the Trustee's or Senaat's (as the case may be) reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 9.4; and (ii) in each case, have been drafted solely to such effect, and the Trustee, the Delegate and the Principal Paying Agent (as the case may be) shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, none of the Delegate or any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person;

(d) the Trustee shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any amendments to these Conditions and/or any Transaction Document, give notice thereof to the Delegate, the Agents and, in accordance with Condition 19, the Certificateholders; and

(e) if a Successor Rate or an Alternative Reference Rate is not determined by an Independent Adviser in accordance with the above provisions prior to the relevant IA Determination Cut-Off Date, then the Rate (or the relevant component part thereof) for the next Return Accumulation Period shall be equal to the Rate last determined in relation to the relevant Certificates in respect of the preceding Return Accumulation Period by reference to the provisions of Condition 9.3 or this Condition 9.4, as applicable (or alternatively, if there has not been a first Specified Periodic Distribution Date, the Rate (or the relevant component thereof) for the first Return Accumulation Period shall be equal to the Rate determined by reference to the provisions of Condition 9.3) (subject, where applicable, to substituting the Margin that applied to such preceding Return Accumulation Period for the Margin that is to be applied to the relevant Return Accumulation Period). For the avoidance of doubt, the proviso in this Condition 9.4(e) shall apply to the relevant Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 9.4.

(f) In these Conditions:

"**Adjustment Spread**" means a spread (which may be positive or negative), or the formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Trustee and Senaat) determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Certificateholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which: (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Trustee and Senaat) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Trustee and Senaat) in its discretion determines (acting in good faith) to be appropriate;

"**Alternative Reference Rate**" means the rate that the Independent Adviser (in consultation with the Trustee and Senaat) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates (or the relevant component part thereof) in respect of bonds or sukuk denominated in the Specified Currency and with an interest or return accumulation period of a comparable duration to the relevant Return Accumulation Period, or, if the Independent Adviser (in consultation with the Trustee and Senaat) determines that there is no such rate, such other rate as the Independent Adviser (in consultation with the Trustee and Senaat) determines in its sole discretion is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means: (i) the Original Reference Rate ceasing be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or (ii) the Trustee and Senaat consider there may be a Successor Rate;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Trustee and Senaat at Senaat's expense;

"**Relevant Nominating Body**" means, in respect of a reference rate: (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of reference rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the reference rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser (in consultation with the Trustee and Senaat) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

9.5 **Cessation of Profit Entitlement**

No further Periodic Distribution Amounts will be payable in respect of any Certificate from and including: (a) any Dissolution Date (other than the Total Loss Dissolution Date in relation to which see paragraph (b) below) unless payment is improperly withheld or refused and no sale agreement has been executed pursuant to the Purchase Undertaking or the Sale Undertaking (as the case may be and, in which case, the Lessee shall continue to enjoy the benefit of the Lease Assets pursuant to the terms of the relevant Lease Agreement), in which event Periodic Distribution Amounts shall continue to accumulate (both before and after judgment) in the manner provided in this Condition 9 to the earlier of: (i) the Relevant Date (as defined in Condition 13), or (ii) the date on which the relevant sale agreement(s) have been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking (as the case may be); or (b) the Total Loss Dissolution Date.

9.6 **Calculation of Periodic Distribution Amount**

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic

Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period to:

(a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or

(b) in the case of Certificates in definitive form, the Calculation Amount;

and, in each case, multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition:

(a) if "**30/360**" "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(b) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D_2 will be 30;

(c) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless: (i) that day is the last day of February; or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless: (i) that day is the last day of February but not the Scheduled Dissolution Date; or (ii) such number would be 31, in which case D_2 will be 30;

(d) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;

(e) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;

(f) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366; and

(g) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of: (i) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366; and (ii) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365).

9.7 **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Rate for such Return Accumulation Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means the period of time designated in the Reference Rate.

9.8 **Publication**

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Trustee, Senaat, the Delegate, the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the fourth day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period and any such recalculation will be notified to the Trustee, Senaat, the Delegate, the Paying Agents, the Certificateholders and each listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination.

9.9 **Notifications, etc. to be final**

All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, fraud, gross negligence or manifest error) be binding on the Trustee, Senaat, the Delegate, the Agents and all Certificateholders and (in the absence of wilful default or bad faith) no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

9.10 **Determination by the Delegate**

The Delegate may, if the Calculation Agent defaults at any time in its obligation to determine any Rate, Periodic Distribution Amount and/or Periodic Distribution Date in accordance with the above provisions, determine the relevant Rate, Periodic Distribution Amount and/or Periodic Distribution Date, the former at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the Periodic Distribution Amount and the Periodic Distribution Date in the manner provided in this Condition and the determinations shall be deemed to be determinations by the Calculation Agent.

10. **PAYMENT**

10.1 **Payments in respect of the Certificates**

Subject to Condition 10.2, payment of any Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder. Payments of any Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Each Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition:

(a) "**Dissolution Amount**" means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Optional Dissolution Amount (Call), the Optional Dissolution Amount (Certificateholder Put), the Change of Control Amount, the Total Loss Dissolution Amount, the Dissolution Event Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms and these Conditions, in each case, together with any accrued but unpaid Periodic Distribution Amounts for such Certificates;

(b) "**Payment Business Day**" means:

(i) in the case where presentation and surrender of a definitive Certificate is required before payment can be made:

(A) a day on which banks in the relevant place of surrender of the definitive Certificate are open for presentation and payment of securities and for dealings in foreign currencies;

(B) a day on which dealings in foreign currencies may be carried on in the place in which the Specified Offices of the Paying Agents are located; and

(C)

(1) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

(2) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre; or

(3) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and

(ii) in the case of payment by transfer to an account:

(A) a day on which dealings in foreign currencies may be carried on in the place in which the Specified Offices of the Paying Agents are located; and

(B)

(1) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

(2) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre; or

(3) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open.

(c) a Certificateholder's "**registered account**" means the account maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;

(d) a Certificateholder's "**registered address**" means its address appearing on the Register at that time; and

(e) "**Record Date**" means: (i) (where the Certificate is represented by a Global Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date or a Dissolution Date, as the case may be; or (ii) (where the Certificate is in definitive form) in the case of the payment of a Periodic Distribution Amount, the date falling on the fifteenth day before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before a Dissolution Date.

10.2 **Payments subject to Applicable Laws**

Payments in respect of Certificates are subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 13; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or, without prejudice to the provisions of Condition 13, any law implementing such an intergovernmental agreement. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

10.3 **Payment only on a Payment Business Day**

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of any Dissolution Amount, if later, on the Payment Business Day on which the relevant definitive Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the relevant Certificateholder is late in surrendering its definitive Certificate (if required to do so).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

11. **AGENTS**

11.1 **Agents of Trustee**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

11.2 **Specified Offices**

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Registrar;

(c) if a Calculation Agent (other than the Principal Paying Agent) has been specified in the applicable Final Terms, there will at all times be a Calculation Agent; and

(d) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 19.

12. **CAPITAL DISTRIBUTIONS OF THE TRUST**

12.1 **Scheduled Dissolution**

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Trustee will redeem each Certificate on the Scheduled Dissolution Date at the Final Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts for such Certificates. Upon payment in full of the Final Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts to the Certificateholders, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.2 **Early Dissolution for Tax Reasons**

Upon the occurrence of a Tax Event, the Certificates may be redeemed by the Trustee in whole, but not in part:

(a) at any time (if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable); or

(b) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

(such date, the "**Tax Dissolution Date**") at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 19 (which notice shall be irrevocable), provided that no such notice of redemption shall be given unless an exercise notice has been received by the Trustee from Senaat under the Sale Undertaking and no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which (in the case of paragraph (i) below) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of paragraph (ii) below) Senaat would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document(s) was then due.

"**Tax Event**" means:

(i) the determination by the Trustee or Senaat that: (A) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 13) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series; and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) the receipt by the Trustee of notice from Senaat that: (A) Senaat has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document to which it is a party as a result of any change in, or amendment to, the laws or regulations of a

Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series; and (B) such obligation cannot be avoided by Senaat taking reasonable measures available to it,

Upon the expiry of any such notice as is referred to in this Condition 12.2, the Trustee shall be bound to redeem the Certificates at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates and, upon payment in full of such amounts to the Certificateholders, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee and the Trustee shall have no further obligations in respect thereof.

Prior to the publication of any notice of redemption pursuant to this Condition 12.2, the Trustee shall deliver to the Delegate: (1) a certificate signed by two directors of the Trustee (in the case of paragraph (i) above) or two authorised signatories of Senaat (in the case of paragraph (ii) above) stating that the Trustee is entitled to effect such dissolution and redemption and setting forth a statement of facts showing that the conditions precedent in paragraphs (i) or (ii) above, as the case may be, to the right of the Trustee so to dissolve have occurred; and (2) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or Senaat, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment. The Delegate shall be entitled to accept (without further investigation) any such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Certificateholders.

12.3 **Dissolution at the Option of the Trustee**

If Optional Dissolution Right (Call) is specified in the applicable Final Terms as being applicable, the Certificates may be redeemed in whole, but not in part, on any Optional Dissolution Date, which must be a Periodic Distribution Date if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms, at the relevant Optional Dissolution Amount (Call) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates on the Trustee giving not less than 30 nor more than 60 days' notice (or such other notice period as may be specified in the applicable Final Terms) to the Certificateholders in accordance with Condition 19 (which notice shall be irrevocable), provided that no such notice of redemption shall be given unless an exercise notice has been received by the Trustee from Senaat under the Sale Undertaking.

Upon such redemption and payment in full of the relevant Optional Dissolution Amount (Call) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates to the Certificateholders, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For Shari'a reasons, Optional Dissolution Right (Call) and Certificateholder Put Option cannot both be applicable to a single Series.

12.4 **Dissolution at the Option of the Certificateholders**

If Certificateholder Put Option is specified in the applicable Final Terms as being applicable, upon the holder of any Certificate giving to the Trustee in accordance with Condition 19 not less than 15 nor more than 30 days' notice (or such other notice period as may be specified in the applicable Final Terms), the Trustee will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Certificate on the Certificateholder Put Option Date and at the Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts for such Certificates. Certificates may be redeemed under this Condition 12.4 in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of the Certificate the holder must, if the Certificate is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during usual business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Registrar (a "**Certificateholder Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 12.4 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If the Certificate is represented by a Global Certificate or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Certificate the holder must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if the Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Certificateholder Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 12.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event (as defined in Condition 16) has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 16, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 12.4.

If the Certificates are to be redeemed in whole, but not in part, on any Certificateholder Put Option Date in accordance with this Condition 12.4, upon such redemption and payment in full of the relevant Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts to the Certificateholders, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For Shari'a reasons, Optional Dissolution Right (Call) and Certificateholder Put Option cannot both be applicable to a single Series.

12.5 Dissolution following a Change of Control Event

Promptly upon the Trustee receiving notice from Senaat or otherwise becoming aware that a Change of Control Event has occurred, the Trustee shall give notice (a "**Change of Control Notice**") to the Delegate and the Certificateholders in accordance with Condition 19 to that effect.

If Change of Control Put Option is specified in the applicable Final Terms as being applicable, the Trustee will, upon the holder of any Certificate giving notice within the Change of Control Put Period to the Trustee in accordance with Condition 19 (unless prior to the giving of the relevant Change of Control Put Notice the Trustee has given notice of redemption under Condition 12.2 or Condition 12.3), redeem such Certificate on the Change of Control Put Option Date at the Change of Control Amount together with any accrued but unpaid Periodic Distribution Amounts.

To exercise the right to require redemption of the Certificate the holder must, if the Certificate is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during usual business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Registrar (a "**Change of Control Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 12.5 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If the Certificate is represented by a Global Certificate or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Certificate the holder Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if the Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Change of Control Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 12.5 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 16, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 12.5.

If the Certificates are to be redeemed in whole, but not in part, on any Change of Control Put Option Date in accordance with this Condition 12.5, upon such redemption and payment in full of the relevant Change of Control Amount together with any accrued but unpaid Periodic Distribution Amounts to the Certificateholders, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purpose of these Conditions:

a "**Change of Control Event**" shall occur each time the government of the Emirate of Abu Dhabi ceases to own (either directly or indirectly) more than 50 per cent. of the issued share capital of Senaat;

"**Change of Control Put Option Date**", unless specified otherwise in the applicable Final Terms, shall be the tenth day after the expiry of the Change of Control Put Period, provided that if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency, the Change of Control Put Option Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency; and

"**Change of Control Put Period**" shall be from and excluding the date on which a Change of Control Notice is given to and including the date falling 30 days after the date on which the Change of Control Notice is given.

12.6 **Dissolution following a Total Loss Event**

Upon the occurrence of a Total Loss Event and unless the Lease Assets are replaced by Senaat in accordance with the Service Agency Agreement, the Certificates shall be redeemed by the Trustee in whole, but not in part by no later than the close of business in London on the 31st day after the occurrence of the Total Loss Event (the "**Total Loss Dissolution Date**") at the relevant Total Loss Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts for such Certificates. Upon such redemption and payment in full of the relevant Total Loss Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts to the Certificateholders, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

A "**Total Loss Event**" is the total loss or destruction of, or damage to the whole of, the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

12.7 **No Other Dissolution**

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust, otherwise than as provided in this Condition 12, Condition 15 and Condition 16.

12.8 **Cancellations**

All Certificates which are redeemed, and all Certificates purchased by or on behalf of Senaat or any of its Subsidiaries and delivered by Senaat to the Principal Paying Agent for cancellation, will forthwith be cancelled and accordingly such Certificates may not be held, reissued or resold.

12.9 **Dissolution Date**

In these Conditions, the expression "**Dissolution Date**" means, as the case may be: (a) the Scheduled Dissolution Date; (b) a Dissolution Event Redemption Date (as defined in Condition 16); (c) a Tax Dissolution Date; (d) an Optional Dissolution Date; (e) a Certificateholder Put Option Date; (f) a Change of Control Put Option Date; or (g) a Total Loss Dissolution Date.

13. **TAXATION**

All payments in respect of the Certificates shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts as shall result in receipt by the Certificateholders of such net amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:

(a) presented for payment (where presentation is required) in a Relevant Jurisdiction;

(b) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or

(c) presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day.

As used in these Conditions:

"**Relevant Date**" means, in relation to any payment, whichever is the later of: (i) the date on which the payment in question first becomes due; and (ii) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received;

"**Relevant Jurisdiction**" means the Cayman Islands and the United Arab Emirates or any Emirate therein or, in either case, any political sub-division or authority thereof or therein having the power to tax; and

"**Taxes**" means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction.

The Transaction Documents provide that payments thereunder by Senaat shall be made without any withholding or deduction for, or on account of, any present or future taxes, duties, fees, assessments or charges of any nature unless required by law, and without set-off or counterclaim of any kind. If there is any such withholding or deduction, the Transaction Documents provide for the payment by Senaat of such additional amounts as will result in receipt by the Trustee or the Delegate, as the case may be, of such net amounts as would have been received by it had no withholding or deduction been made.

Further, in accordance with the terms of the Master Trust Deed and the Purchase Undertaking, Senaat has undertaken to pay such additional amounts as are necessary so that the full amount *receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by the Trustee in respect of the Certificates pursuant to this Condition 13.*

14. **PRESCRIPTION**

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of 10 years (in the case of Dissolution Amounts) and a period of five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 10.

15. **PURCHASE AND CANCELLATION OF CERTIFICATES**

15.1 **Purchases**

Senaat or any of its Subsidiaries may at any time purchase Certificates at any price in the open market or otherwise.

15.2 **Cancellation of Certificates**

Any Certificates purchased by or on behalf of Senaat or any of its Subsidiaries may be surrendered for cancellation to the Registrar. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 15.2, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

16. **DISSOLUTION EVENTS**

Upon the occurrence and continuation of any of the following events ("**Dissolution Events**"):

(a) the Trustee fails to pay in the Specified Currency any Periodic Distribution Amount or any Dissolution Amount payable by it and, in the case of a Periodic Distribution Amount, such failure continues for a period of 14 Business Days and, in the case of a Dissolution Amount, such failure continues for a period of seven Business Days;

(b) the Trustee does not perform or comply with any one or more of its other obligations under or in respect of the Transaction Documents to which it is a party and (except in any case where, in the written opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) such default is not remedied within 45 days after written notice of such default has been given to the Trustee by the Delegate;

(c) a Senaat Event (as defined below) occurs;

(d) the Trustee is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Trustee;

(e) an order is made or an effective resolution passed for the winding-up or dissolution of the Trustee, or the Trustee ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in any case, for the purpose of and followed by a transfer, reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved in writing by the Delegate or by an Extraordinary Resolution;

(f) it is or will become unlawful for the Trustee to perform or comply with any one or more of its obligations under the Transaction Documents to which it is a party; or

(g) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

the Delegate (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), if notified in writing of the occurrence of such Dissolution Event or otherwise becoming aware of a Dissolution Event, shall promptly give notice of the occurrence of such Dissolution Event to the holders of Certificates in accordance with Condition 19 with a request to such holders to indicate if they wish the Certificates to be redeemed and the Trust to be dissolved.

If so requested in writing by the holders of at least one-fifth of the aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution (as defined in Condition 20.1) of the holders of the Certificates (each a "**Dissolution Request**"), the Delegate shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice of the Dissolution Request to the Trustee, Senaat and all the holders of the Certificates in accordance with Condition 19 (such notice, a "**Dissolution Notice**") whereupon the Certificates shall be immediately due and payable at the Dissolution Event Amount together with specified in the applicable Final Terms on the date specified in such notice (the "**Dissolution Event Redemption Date**"). Upon payment in full of such amounts, the Trust will be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purpose of (a) above, amounts shall be considered due in respect of the Certificates (including any amounts calculated as being payable under Condition 8, Condition 9 and Condition 12) notwithstanding that the Trustee has, at the relevant time, insufficient funds or Trust Assets to pay such amounts.

Each of the following events shall constitute a "**Senaat Event**":

(i) Senaat (acting in any capacity) fails to pay in the Specified Currency any amount payable by it pursuant to any Transaction Document to which it is a party which corresponds to all or part of a Dissolution Amount payable by the Trustee on a Dissolution Date and the failure continues for a period of seven Business Days, or Senaat (acting in any capacity) fails to pay in the Specified Currency any amount payable by it pursuant to any Transaction Document to which it is a party which corresponds to all or part of a Periodic Distribution Amount payable by the Trustee on a Periodic Distribution Date and such failure continues for a period of 14 Business Days;

(ii) Senaat (acting in its capacity as Lessee) does not perform or comply with its undertaking to lease the relevant Lease Assets from the Lessor pursuant to any Lease Agreement or rejects a notice to pay an amount of additional supplementary rental delivered pursuant to any Lease Agreement to the Lessee by the Lessor on an ASCA Request Date (as defined in the relevant Service Agency Agreement);

(iii) Senaat does not perform or comply with any one or more of its other obligations under or in respect of the Transaction Documents to which it is a party and (except in any case where, in the written opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) such default is not remedied within 45 days after written notice of such default has been given to Senaat by the Delegate, provided that failure by Senaat to perform or comply with its obligations set out in clause 4.2 or clause 4.3 of the Service Agency Agreement will not constitute a Senaat Event;

(iv) (A) any other Borrowed Money Indebtedness of Senaat or any Material Subsidiary becomes due and payable prior to its stated maturity by reason of any default (howsoever described), or (B) any such Borrowed Money Indebtedness is not paid when due or, as the case may be, within any applicable grace period, provided that the aggregate amount of the relevant Borrowed Money Indebtedness in respect of which one or more of the events mentioned above in this paragraph (iv) have occurred equals or exceeds U.S.$50,000,000 or its equivalent in another currency;

(v) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of Senaat or any Material Subsidiary and is not discharged or stayed within 90 days;

(vi) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by Senaat or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to Senaat or the relevant Material Subsidiary that such mortgage, charge, pledge, lien or other encumbrance has become enforceable);

(vii) Senaat or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of Senaat or any Material Subsidiary;

(viii) an order is made or an effective resolution passed for the winding-up or dissolution of Senaat or any Material Subsidiary, or Senaat ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in any case, for the purpose of and followed by a transfer, reconstruction, amalgamation, reorganisation, merger or consolidation: (A) on terms previously approved in writing by the Delegate or by an Extraordinary Resolution, or (B) in the case of a Material Subsidiary, whereby the undertaking and assets of the relevant Material Subsidiary are transferred to or otherwise vested in Senaat or another Subsidiary;

(ix) it is or will become unlawful for Senaat to perform or comply with any one or more of its obligations under the Transaction Documents to which it is a party; or

(x) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that, in the case of paragraphs (iii), (v), (vi), (vii), (viii) and (ix), such an event shall only be a Senaat Event if the Delegate has certified that, in its opinion, such event is materially prejudicial to the interests of the Certificateholders.

In these Conditions:

"**Borrowed Money Indebtedness**" means, in relation to any person, all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) or any *Shari'a*-compliant alternative of the foregoing; and

"**Extraordinary Resolution**" has the meaning given to it in the Master Trust Deed.

17. ENFORCEMENT AND EXERCISE OF RIGHTS

17.1 Enforcement

Upon the occurrence of a Dissolution Event and the giving of notice of a Dissolution Request to the Trustee by the Delegate, to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 16, subject to Condition 17.2, the Delegate may (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

(a) enforce the provisions of the Transaction Documents against Senaat; and/or

(b) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing but subject to Condition 17.2, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Trustee and/or Senaat to enforce their respective obligations under the Transaction Documents, these Conditions and the Certificates.

17.2 **Trustee and Delegate not Obliged to Take Action**

The Delegate shall not be bound in any circumstances to take any action to enforce or realise the Trust Assets or take any action against the Trustee and/or to direct the Trustee to proceed against Senaat under any Transaction Document unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least one-fifth of the aggregate face amount of the Certificates then outstanding and, in either case, then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing, provided that the Delegate shall not be liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

17.3 **Direct Enforcement by Certificateholder**

No Certificateholder shall be entitled to proceed directly against the Trustee or to direct the Trustee to proceed against Senaat unless the Delegate, having become bound to proceed pursuant to Condition 17.2: (a) fails to do so within a reasonable period of becoming so bound; or (b) is unable by reason of an order of a court having competent jurisdiction for any reason so to do, and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than pursuant to the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and Senaat shall be to enforce their respective obligations under the Transaction Documents.

17.4 **Limited Recourse**

The foregoing paragraphs in this Condition are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 4.2 and the Trust Deed, the obligations of the Trustee in respect of the Certificates shall be satisfied and no holder of the Certificates may take any further steps against the Trustee, the Delegate or any other person to recover any further sums in respect of the Certificates and the right to receive any sums unpaid shall be extinguished. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of SENAAT Sukuk Limited.

18. REPLACEMENT OF DEFINITIVE CERTIFICATES

Should any definitive Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (and if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee, Senaat, the Registrar, the Paying Agent or the Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

19. NOTICES

All notices to Certificateholders will be valid if:

(a) published in a daily newspaper having general circulation in London (which is expected to be the *Financial Times*) approved by the Delegate or published on the website of the

London Stock Exchange or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Certificates are issued, there may, so long as any Global Certificate representing the Certificates is held on behalf of one or more clearing systems, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the relevant clearing systems for communication by them to the Certificateholders and, in addition, for so long as any Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Certificateholders on the day after the day on which the said notice was given to the relevant clearing systems.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Certificates are represented by a Global Certificate held on behalf of one or more clearing systems, such notice may be given by any holder of a Certificate to the Principal Paying Agent through the clearing system in which its interest in the Certificates is held in such manner as the Principal Paying Agent and the relevant clearing system may approve for this purpose.

20. MEETINGS OF CERTIFICATEHOLDERS MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

20.1 The Master Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in the outstanding face amount of the Certificates, or at any adjourned such meeting one or more persons present whatever the outstanding face amount of the Certificates held or represented by him or them, except that any meeting the business of which includes the modification of certain provisions of the Certificates (including any Reserved Matter (as defined in the Master Trust Deed)), the quorum shall be one or more persons present holding or representing not less than two-thirds in the outstanding face amount of the Certificates, or at any adjourned such meeting one or more persons present holding or representing not less than one-third in the outstanding face amount of the Certificates. The expression "**Extraordinary Resolution**" is defined in the Master Trust Deed to mean either: (i) a resolution passed at a meeting duly convened and held as specified in the Master Trust Deed by a majority consisting of not less than three-fourths of the eligible persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll; (ii) a resolution in writing signed by or on behalf of the holders of Certificates of not less than three-fourths in aggregate face amount of the Certificates for the time being outstanding which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the holders of Certificates; or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of the holders of Certificates of not less than three-fourths in aggregate face amount of the Certificates for the time being outstanding.

20.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of any of these Conditions or any of the provisions of the Trust Deed or any Transaction Document if, in the sole opinion of the Delegate, such modification is: (a) is of a formal, minor or technical nature; (b) is made to correct a manifest error; or (c) is other than in respect of a Reserved Matter not materially prejudicial to the interests of the outstanding Certificateholders. In addition, the Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time if, in the opinion of the Delegate, such consent, waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Certificateholders: (i) give its consent under these Conditions, the Trust Deed or any other Transaction Document and agree to waive or to authorise any breach or proposed breach of any provision of these Conditions, the Trust Deed or any other Transaction Document; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that the Delegate will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 16. No such direction or request will affect a previous consent, waiver, authorisation or determination.

20.3 In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

20.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 19. In agreeing to any modification, the Delegate may, in its sole and absolute discretion, retain the services of a *Shari'a* advisor of its choosing in order to assess the *Shari'a* compliance of the proposed modification.

21. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE

21.1 The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving the Delegate from taking action unless indemnified and/or secured and/or prefunded to its satisfaction as well as provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders.

21.2 Neither the Delegate nor the Trustee makes any representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Senaat under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by Senaat but are not so made and shall not in any circumstances have any liability arising from or in relation to the Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

21.3 Each of the Trustee and the Delegate is exempted from: (a) any liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to insure the Trust Assets or any cash; and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default by the Trustee or the Delegate, as the case may be.

21.4 The Trust Deed also contains provisions pursuant to which the Delegate is entitled, *inter alia*: (a) to enter into business transactions with Senaat and/or its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to Senaat and/or its Subsidiaries; (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders; and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

22. FURTHER ISSUES

In respect of any Series, the Trustee may from time to time (but subject always to the provisions of the Master Trust Deed) without the consent of the Certificateholders create and issue additional Certificates ("**Additional Certificates**") having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any Additional Certificates which are to form a single Series with the outstanding Certificates of a particular Series shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Certificates include (unless the context requires otherwise) any other Certificates issued pursuant to this Condition and forming a single Series with such Certificates.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

24. GOVERNING LAW AND DISPUTE RESOLUTION

24.1 The Trust Deed, the Certificates and these Conditions (including the remaining provisions of this Condition 24) and any non-contractual obligations arising out of or in connection with the Trust Deed, the Certificates and these Conditions are governed by, and shall be construed in accordance with, English law.

24.2 Subject to Condition 24.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed, the Certificates and these Conditions (including any dispute as to their existence, validity, interpretation, performance, breach or termination of the Trust Deed, the Certificates and these Conditions or the consequences of the nullity of any of them or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA**") (the "**LCIA Rules**"), which LCIA Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

(a) the seat of arbitration shall be London;

(b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the LCIA Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(c) the language of the arbitration shall be English.

24.3 Notwithstanding Condition 24.2, the Delegate may, in the alternative, and at its sole discretion, by notice in writing to the Trustee and Senaat:

(a) within 28 days of service of a Request for Arbitration (as defined in the LCIA Rules); or

(b) in the event no arbitration is commenced, require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 24.4 and, subject as provided below, any arbitration commenced under Condition 24.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Trustee, failing which Senaat), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must promptly give notice to the LCIA Court and to any Tribunal (each as defined in the LCIA Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(b) his entitlement to be paid his proper fees and disbursements; and

(c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

24.4 In the event that a notice pursuant to Condition 24.3 is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and Senaat submits to the exclusive jurisdiction of such courts;

(b) each of the Trustee and Senaat agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary;

(c) this Condition 24.4 is for the benefit of the Delegate only. As a result, and notwithstanding paragraph (a) above, the Delegate may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

24.5 In the Trust Deed, each of the Trustee and Senaat has appointed Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London EC1A 4HD, United Kingdom as its agent for service of process. Each of the Trustee and Senaat has undertaken that, in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee or Senaat, as the case may be). If for any reason such process agent ceases to be willing or able to act as such or no longer has an address in England, each of the Trustee and Senaat have irrevocably agreed to appoint a substitute process agent and shall immediately notify the Delegate of such appointment. Nothing herein shall affect the right to serve process in any manner permitted by law.

24.6 Under the Trust Deed, Senaat has agreed that, to the extent that it may claim for itself or its assets immunity from suit, execution, seizure, attachment or legal other process and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any Proceedings or Disputes to the fullest extent permitted by the laws of such jurisdiction.

24.7 Each of the Trustee, the Delegate and Senaat has agreed in the Trust Deed that, if any arbitration is commenced in relation to a Dispute and/or any Proceedings are brought by or on behalf of a party under the Trust Deed, it will:

(a) not claim interest under, or in connection with, such arbitration and/or Proceedings; and

(b) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by any arbitrator as a result of such arbitration and/or by a court as a result of such Proceedings.

Each of the Trustee, the Delegate and Senaat has agreed in the Trust Deed that the payment of interest in whatever form (inclusive of late payments) is repugnant to and not in compliance with the rules and principles of *Shari'a* and accordingly, to the extent that any legal system would (but for the provisions of this Condition 24.7) impose (whether by contract, statute, regulation, or by any means whatsoever) any obligation to pay interest, each of the Trustee, the Delegate and Senaat has agreed in the Trust Deed to irrevocably and unconditionally expressly waive and reject any entitlement to recover interest from each other.

For the avoidance of doubt, nothing in this Condition 24.7 shall be construed as a waiver of rights in respect of any Rental, Murabaha Instalment Profit Amounts, Murabaha Profit, Periodic Distribution Amounts, Certificateholder Put Option Exercise Price, Change of Control Exercise Price, Full Reinstatement Value, Total Loss Shortfall Amount, Exercise Price, Deferred Sale Price, Dissolution Amounts or any other amounts payable under the Transaction Documents and/or the Conditions, or profit of any kind howsoever described payable pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

In these Conditions:

"**Certificateholder Put Option Exercise Price**" has the meaning given to it in the Purchase Undertaking;

"**Change of Control Exercise Price**" has the meaning given to it in the Purchase Undertaking;

"**Deferred Sale Price**" has the meaning given to it in the Master Murabaha Agreement;

"**Exercise Price**" has the meaning given to it in the Sale Undertaking or the Purchase Undertaking (as the case may be);

"**Full Reinstatement Value**" has the meaning given to it in the Service Agency Agreement;

"**Murabaha Instalment Profit Amounts**" has the meaning given to it in the Master Murabaha Agreement;

"**Murabaha Profit**" has the meaning given to it in the Master Murabaha Agreement;

"**Rental**" has the meaning given to it in the Master Lease Agreement; and

"**Total Loss Shortfall Amount**" has the meaning given to it in the Service Agency Agreement.

USE OF PROCEEDS

The net proceeds of each Tranche issued will be applied by the Trustee in the following proportion: (a) the percentage of the aggregate face amount of such Tranche specified in the applicable Final Terms for the purchase from the Seller of all of its interests, rights, title, benefits and entitlements in, to and under the relevant Assets or Additional Assets, as the case may be; and (b) if applicable, the percentage of the aggregate face amount of such Tranche specified in the applicable Final Terms towards the purchase of the Commodities in connection with the relevant Murabaha Contract.

The amounts subsequently received by Senaat in consideration for the transaction described above will be applied by Senaat for its general corporate purposes.

DESCRIPTION OF THE TRUSTEE

GENERAL

SENAAT Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 24 July 2018 under the Companies Law (2018 Revision) of the Cayman Islands with company registration number 340449. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (the "**Share Trustee**") under the terms of a share declaration of trust dated 30 October 2018 (the "**Share Declaration of Trust**") under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

BUSINESS OF THE TRUSTEE

The Trustee has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates to be issued under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 24 July 2018.

FINANCIAL STATEMENTS

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

DIRECTORS OF THE TRUSTEE

The directors of the Trustee are as follows:

Name	Principal Occupation outside of the Trustee
John Curran	Assistant Vice President at Maples Fund Service (Middle East) Limited
Stacy Bodden	Vice President at MaplesFS Limited

The business address of John Curran is c/o Maples Fund Services (Middle East) Limited, Liberty House, 6th Floor, Office 616, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Stacy Bodden is c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

There are no conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Trustee.

THE ADMINISTRATOR

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator performs in the Cayman Islands, the UAE and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services as published at http://www.maplesfidudciaryservices.com/terms (the "**Registered Office Terms**"). In consideration of the foregoing, the Trustee Administrator receives various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Trustee Administrator is subject to the overview of the Trustee's board of directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof. The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with "Financial Review".

See also "Presentation of Financial and Other Information" for a discussion of the sources of the numbers contained in this section.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

The table below shows the Group's consolidated statement of financial position data as at 31 December in each of 2017, 2016 and 2015.

	As at 31 December		
	2017	**2016**	**2015**
		(AED thousand)	
Assets			
Non-current assets			
Property, plant and equipment	15,063,961	15,447,587	15,496,951
Advances for property, plant and equipment	3,888	9,955	33,714
Goodwill	198,809	111,212	106,155
Intangible assets	93,708	35,701	38,160
Investment in associates	1,329,200	1,318,614	1,257,462
Investment in joint ventures	93,771	46,469	51,838
Biological assets	45,607	45,370	45,784
Investment properties	54,428	55,826	58,195
Investments at fair value through other comprehensive income	–	73,793	74,724
Trade and other receivables	–	33,342	57,335
Total non-current assets	**16,883,372**	**17,177,869**	**17,220,318**
Current assets			
Inventories	2,284,478	2,192,222	2,054,357
Trade and other receivables	3,744,187	4,209,380	4,380,249
Amounts due from related parties	628,396	731,542	982,864
Government compensation receivable	35,628	95,357	80,103
Investments at fair value through profit or loss	–	–	987
Other financial assets	27,893	13,237	–
Cash and bank balances	3,555,798	3,004,798	2,104,352
Total current assets	**10,276,380**	**10,246,536**	**9,602,912**
Total assets	**27,159,752**	**27,424,405**	**26,823,230**
Equity and liabilities			
Equity			
Share capital	2,000	2,000	2,000
Statutory reserve	1,000	1,000	1,000
Shareholder's contributions	1,513,327	1,513,327	1,513,327
Hedging reserve	(26,088)	(75,676)	(126,960)
Restricted reserve	538,849	500,393	468,023
Investment revaluation reserve	–	(36,181)	(35,705)
Translation reserve	(23,814)	(23,248)	(14,672)
Other reserve	(13,280)	83	–
Retained earnings	9,146,436	8,800,326	8,686,682
Equity attributable to owners of the Company	11,138,430	10,682,024	10,493,695
Non-controlling interests	2,443,627	2,291,125	2,254,427
Total equity	**13,582,057**	**12,973,149**	**12,748,122**
Non-current liabilities			
Loans and borrowings	5,467,199	6,429,914	6,649,832
Government grants	58,994	57,906	66,060
Provision for end of service benefits	527,517	579,852	573,723
Long-term payables	–	54	1,266
Deferred tax payable	–	325	920
Total non-current liabilities	**6,098,710**	**7,068,051**	**7,291,801**
Current liabilities			
Trade and other payables	4,350,158	3,454,803(1)	3,316,553
Government grants	53,868	71,485	77,845
Amounts due to related parties	89,126	511,301	742,050
Income tax payables	59,447	47,804(1)	36,756
Loans and borrowings	2,905,469	3,237,089	2,485,106

	As at 31 December		
	2017	2016	2015
		(AED thousand)	
Other financial liabilities	20,917	60,723	124,997
Total current liabilities	**7,478,985**	**7,383,205**	**6,783,307**
Total liabilities	**13,577,695**	**14,451,256**	**14,075,108**
Total equity and liabilities	**27,159,752**	**27,424,405**	**26,823,230**

Note:

(1) Figures derived from the unaudited comparatives in the 2017 Financial Statements, reflecting the fact that in 2017 there was a reclassification of AED 16,036 thousand from trade and other payables to income tax payables in the comparative figures for 2016 included in the 2017 Financial Statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME DATA

The table below shows the Group's consolidated statement of profit or loss and other comprehensive income data for each of 2017, 2016 and 2015.

	2017	2016	2015(1)
		(AED thousand)	
Revenue	15,744,471	13,350,039	14,040,922
Direct costs	(13,206,879)	(10,996,350)	(11,714,707)
Gross profit	**2,537,592**	**2,353,689**	**2,326,215**
General and administrative expenses	(677,026)	(725,456)	(683,542)
Selling and distribution expenses	(439,554)	(397,111)	(339,938)
Other operating expenses	(391,160)	(366,724)	(391,711)
Business interruption claim	71,845	–	33,000
Other income	47,942	51,216	27,561
Impairment loss	(4,722)	(134,281)	–
Net movement in fair value of biological assets	237	(414)	366
Operating profit	**1,145,154**	**780,919**	**971,951**
Interest income	*37,204*	*31,414*	*22,064*
Interest expense	*(287,382)*	*(317,757)*	*(302,987)*
Net finance cost	**(250,178)**	**(286,343)**	**(280,923)**
Fair value gain/(loss) on investment at fair value through profit or loss	19,955	(1,697)	3,371
Loss on disposal of investments	–	–	(3,622)
Share of profits from associates, net	60,775	86,698	79,660
Share of losses from joint ventures, net	(155,057)	(28,211)	(1,037)
Profit before tax	**820,649**	**551,366**	**769,400**
Income tax (expense)/credit	(18,413)	(981)	4,919
Profit for the year	**802,236**	**550,385**	**774,319**
Attributable to:			
Owners of Senaat	576,993	381,776	510,174
Non-controlling interests	225,243	168,609	264,145
Profit for the year	**802,236**	**550,385**	**774,319**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of hedging instruments	47,209	66,960	59,918
Foreign operations – foreign currency translation differences	(441)	(19,458)	(6,110)
Equity accounted investees – share of other comprehensive income	11,059	(9,273)	(524)
	57,827	**38,229**	**53,284**
Items that will not be reclassified to profit or loss			
Change in fair value of investment at fair value through other comprehensive income	–	(931)	(36)
Re-measurement of end of service benefits	(26,202)	163	–
	(26,202)	**(768)**	**(36)**
Other comprehensive income for the year	**31,625**	**37,461**	**53,248**
Total comprehensive income	**833,861**	**587,846**	**827,567**
Attributable to:			
Owners of Senaat	612,652	424,091	558,729
Non-controlling interests	221,209	163,755	268,838

Note:

(1) Represented to match the presentation in the 2017 Financial Statements. "Other income" was previously presented after "Operating profit". Under "Other comprehensive income", amounts of the Group's share in "Net change in fair value of hedging instruments", "Foreign operations – foreign currency translation differences" and "Currency translation

reserve" of its equity accounted investees were previously presented under their relevant account headings. However, to conform with the 2017 presentation, these amounts were represented as one line item under "Equity accounted investees – share of other comprehensive income".

CONSOLIDATED STATEMENT OF CASH FLOWS DATA

The table below summarises the Group's consolidated statement of cash flows data for each of 2017, 2016 and 2015.

	2017	2016	2015
		(AED thousands)	
Net cash flow from operating activities	2,803,560	1,732,655	2,150,867
Net cash used in investing activities	(353,187)	(1,072,908)[(1)]	(787,600)
Net cash (used in)/from financing activities	(1,604,016)	67,352[(1)]	(1,022,445)
Net increase in cash and cash equivalents	**846,357**	**727,099**	**340,822**
Net foreign exchange difference	956	1,903	4,051
Cash and cash equivalents at 1 January	1,959,496	1,230,494	885,621
Cash and cash equivalents at 31 December	2,806,809	1,959,496	1,230,494

Note:

(1) Figures derived from the unaudited comparatives in the 2017 Financial Statements, reflecting the fact that in 2017 there was a reclassification of AED 7,959 thousand between cash flows used in investing activities and cash flows from financing activities in the comparative figures for 2016 included in the 2017 Financial Statements. The reclassification relates to the decrease in "Bank overdrafts used for cash management" which was previously presented as part of the net "Increase in escrow accounts and term deposits with original maturities over 3 months". To conform with the 2017 presentation, the amount was included as part of "Repayment of loans and borrowings".

SELECTED CONSOLIDATED RATIOS

The table below shows selected consolidated ratios for the Group as at, and for the years ended, 31 December in each of 2017, 2016 and 2015.

	As at/years ended 31 December		
	2017	**2016**	**2015**
EBITDA[(1)] (*AED thousand*)	2,084,862	1,795,523	1,973,976
Net debt (*AED thousand*)	4,816,870	6,662,205	7,030,586
Net debt to EBITDA[(2)] (*times*)	2.31	3.71	3.56
Tangible net worth[(3)] (*AED thousand*)	13,289,540	12,826,236	12,350,094
Total liabilities to tangible net worth[(4)] (*times*)	1.02	1.13	1.12
Return on assets[(5)] (*per cent.*)	3.0	2.0	3.0
Return on average equity[(6)] (*per cent.*)	6.0	4.3	6.1
Current ratio[(7)] (*times*)	1.37	1.39	1.42
Debt to equity[(8)] (*times*)	0.62	0.75	0.72
Net debt to equity[(9)] (*times*)	0.35	0.51	0.55

Notes:

(1) Calculated as profit for the period before finance income, income tax expense, finance expense, depreciation of property, plant and equipment, depreciation of investment properties, and amortisation of intangible assets.

(2) Net debt to EBITDA is an APM. It is calculated as net debt divided by EBITDA.

(3) Tangible net worth is an APM. It is calculated in accordance with certain of Senaat's loan agreements, by subtracting from total equity any amount attributable to goodwill and/or intangible assets. Tangible net worth was AED 13,290 million in 2017, AED 12,826 million in 2016 and AED 12,350 million in 2015.

(4) Total liabilities to tangible net worth is an APM. It is calculated as total liabilities divided by tangible net worth.

(5) Return on assets is an APM. It is calculated as profit for the year divided by total assets as at the end of the year.

(6) Return on average equity is an APM. It is calculated as profit for the year divided by average equity with the average being calculated based on the balances at the start and end of each year and amounting to AED 13,278 million in 2017, AED 12,861 million in 2016 and AED 12,671 million in 2015.

(7) Current ratio is an APM. It is calculated as current assets divided by current liabilities.

(8) Debt to equity is an APM. It is calculated as total loans and borrowings divided by total equity.

(9) Net debt to equity is an APM. It is calculated as net debt divided by total equity.

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial and Other Information", "Selected Financial Information" and the Financial Statements.

The discussion of the Group's financial condition and results of operations is based upon the Financial Statements which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors".

See "Presentation of Financial and Other Information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

OVERVIEW

Senaat is one of the UAE's largest industrial investment holding companies and is mandated by the Government to create, optimise, promote and champion capital-intensive assets. Senaat is a significant contributor to Abu Dhabi's Economic Vision 2030, which aims to diversify Abu Dhabi's economy from its historic reliance on oil. Through its portfolio companies, Senaat operates in the metals, oil and gas services contracting, food and beverage production and building materials manufacturing sectors, all of which are listed in the Government's strategic vision for the period to 2030 as core focus sectors or key enabling industries.

Senaat has six principal portfolio companies:

- **Emirates Steel**, which manufactures a diverse portfolio of steel products and generates revenue from the sale of these products;
- **NPCC**, which is a full service EPC provider to both the offshore and onshore oil and gas sector and generates contracting revenue, determined on the basis of the percentage of completion method, from projects in the UAE, across the rest of the GCC and in India;
- **Agthia**, which produces a range of food products as well as animal feed and generates revenue from the sale of these products in the UAE and other GCC countries;
- **Arkan**, which manufactures cement, blocks, pipes and bags and generates revenue from the sale of these products, principally in the UAE market;
- **Al Foah**, which is the world's largest dates aggregator and processor and generates revenue from the sale of date products in the UAE and through exports to 48 countries; and
- **Ducab**, which is an equity accounted associate engaged in the manufacture and sale of a wide range of power cables and related products in the GCC and around the world. The Group records its proportionate share of the profit or loss made by Ducab under "Share of profit from associates" in its statement of profit or loss.

Senaat is an active strategic investor and its focus is on continually improving the performance of its portfolio companies. Since it was established in 2004 and up to 31 December 2017, Senaat has invested AED 23.3 billion in building a diverse base of industrial assets, including AED 1.2 billion in 2017. The Group's total assets amounted to AED 27.2 billion as at 31 December 2017, a compound annual growth rate of 18.3 per cent. since Senaat's establishment.

In 2017, Senaat's revenue was AED 15.7 billion, up from AED 13.4 billion in 2016, and its profit for the year was AED 802 million compared to AED 550 million in 2016. Senaat's EBITDA was AED 2,085 million in 2017 and AED 1,796 million in 2016.

PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

Revenue and direct costs

The Group earns revenue from the sale of goods produced by Emirates Steel, Agthia, Al Foah and Arkan and from contracts undertaken by NPCC. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, as reduced for estimated customer returns, rebates and similar allowances.

Revenue from the sale of goods has been recognised once all of the following conditions have been satisfied:

- the Group has transferred to the buyer all of the significant risks and rewards of ownership in the goods;
- the Group ceases to retain either managerial or effective control over the goods;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs of the transaction can be reliably measured.

Contract revenue, which includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, is recognised to the extent that it is probable that they will result in revenue and can be reliably measured. Contract expenses, which include all direct costs of labour, materials, depreciation of property, plant and equipment and costs of subcontracted work, plus an appropriate proportion of general and administrative overheads incurred during the year, are recognised as incurred unless they create an asset related to future contract activity.

Contract revenue is measured using the percentage of completion method. The stage of completion is assessed by the proportion that contract cost incurred for work performed to date bears to the estimated total contract costs. When the outcome of a construction contract cannot be measured reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of profit and loss and other comprehensive income.

IFRS 15 "Revenue from Contracts with Customers" became effective from 1 January 2018. IFRS 15 is described in note 3(u)(i) to the 2017 Financial Statements. The implementation of IFRS 15 has not had a material impact on the Group's retained earnings or non-controlling interest as at 30 June 2018.

Revenue from the sale of goods

The Group's revenue from the sale of goods was AED 10,047 million in 2017 compared to AED 8,648 million in 2016 and AED 8,478 million in 2015. In relation to each of Emirates Steel, Agthia, Al Foah and Arkan, the Group's revenue from the sale of goods is a function of the volume and product mix of the goods sold by each entity and the prices realised for the different goods sold.

Emirates Steel

Emirates Steel's revenue accounted for 41.8 per cent. of the Group's total revenue from external customers in 2017, 40.3 per cent. in 2016 and 42.0 per cent. in 2015.

The table below shows the production and sales volumes for Emirates Steel, as well as the average price per tonne achieved and the total revenue recorded by Emirates Steel, for each of 2017, 2016 and 2015.

	2017	2016	2015
Production (*million tonnes per year*)	3.2	3.1	3.0
Sales volume (*million tonnes per year*)	3.2	3.2	3.0
Average price per tonne (*U.S. dollars*)	517	433	475
Total revenue (*AED million*)	6,585	5,379	5,277

Emirates Steel's sales volumes were relatively constant in 2017 and 2016 and increased slightly from 2015. Reflecting this fact, changes in Emirates Steel's revenue from period to period have principally been a function of its pricing which, on an average price per tonne basis, fell by 8.8 per cent. in 2016 compared to 2015 and increased by 19.4 per cent. in 2017 compared to 2016.

Agthia, Al Foah and Arkan

See "*– Challenging market and other conditions*" below for a discussion of the principal factors impacting these companies' revenue in 2017, 2016 and 2015.

Contract revenue

NPCC's revenue accounted for 36.2 per cent. of the Group's total revenue from external customers in 2017, 35.2 per cent. in 2016 and 39.6 per cent. in 2015.

NPCC's contract revenue was AED 5,698 million in 2017 compared to AED 4,702 million in 2016 and AED 5,563 million in 2015. NPCC's contract revenue is principally a function of the number of contracts on which it is engaged and the progress which it makes on each contract during the relevant accounting period. As NPCC's contracts are usually long-term in nature, NPCC has a high degree of visibility on its future revenue, although see also "*Risk Factors – Risks relating to specific Group businesses – Risks relating to the Group's oil and gas services contracting business*".

The table below shows NPCC's total backlog as at 31 December in each of 2017, 2016 and 2015.

	As at 31 December		
	2017	2016	2015
		(AED billion)	
Backlog[(1)]	7.1	11.6	13.3

[(1)] Backlog represents revenue not yet earned from projects which have been awarded to the Group but are either in progress or yet to commence.

Although NPCC's backlog has declined in each year since 2015, reflecting the fact that progress on, and completions of, existing contracts exceeded new contracts awarded, its backlog as at 30 June 2018 was AED 12.4billion, reflecting a significant number of new contract awards secured in the first six months of 2018. The revenue recognised by NPCC on construction contracts does not necessarily match its cash receipts on those contracts. Whilst revenue is recognised using the percentage of completion method, NPCC's standard payment terms are usually 60 to 90 days from submitting the payment certificate. Payment certificates are submitted on a monthly basis.

Direct costs

Trends in the Group's direct costs principally reflect trends in its revenue as a significant proportion of the Group's direct costs relate to the raw materials used by it in its manufacturing processes and the contracting costs incurred by NPCC which are closely related to its contracting revenue. The main exception is Al Foah which, as a result of past subsidy arrangements, had no costs of acquisition of the dates which it acquired from farmers and processed.

With effect from 2018, Al Foah has been required to pay a proportion of the total cost paid to farmers based on a revised subsidy policy implemented by the Government which allocates cost using a commercial transfer price mechanism. Senaat currently expects the amount to be paid by Al Foah to farmers in 2018 to be approximately AED 75 million.

As a proportion of its revenue, the Group's direct costs were 83.9 per cent. in 2017, 82.4 per cent. in 2016 and 83.4 per cent. in 2015.

Challenging market and other conditions

Some of the Group's businesses experienced challenging conditions at times in the three years under review, related to either market factors or changes in utilities tariffs. The table below shows the revenue and net profit of the Group's principal subsidiaries in each of 2017, 2016 and 2015.

	2017	2016	2015
		(AED million)	
Emirates Steel			
Revenue	6,585	5,379	5,277
Net profit	150	69	152
NPCC			
Revenue	5,698	4,702	5,563
Net profit	360	229	320
Agthia			
Revenue	2,048	2,012	1,866
Net profit	204	254	231
Al Foah			
Revenue	509	453	451
Net profit	265	241	220
Arkan			
Revenue	909	813	877
Net profit	30	(82)	101

Emirates Steel

The global steel industry faced significant market overcapacity in 2016, caused by excess production capacity in China being exported throughout the region. This also placed significant downward pressure on steel prices in that year. Despite increased operational effectiveness resulting in increases in both production and sales volumes in 2016, Emirates Steel's average sales price per tonne fell by 8.8 per cent. from U.S.$475 in 2015 to U.S.$433, resulting in significantly decreased profitability for Emirates Steel in 2016.

In 2017, utility subsidies in the UAE were significantly reduced resulting in a 57 per cent. increase in energy prices with effect from 1 January 2017. Notwithstanding this, Emirates Steel managed to significantly increase its profitability, principally as a result of a 19.4 per cent. improvement in average steel prices from U.S.$433 to U.$$517. Emirates Steel also significantly reduced its overall energy requirement by a combination of improved cost efficiencies and altering the input mix of raw material to optimise the use of cheap scrap. Emirates Steel continues to expand its production of value added and specialised products that are less susceptible to margin pressure as they command a production premium.

The increase in steel prices in 2017 has continued into 2018, with average steel prices of U.S.$616 over the period to 30 September 2018, a 20.0 per cent. increase compared to the corresponding period in 2017, demonstrating a prolonged recovery in the steel industry globally.

NPCC

In both 2016 and 2017, NPCC experienced challenging conditions endemic to the global energy sector due to low international oil and gas prices. This was reflected in AED 861 million, or 15.5 per cent., lower revenue in 2016 principally due to delays and postponements of projects, and an AED 90 million, or 28.4 per cent., fall in net profit. In 2017, NPCC increased its revenue by AED 996 million, or 21.2 per cent., reflecting an improved order book and an increase in EPC projects (driven by improving international oil and gas prices). NPCC also improved its net profit by AED 131 million, or 57.2 per cent. compared to 2016 by implementing strict cost control measures.

Agthia

In 2016 and 2017, Agthia was negatively affected by changes in Government subsidy policy that affected both its flour and animal feed businesses. Historically, the Government's policy was to protect consumers in Abu Dhabi from volatility in the prices of these basic products. Agthia and other producers in the UAE facilitated this policy with a pass-through of benefits to consumers. With the policy change, which took effect from mid-2016, these products now trade competitively in line with market dynamics. As a result, in 2016, Agthia experienced lower sales of both flour and animal feed in Abu Dhabi, although it achieved 7.8 per cent. growth in total revenue by penetrating new markets in the northern Emirates and increased its profitability by 10.0 per cent. In 2017, with the full year effect of the change in subsidy policy, sales of both flour and animal feed declined significantly and Agthia's total revenue in 2017 (excluding the positive impact of acquisitions) fell by 5.0 per cent. Agthia's profitability in 2017 fell by 18.9 per cent., reflecting the impact of food subsidy reform as well as a cancelled Government tender for animal feed.

Arkan

Arkan was impacted in 2016 by industry overcapacity in the UAE, procurement issues due to levies on raw material imports and storm damage to its new cement factory that resulted in four months lost production, resulting in a 7.3 per cent. decline in revenue. In addition, the energy subsidy reform contributed to a decision by Arkan to close its 40-year old cement factory in Al Ain, resulting in a significant write off and an overall AED 82 million loss in 2016. In 2017, while industry overcapacity persisted leading to intense price competition, Arkan performed well with revenue growth of 11.8 per cent. driven by improved sales across all business lines. The full year effect of energy subsidy reform increased Arkan's utility cost by AED 78 million. Notwithstanding this increase and an AED 29 million provision following settlement of litigation related to a land lease, Arkan recorded an overall net profit of AED 30 million in 2017.

Al Foah

Al Foah delivered sustained revenue and profit growth, with year-on-year increases in both 2016 and 2017. In 2017, Al Foah's revenue and net profit grew by 12.4 per cent. and 10.0 per cent., respectively, as a result of higher volumes sold, an improved sales mix and lower expenses through cost control measures. Al Foah's results are expected to be negatively impacted in 2018 as a result of subsidy reform which is expected to increase Al Foah's costs by approximately AED 75 million, although the exact number will not be known until after the harvest season is complete.

RECENT DEVELOPMENTS

On 30 July 2018, the Group published the Interim Financial Statements for the period ended 30 June 2018. Set out below is a brief summary of the Group's results of operations for the six months ended June 2018 compared to the corresponding period in 2017. Potential investors should note that Interim Financial Statements are not necessarily indicative of results for the full year.

Revenue

The Group's total revenue for the six months ended 30 June 2018 amounted to AED 7,466 million compared to AED 7,658 million for the corresponding period in 2017, a decrease of AED 192 million, or 2.5 per cent. This principally reflected a decrease of AED 851 million at NPCC. However, a comparison of NPCC's half yearly total revenue in one year to its total revenue in the equivalent period of another year is not an accurate indicator of NPCC's overall performance trajectory. This is because the peak period for the major EPC projects can vary from year to year, and in 2017 the peak period for such contracts was the six months ended 30 June 2017 whereas the peak period for such contracts in 2018 is the six months ended 31 December 2018 (based on the timelines of agreed projects).

Direct Costs

The Group's direct costs for the six months ended 30 June 2018 amounted to AED 6,141 million compared to AED 6,386 million for the corresponding period in 2017. The decrease of AED 245 million, or 3.8 per cent., principally reflected a decrease of AED 796 million in contract costs, principally as a result of a decrease in projects executed by NPCC during the period.

Gross Profit

Reflecting the above factors, the Group's gross profit for the six months ended 30 June 2018 was AED 1,325 million compared to AED 1,272 million for the corresponding period in 2017, an increase of AED 53 million, or 4.2 per cent.

General and administrative expenses

The Group's total general and administrative expenses amounted to AED 383 million for the six months ended 30 June 2018 compared to AED 329 million for the corresponding period in 2017. The increase of AED 54 million was because of the AED 59 million increase in head office costs as a result of the recognition of impairment losses arising from its investment in Talex.

Selling and distribution expenses

The Group's total selling and distribution expenses amounted to AED 212 million for the six months ended 30 June 2018 compared to AED 227 million for the corresponding period in 2017. The decrease of AED 15 million, or 6.6 per cent., principally reflected a decrease of AED 14 million and AED 3 million in salaries and related expenses of Agthia and Emirates Steel, respectively.

Other operating expenses

The Group's other operating expenses amounted to AED 163 million for the six months ended 30 June 2018 compared to AED 209 million in the corresponding period in 2017. The decrease of AED 46 million, or 22.0 per cent. principally reflected a decrease at NPCC due to a decrease in its business activities during the period.

Net finance cost

The Group's net finance cost comprises the difference between its interest income and its interest expense. The Group's interest income represents the interest it receives on its cash and bank balances. The Group's interest expense represents the interest it pays on its borrowings and interest rate swaps.

The Group's net finance cost amounted to AED 120 million for the six months ended 30 June 2018 compared to AED 123 million in the corresponding period in 2017. The decrease of AED 3 million, or 2.4 per cent. principally reflected a decrease of AED 4.3 million in interest expense due to settlement of loans by members of the Group and a decrease of AED 1.3 million in interest income.

Share of results of equity accounted investees, net

The Group had nine associates at 30 June in each of 2018 and 2017. In addition, it had seven joint operations and two joint ventures at 30 June in each of 2018 and 2017. Except for NPCC which accounts for its interest in joint operations using proportionate consolidation, all of the Group's associates and joint ventures are equity accounted, which means that the Group records its aggregate proportionate share of the profit or loss made by each entity in its statement of profit or loss for each year.

The Group's share of results from its equity accounted investees reflected aggregate losses incurred by its joint ventures and aggregate profits realised at its associates.

The Group's share of profits from associates, net amounted to AED 25 million for the six months ended 30 June 2018 compared to AED 33 million in the corresponding period in 2017. The fall of AED 8 million, or 24.2 per cent., principally reflected a decrease of AED 6.2 million in the Group's share in the net profits of Ducab's and Arkan's associates.

The Group's share of losses from its joint ventures, net amounted to AED 30 million for the six months ended 30 June 2018 compared to AED 24 million in the corresponding period in 2017. The increase of AED 6 million, or 25.0 per cent., principally reflected increased losses of AED 1.6 million and AED 4.4 million at Talex and Al Gharbia, respectively.

Profit before tax

Reflecting the factors above, the Group's profit before tax amounted to AED 452 million for the six months ended 30 June 2018 compared to AED 454 million in the corresponding period in 2017, a decrease of AED 2 million, or 0.4 per cent.

Income tax expense

The Group does not pay any corporate tax in the UAE. Accordingly, its tax charge principally represents current tax on the profits made by Group companies which are tax resident in Egypt, India and Saudi Arabia. The Group's income tax expense amounted to AED 12 million for the six months ended 30 June 2018 compared to AED 6 million in the corresponding period in 2017. The increase of AED 6 million, or 50.0 per cent. principally related to an increase in NPCC's business activities in Saudi Arabia and India.

Profit for the period

Reflecting the factors above, the Group's profit for the six months ended 30 June 2018 amounted to AED 440 million for the six months ended 30 June 2018 compared to AED 448 million in the corresponding period in 2017, a decrease of AED 8 million, or 1.8 per cent.

Liquidity

Net cash flow from operating activities

The Group's net cash flow from operating activities was AED 1,148 million for the six months ended 30 June 2018 compared to AED 1,484 million in the corresponding period in 2017. The decrease of AED 336 million, or 22.6 per cent. principally reflected an increase of AED 286 million in changes in trade and other receivables, a decrease of AED 828 million in changes in trade and other payables and an increase of AED 36 million in provisions.

Net cash used in investing activities

The Group's net cash used in investing activities was AED 11 million for the six months ended 30 June 2018 compared to AED 545 million in the corresponding period in 2017.

In the six months ended 30 June 2018, the principal investments made were AED 124 million in the acquisition of property, plant and equipment, AED 48 million in the additional investment in Talex and AED 161 million cash inflow from other investing activities.

In the six months ended 30 June 2017, the principal investments made were AED 249 million in the acquisition of property, plant and equipment, AED 187 million in the acquisition by Agthia of a subsidiary and AED 109 million in other investing activities.

Net cash used in financing activities

The Group's net cash used in financing activities was AED 1,537 million for the six months ended 30 June 2018 compared to AED 705 million in the corresponding period in 2017.

In the six months ended 30 June 2018, the Group spent AED 1,258 million on repaying borrowings (net of new borrowings). It also paid interest costs of AED 146 million and made distributions of AED 134 million to non-controlling interest shareholders in subsidiary companies.

In the six months ended 30 June 2017, the Group spent AED 915 million on repaying borrowings (net of new borrowings). It paid interest costs of AED 150 million and made distributions of AED 74 million to non-controlling interest shareholders in subsidiary companies.

SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the significant accounting policies applied by the Group generally, see note 3 to the 2017 Financial Statements.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the Group's financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. For a discussion of the most significant accounting estimates, judgments and assumptions made in the preparation of the Group's financial statements, see note 38 to the 2017 Financial Statements, which identifies the following eight factors:

- **Revenue recognition on construction contracts**: revenue from construction contracts, all of which is generated by NPCC through its oil and gas services contracts, is recognised when the outcome of a contract can be reliably estimated. However, the measurement of contract revenue is uncertain which results in estimates being revised over time, As a result, the amounts of contract revenue recognised may increase or decrease from period to period.

- **Contract variations**: the recognition of revenue from contract variations, which is a feature of NPCC's business, requires judgment based on prior experience, the application of contract terms and the relationship with the contract counterparties.

- **Provision for slow moving and obsolete inventories**: the provision made in respect of slow moving and obsolete inventories is based on the ageing of inventory items, their present condition and management's prior experience. The amount of any provision made may change, for example if a firm order is placed by a customer.

- **Impairment of trade and other receivables**: impairment of trade and other receivables is assessed at least annually and impairment charges are made based on identified loss events that management believes evidence a reduction in the recoverability of cash flows.

- **Impairment of property, plant and equipment and capital work in progress**: impairment charges in respect of property, plant and equipment and capital work in progress are assessed by comparing net present values to carrying amounts. Net present values are based on estimated useful lives, market conditions, contractual agreements and prices at the end of the reporting period.

- **Impairment of investment in equity accounted investees**: this impairment charge requires management to assess each investee's profitability, liquidity, solvency and ability to generate operational cash flow in order to estimate the recoverable amount of the investment. The net present value of the recoverable amount is compared to the investment's carrying amount to determine whether there is any impairment.

- **Impairment of goodwill**: in order to determine whether any goodwill has been impaired, management must estimate the value in use of the cash generating unit to which the goodwill has been allocated. The value in use calculation is based on a number of assumptions as detailed in note 6 to the 2017 Financial Statements.

- **Hedge accounting**: hedges must be assessed by management on an ongoing basis for effectiveness.

RESULTS OF OPERATIONS

Revenue

The Group's revenue comprises:

- revenue from the sale of goods, principally manufactured steel products produced by Emirates Steel, food and beverages and animal feed produced by Agthia, date products produced by Al Foah and building materials manufactured by Arkan; and

- revenue from construction contracts, which comprises NPCC's revenue.

The table below shows the breakdown of the Group's revenue in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Revenue from the sale of goods	10,046.7	8,647.8	8,478.0
Revenue from construction contracts	5,697.8	4,702.2	5,563.0
Total revenue	**15,744.5**	**13,350.0**	**14,041.0**

The Group's total revenue amounted to AED 15,744 million in 2017 compared to AED 13,350 million in 2016 and AED 14,041 million in 2015.

2017 and 2016 compared

The increase of AED 2,394 million, or 17.9 per cent., in total revenue in 2017 compared to 2016 reflected an increase of AED 1,399 million, or 16.2 per cent., in revenue from the sale of goods and AED 996 million, or 21.2 per cent., in revenue from construction contracts.

The increase in revenue from the sale of goods principally reflected an increase of AED 1,207 million at Emirates Steel. See "*– Principal factors affecting results of operations – Challenging market and other conditions*" above.

The increase in revenue from construction contracts principally reflected new contracts secured by NPCC in Saudi Arabia.

2016 and 2015 compared

The fall of AED 691 million, or 4.9 per cent., in total revenue in 2016 compared to 2015 reflected a fall of AED 861 million, or 15.5 per cent., in revenue from construction contracts which was offset by an increase of AED 170 million, or 2.0 per cent., in revenue from the sale of goods.

The fall in revenue from construction contracts principally reflected poor market conditions in the oil and gas industry driven by prevailing low oil and gas prices which resulted in delays to and postponements of certain of NPCC's contracts.

The increase in revenue from the sale of goods principally reflected small increases in revenues at both Emirates Steel and Agthia which were offset by a small fall in revenue at Arkan. See "*– Principal factors affecting results of operations – Challenging market and other conditions*" above.

Direct costs

The Group's direct costs principally comprise the raw materials used in the production of its manufactured goods. They also include the salaries and related expenses of employees directly engaged in its manufacturing and contracting businesses, contract costs, power and utilities costs directly related to its manufacturing and contracting businesses and depreciation of property, plant and equipment used in those businesses.

The table below shows the breakdown of the Group's direct costs in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Raw materials	6,202.4	5,378.7	6,005.4
Salaries and related expenses	2,170.4	2,283.1	2,259.5
Contract costs	1,534.8	830.0	1,164.8
Power and utilities	1,486.8	852.9	853.9
Depreciation of property, plant and equipment	965.0	901.8	867.8
Other	847.5	749.9	563.3
Total direct costs	**13,206.9**	**10,996.4**	**11,714.7**

The Group's total direct costs amounted to AED 13,207 million in 2017 compared to AED 10,996 million in 2016 and AED 11,715 million in 2015.

2017 and 2016 compared

The increase of AED 2,211 million, or 20.1 per cent., in total direct costs in 2017 compared to 2016 principally reflected:

- an increase of AED 824 million, or 15.3 per cent., in raw material costs, principally as a result of increased production, and therefore use of raw materials, at its steel, food and beverage and building materials businesses;

- an increase of AED 705 million, or 84.9 per cent., in contract costs, which principally reflected the increase in contract revenue in 2017; and

- an increase of AED 634 million, or 74.3 per cent., in power and utilities costs, which principally reflected a full year effect of subsidy reductions introduced in 2016 which resulted in higher tariffs that particularly affected Emirates Steel and Arkan.

2016 and 2015 compared

The fall of AED 718 million, or 6.1 per cent., in total direct costs in 2016 compared to 2015 principally reflected:

- a fall of AED 627 million, or 10.4 per cent., in raw material costs, principally as a result of lower costs for the iron ore used by Emirates Steel and lower production in the building materials business; and

- a fall of AED 335 million, or 28.7 per cent., in contract costs, which principally reflected less contract activity.

These falls were offset by an increase of AED 187 million, or 33.1 per cent., in other costs, which principally reflected an increase in Emirates Steel's other costs by AED 174 million, or 93.2 per cent.

Gross profit

Reflecting the above factors, the Group's gross profit was AED 2,538 million in 2017 compared to AED 2,354 million in 2016 and AED 2,326 million in 2015, an increase of AED 184 million, or 7.8 per cent., in 2017 and an increase of AED 27 million, or 1.2 per cent., in 2016.

The Group's gross profit margins were 16.1 per cent. in 2017, 17.6 per cent. in 2016 and 16.6 per cent. in 2015.

General and administrative expenses

The Group's general and administrative expenses principally comprise the salaries and related expenses of employees directly engaged in general and administrative activities. They also include depreciation of property, plant and equipment used in general and administrative activities, provision for impairment of receivables, amortisation of intangible assets and depreciation of investment properties.

The table below shows the breakdown of the Group's general and administrative expenses in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Salaries and related expenses	452.4	440.2	442.3
Provision for impairment of receivables	36.5	76.8	1.6
Depreciation of property, plant and equipment	31.6	40.4	44.5
Amortisation of intangible assets	3.9	2.8	1.6
Depreciation of investment properties	2.4	2.4	1.7
Other expenses	150.2	162.9	191.9
Total general and administrative expenses	**677.0**	**725.5**	**683.5**

The Group's total general and administrative expenses amounted to AED 677 million in 2017 compared to AED 725 million in 2016 and AED 684 million in 2015.

2017 and 2016 compared

The fall of AED 48 million, or 6.7 per cent., in general and administrative expenses in 2017 compared to 2016 principally reflected a fall of AED 40 million, or 52.5 per cent., in provision for impairment of receivables, which principally reflected a decrease of AED 45 million in head office costs due to a one-time provision in 2016 against an amount due from ZonesCorp, which was offset by an AED 5 million increase in other entities.

In addition, the Group's:

- other general and administrative expenses fell by AED 13 million, or 7.8 per cent., in 2017, principally reflecting falls aggregating AED 28 million at the head office, Emirates Steel and Arkan which were offset by increases aggregating AED 15 million at Al Foah and Agthia. The largest movement was an AED 13 million fall at Emirates Steel; and

- depreciation of property, plant and equipment fell by AED 9 million, or 21.7 per cent., in 2017, principally as a result of an AED 6 million fall at Arkan and an AED 3 million fall at Emirates Steel.

The Group's salaries and related expenses increased by AED 12 million, or 2.8 per cent., in 2017, principally due to increases aggregating AED 28 million at Al Foah, Agthia and Emirates Steel which were offset by decreases aggregating AED 16 million at the head office, NPCC and Arkan. The largest movement was an AED 15 million increase at Emirates Steel.

2016 and 2015 compared

The increase of AED 42 million, or 6.1 per cent., in general and administrative expenses in 2016 compared to 2015 principally reflected an increase of AED 75 million in the Group's provision for impairment of receivables, from AED 2 million in 2015 to AED 77 million. The provision charge in 2016 is discussed above.

The increase in the Group's provision for impairment of receivables in 2016 was offset by an AED 29 million, or 15.1 per cent., fall in other general and administrative expenses, principally as a result of an AED 35 million fall in head office other general and administrative expenses offset by an AED 6 million increase in other general and administrative expenses from other entities. The head office decrease was due to less projects and less marketing costs.

Selling and distribution expenses

The Group's selling and distribution expenses principally comprise the salaries and related expenses of employees engaged in selling and distribution activities. They also include marketing and transportation expenses as well as depreciation of property, plant and equipment used in selling and distribution activities.

The table below shows the breakdown of the Group's selling and distribution expenses in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Salaries and related expenses	247.3	195.5	154.4
Marketing expenses	56.5	71.8	63.1
Transportation expenses	55.8	59.3	57.2
Depreciation of property, plant and equipment	10.5	9.9	7.7
Other expenses	69.4	60.6	57.6
Total selling and distribution expenses	**439.5**	**397.1**	**340.0**

The Group's total selling and distribution expenses amounted to AED 440 million in 2017 compared to AED 397 million in 2016 and AED 340 million in 2015.

2017 and 2016 compared

The increase of AED 42 million, or 10.7 per cent., in selling and distribution expenses in 2017 compared to 2016 principally reflected an increase of AED 52 million, or 26.5 per cent., in salaries and related expenses, which was principally due to an AED 53 million increase in Agthia's salaries. In addition, the Group's other selling and distribution expenses increased by AED 9 million, or 14.6 per cent., in 2017, principally as a result of an AED 9 million increase at Agthia, while its marketing expenses fell by AED 15 million, or 21.2 per cent., principally as a result of an AED 20 million fall at Agthia offset by an AED 5 million increase at other entities.

2016 and 2015 compared

The increase of AED 57 million, or 16.8 per cent., in selling and distribution expenses in 2016 compared to 2015 principally reflected an increase of AED 41 million, or 26.6 per cent., in salaries and related expenses, which was principally due to an AED 34 million increase at Agthia and an AED 4 million increase at Emirates Steel and an increase of AED 9 million, or 13.8 per cent., in marketing expenses in 2016, principally as a result of an AED 6 million increase at Agthia and an AED 3 million increase at Al Foah.

Other operating expenses

The Group's other operating expenses were AED 391 million in 2017 compared to AED 367 million in 2016 and AED 392 million in 2015, an increase of AED 24 million, or 6.6 per cent., in 2017 and a fall of AED 25 million, or 6.4 per cent., in 2016. In 2016, the fall was mainly (i) at the head office reflecting a lower cost of "palm counting" (being the one-off exercise undertaken at the request of the Executive Council to determine the number of palm trees owned by farmers supplying dates to Al Foah) in 2016 compared to 2015 and (ii) at NPCC, where other operating expenses were AED 10 million lower in 2016 compared to 2015.

Business interruption claims

In 2014, a direct reduction plant ("**DRP2**") owned and operated by Emirates Steel was shut down from 21 July 2014 to 24 September 2014 due to the failure of its process gas heater unit. This incident significantly affected Emirates Steel's production in 2014 and Emirates Steel made a claim in respect of the losses arising from the incident under its insurance. This resulted in the recognition of additional operating income, including amounts of AED 33 million in 2015 and AED 72 million in 2017.

Impairment loss

In 2016, the Group recognised impairment losses of AED 134 million principally related to the closure of Arkan's 40-year old cement plant which had become uneconomic following the significant increase in energy costs due to subsidy reform. In 2017, the Group recognised impairment losses of AED 5 million, principally relating to receivables. In 2015, the Group did not recognise any impairment losses in its statement of profit or loss.

Net finance cost

The Group's net finance cost comprises the difference between its interest income and its interest expense. The Group's interest income represents the interest it receives on its cash and bank balances. The Group's interest expense represents the interest it pays on its borrowings and interest rate swaps.

The table below shows the breakdown of the Group's net finance cost in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Interest income	37.2	31.4	22.1
Interest expense	(287.4)	(317.8)	(303.0)
Net finance cost	**(250.2)**	**(286.4)**	**(280.9)**

The Group's net finance cost fell by AED 36 million, or 12.6 per cent., in 2017 and increased by AED 5 million, or 1.9 per cent., in 2016. These changes reflected the changes in the Group's interest income and interest expense described below.

The Group's interest income increased by AED 6 million, or 18.4 per cent., in 2017 and by AED 9 million, or 42.4 per cent., in 2016. These increases principally reflected the Group's increased cash and bank balances in each year, and a general increase in the rates typically offered for deposits.

The Group's interest expense fell by AED 30 million, or 9.6 per cent., in 2017 and increased by AED 15 million, or 4.9 per cent., in 2016. The fall in 2017 principally reflected a fall in head office interest expenses of AED 41 million due to the settlement of loans during 2017. The increase in 2016 principally reflected increases of AED 14 million at NPCC, AED 12 million at Emirates Steel, AED 11 million at Agthia and

AED 2 million at Arkan reflecting new loans. These increases were offset by a decrease of AED 24 million at head office reflecting the repayment of loans.

Share of results of equity accounted investees, net

The Group had nine associates at 31 December in each of 2017 and 2016 and eight associates at 31 December 2015. In addition, it had seven joint operations and two joint ventures at 31 December in each of 2017, 2016 and 2015. Except for NPCC which accounts for its joint ventures and associates using proportionate consolidation, all of the Group's associates, joint ventures and joint operations are equity accounted, which means that the Group records its aggregate proportionate share of the profit or loss made by each entity in its statement of profit or loss for each year.

The table below shows the breakdown of the Group's share of results of its equity accounted investees in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Share of profits from associates, net	60.8	86.7	79.7
Share of losses from joint ventures, net	(155.1)	(28.2)	(1.0)
Share of results of equity accounted investees, net	**(94.3)**	**58.5**	**78.7**

In each year, the Group's share of results from its equity accounted investees reflected aggregate losses incurred by its joint ventures and aggregate profits realised at its associates.

The Group's share of profits from associates, net was AED 61 million in 2017 compared to AED 87 million in 2016 and AED 80 million in 2015. The fall of AED 26 million, or 29.9 per cent., in 2017 principally reflected difficult market conditions, intense competition and a poorer sales mix as a result of a slowdown in the oil and gas sector, all of which impacted Ducab's profitability, which fell by 23 per cent. in 2017 compared to 2016. The increase of AED 7 million, or 8.8 per cent., in 2016 principally reflected improved performance at Ducab which achieved higher sales volumes and an increased margin compared to 2015.

The Group's share of losses from its joint ventures, net was AED 155 million in 2017 compared to AED 28 million in 2016 and AED 1 million in 2015. The increase in losses of AED 127 million in 2017 principally reflected an increased loss at Talex, principally driven by an impairment charge of AED 202 million (of which Senaat's share was AED 101 million) as a result of a decrease in the value of Senaat's investment in Talex. The increase of AED 27 million in 2016 reflected higher losses at Talex, which commenced commercial operations in that year.

Other statement of profit or loss items

The table below shows the breakdown of the Group's other statement of profit or loss items in each of 2017, 2016 and 2015.

	Year ended 31 December		
	2017	**2016**	**2015**
		(AED million)	
Other income	47.9	51.2	27.6
Fair value gain/(loss) on investment at fair value through profit or loss	20.0	(1.7)	3.4
Net movement in fair value of biological assets	0.2	(0.4)	0.4
Loss on disposal of investments	–	–	(3.6)
	68.1	**49.1**	**27.8**

In 2017, the Group recorded an AED 20 million fair value gain on investments at fair value through profit and loss held by NPCC (AED 16 million) and Agthia (AED 4 million). In 2016, the Group's other income increased by AED 23.6 million, or 85.8 per cent. The Group's other income comprises a wide range of individually insignificant income items.

Profit before tax

Reflecting the above factors, the Group's profit before tax was AED 821 million in 2017 compared to AED 551 million in 2016 and AED 769 million in 2015, an increase of AED 269 million, or 48.8 per cent., in 2017 and a fall of AED 218 million, or 28.3 per cent., in 2016.

Income tax expense

The Group does not pay any corporate tax in the UAE. Accordingly, its tax charge principally represents current tax on the profits made by Group companies which are tax resident in Egypt, India and Saudi Arabia. The Group's income tax expense was AED 18 million in 2017 compared to AED 1 million in 2016 and a tax credit of AED 5 million in 2015. The significant increase in 2017 principally related to NPCC's subsidiary in India.

Profit for the year

Reflecting the above factors, the Group's profit for the year was AED 802 million in 2017 compared to AED 550 million in 2016 and AED 774 million in 2015, an increase of AED 252 million, or 45.8 per cent., in 2017 and a fall of AED 224 million, or 28.9 per cent., in 2016.

The Group's net profit margins were 5.1 per cent. in 2017, 4.1 per cent. in 2016 and 5.5 per cent. in 2015.

Other comprehensive income

The Group's other comprehensive income principally comprises the net change in the fair value of its hedging instruments, currency translation differences on the translation of accounts of foreign entities into dirham for the purposes of consolidation and its share of other comprehensive income of its equity accounted investees. In 2017, the Group also had a significant loss on the remeasurement of end of service benefits.

The Group's other comprehensive income was AED 32 million in 2017 compared to AED 37 million in 2016 and AED 53 million in 2015.

2017 and 2016 compared

The fall of AED 6 million, or 15.6 per cent., in 2017 compared to 2016 principally reflected:

- an AED 26 million loss on remeasurement of end of service benefits in 2017 compared to a minimal gain in 2016; and

- an AED 20 million lower net positive change in the fair value of hedging instruments in 2017.

These negative trends were offset by:

- an AED 20 million higher share of other comprehensive income of equity accounted investees in 2017; and

- an AED 19 million lower negative foreign currency translation difference in 2017.

2016 and 2015 compared

The fall of AED 16 million, or 29.6 per cent., in 2016 compared to 2015 principally reflected higher currency translation losses due to movements in the Turkish lira/dirham exchange rate impacting Agthia's Turkish assets.

Total comprehensive income

Reflecting the above factors and the Group's profit for the year, the Group's total comprehensive income was AED 834 million in 2017 compared to AED 588 million in 2016 and AED 828 million in 2015, an increase of AED 246 million, or 41.9 per cent., in 2017 and a fall of AED 240 million, or 29.0 per cent., in 2016.

EBITDA

The Group's EBITDA was AED 2,085 million in 2017 compared to AED 1,796 million in 2016 and AED 1,974 million in 2015, an increase of AED 289 million, or 16.1 per cent. in 2017 and a fall of AED 178 million, or 9.0 per cent., in 2015. The increase in 2017 compared to 2016 principally reflected higher profit before tax and a higher depreciation charge in 2017 which were offset by lower interest expense in that year. The fall in 2016 compared to 2015 principally reflected lower profit before tax in 2016 which was offset by a higher depreciation charge and higher interest expense in 2016. The Group's EBITDA margins were 13.2 per cent. in 2017, 13.4 per cent. in 2016 and 14.1 per cent. in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal cash requirements are to satisfy its working capital needs, to fund its investments in property, plant and equipment, to acquire new subsidiaries, associates and joint ventures and to pay interest on, and repay, its borrowings. The Group funds these requirements principally with the cash it generates from its operating activities and with the proceeds of new borrowings.

Cash flow

The table below summarises the Group's cash flow from operating activities, investing activities and financing activities for each of 2017, 2016 and 2015.

	2017	2016	2015
		(AED million)	
Net cash flow from operating activities	2,803.6	1,732.7	2,150.9
Net cash used in investing activities	(353.2)	(1,072.9)[(1)]	(787.6)
Net cash (used in)/from financing activities	(1,604.0)	67.4[(1)]	(1,022.4)
Cash and cash equivalents at 1 January	1,959.5	1,230.5	885.6
Cash and cash equivalents at 31 December	2,806.8	1,959.5	1,230.5

Note:

(1) Figures derived from the unaudited comparatives in the 2017 Financial Statements, reflecting the fact that there was a reclassification of AED 7,959 thousand between cash flows used in investing activities and cash flows from financing activities in the 2016 comparative financial information appearing in the 2017 Financial Statements. The reclassification relates to the decrease in "Bank overdrafts used for cash management" which was previously presented as part of the net "Increase in escrow accounts and term deposits with original maturities over 3 months". To conform with the 2017 presentation, the amount was included as part of "Repayment of loans and borrowings".

Net cash flow from operating activities

The Group's net cash flow from operating activities was AED 2,804 million in 2017 compared to AED 1,733 million in 2016 and AED 2,151 million in 2015. The Group's net cash flow from operating activities before working capital changes was AED 2,248 million in 2017 compared to AED 2,073 million in 2016 and AED 2,000 million in 2015, increases of AED 175 million, or 8.4 per cent., in 2017 and AED 74 million, or 3.7 per cent., in 2016. The Group's net cash flow from operating activities before working capital changes principally reflects its profit for the year adjusted for depreciation and the increase in 2017 principally reflected the Group's higher profit and share of loss from joint ventures offset by lower impairment charges. The increase in 2016 principally reflected its higher impairment losses offset by lower profit.

Net cash used in investing activities

The Group's net cash used in investing activities was AED 353 million in 2017 compared to AED 1,073 million in 2016 and AED 788 million in 2015.

In 2017, the principal investments made were AED 538 million in the acquisition of property, plant and equipment (principally in capital work in progress mainly from NPCC and Emirates Steel) and AED 178 million in the acquisition by Agthia of all of the share capital of Delta Bottled Water Factory Company Limited in Jeddah. These investments were offset by AED 282 million received on the maturity of escrow accounts (which contain money set aside for the payment of dividends) and term deposits.

In 2016, the principal investments made were AED 959 million in the acquisition of property, plant and equipment (principally in capital work in progress mainly from NPCC and Emirates Steel and the acquisition of plant and equipment by NPCC) and AED 163 million deposited into escrow accounts and term deposits.

In 2015, the principal investments made were AED 909 million in the acquisition of property, plant and equipment (principally in capital work in progress mainly from Emirates Steel and NPCC) and AED 162 million in the acquisition by Agthia of all of the share capital of three entities, of which two were in the UAE and one was in Oman. These investments were offset by AED 248 million received on the maturity of escrow accounts and term deposits.

Net cash (used in)/from financing activities

The Group's net cash used in financing activities was AED 1,604 million compared to net cash from financing activities of AED 67 million in 2016 and net cash used in financing activities of AED 1,022 million in 2015.

In 2017, the Group spent AED 1,206 million on repaying borrowings (net of new borrowings). It also paid interest costs of AED 287 million and made distributions of AED 104 million to non-controlling interest shareholders in subsidiary companies.

In 2016, the Group received AED 524 million from new borrowings (net of repayments). It paid interest costs of AED 318 million and made distributions of AED 127 million to non-controlling interest shareholders in subsidiary companies.

In 2015, the Group spent AED 606 million on repaying borrowings (net of new borrowings). It also paid interest costs of AED 303 million and made distributions of AED 113 million to non-controlling interest shareholders in subsidiary companies.

Borrowings

At 31 December 2017, the Group's borrowings amounted to AED 8,373 million compared to AED 9,667 million at 31 December 2016 and AED 9,135 million at 31 December 2015.

The table below summarises the Group's borrowings as at 31 December in each of 2017, 2016 and 2015.

	At 31 December					
	2017		2016		2015	
	(AED million)	*(per cent.)*	*(AED million)*	*(per cent.)*	*(AED million)*	*(per cent.)*
Unsecured	3,033.5	36.3	3,174.1	32.8	2,707.9	29.6
Secured	5,339.2	63.7	6,492.9	67.2	6,427.0	70.4
Total	**8,372.7**	**100.0**	**9,667.0**	**100.0**	**9,134.9**	**100.0**
Current	2,905.5	34.7	3,237.1	33.5	2,485.1	27.2
Non-current	5,467.2	65.3	6,429.9	66.5	6,649.8	72.8
Total	**8,372.7**	**100.0**	**9,667.0**	**100.0**	**9,134.9**	**100.0**
Borrower						
Agthia	593.0	7.1	470.3	4.9	458.1	5.0
Arkan	953.1	11.3	1,182.9	12.2	1,302.7	14.3
Emirates Steel	3,907.7	46.7	4,705.9	48.7	4,803.3	52.6
NPCC	1,790.4	21.4	2,065.9	21.4	1,212.0	13.3
Senaat	1,128.5	13.5	1,242.0	12.8	1,358.8	14.9
Total	**8,372.7**	**100.0**	**9,667.0**	**100.0**	**9,134.9**	**100.0**

As at 31 December 2017, AED 5.3 billion, or 63.8 per cent., of the Group's outstanding borrowings were secured and AED 7.2 billion, or 86.5 per cent., had been borrowed by subsidiaries of Senaat. See "*Risk Factors – Risks relating to the Group's operating activities generally – Senaat's obligations under the Transaction Documents will be substantially subordinated to the claims of creditors of Senaat's subsidiaries and a significant portion of the Group's outstanding debt is secured and/or guaranteed by Senaat*".

In addition, at 31 December 2017, AED 2.9 billion, or 34.7 per cent., of the Group's borrowings were due to mature in less than 12 months. See "*Risk Factors – Risk factors relating to the Group generally – The Group may have material funding requirements*".

Each of the Group's loans is described in note 31 to the 2017 Financial Statements.

Certain of the Emirates Steel's loans have a limited guarantee from Senaat. The guarantee may only be called on if Emirates Steel is in default and the price of gas supplied to Emirates Steel is greater than U.S.$3.00 per million British thermal units (MmBTU). Senaat also provides guarantees to Talex and Al Gharbia. In addition, certain of the Senaat loans have financial covenants, including covenants requiring that the ratio of Senaat's consolidated total liabilities to its consolidated tangible net worth should not exceed 3:1 and its consolidated tangible net worth should not be lower than AED 7 billion (AED 7.4 billion in one facility).

Senaat's internal controls define limits on its net debt to EBITDA ratio designed to ensure that Senaat maintains an investment grade rating. Senaat also monitors its interest coverage ratio to ensure that it remains in line with an investment grade rating.

At 31 December 2017, the total amount of committed but not drawn financing available to the Group was AED 1,248 million. At 31 December 2017 Senaat's consolidated total liabilities were equal to 1.02 times its consolidated tangible net worth, which amounted to AED 13,289 million at that date.

Maturity profile of the Group's borrowings

Of the Group's AED 8,373 million borrowings outstanding at 31 December 2017, 34.7 per cent. was scheduled to mature within 12 months. The table below summarises the maturity profile of the Group's borrowings at 31 December 2017.

	As at 31 December 2017	
	(AED million)	*(per cent.)*
Repayable within 12 months	2,905.5	34.7
Repayable within 2 to 5 years	4,792.0	57.2
Repayable after 5 years	675.2	8.1
Total	**8,372.7**	**100.0**

Capital expenditure and other commitments

During 2017, the Group invested AED 544 million in fixed assets compared to AED 982 million in 2016 and AED 930 million in 2015. NPCC and Emirates Steel together accounted for 64 per cent. of the Group's total capital expenditure in 2017.

As at 31 December 2017, the Group had capital and other commitments of AED 1,514 million. These commitments reflect amounts which the Group is legally committed to spend in future years, although a significant proportion of the expenditure is expected to be incurred in the year ending 31 December 2018. No assurance can be given as to the actual amounts of capital expenditure that may be incurred in future periods. The timing and amount of capital expenditure is highly dependent on market conditions, the progress of projects, new opportunities that may arise and a range of other factors outside the control of the Group.

The table below shows the Group's capital and other commitments as at 31 December 2017.

	As at 31 December 2017	
	(AED million)	*(per cent.)*
Capital commitments	134.4	8.9
Raw material purchase commitments	998.2	66.0
Contractual commitments	1.5	0.1
Operating lease commitments	379.4	25.1
Total	**1,513.5**	**100.0**

Of the Group's AED 379 million operating lease commitments at 31 December 2017, AED 33 million, or 8.7 per cent., expires within 12 months, AED 93 million, or 24.5 per cent., expires between one year and five years and the balance (AED 253 million, or 66.7 per cent.) expires after five years.

CONTINGENCIES

The Group's contingent liabilities under letters of credit and guarantees amounted to AED 3,661 million as at 31 December 2017 compared to AED 3,604 million as at 31 December 2016 and AED 4,071 million as at 31 December 2015. These letters of credit and guarantees principally relate to NPCC's obligations under the terms of its contracts with customers.

In addition, Senaat has issued a letter of continuing financial support in relation to its 50 per cent. shareholding in Talex.

ANALYSIS OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Assets

The Group's most significant assets are its property, plant and equipment which comprised 55.5 per cent. of its total assets as at 31 December 2017. The Group's other significant asset classes are its trade and other receivables (which comprised 13.8 per cent. of its total assets as at 31 December 2017), its cash and bank balances (13.1 per cent.), its inventories (8.4 per cent.) and its investments in equity accounted investees (5.2 per cent.).

Property, plant and equipment

As at 31 December 2017, the Group's property, plant and equipment principally comprised the plant and equipment and land and buildings owned and used by Group companies, including in particular Emirates Steel's plant and equipment. The Group's plant and equipment before depreciation and impairment losses amounted to AED 19,526 million and comprised 81.4 per cent. of its total property, plant and equipment before depreciation and impairment losses and its land and buildings amounted to AED 3,644 million and comprised a further 15.2 per cent., in each case as at 31 December 2017. As at the same date, the Group's capital work in progress amounted to AED 263 million, or 1.1 per cent. of its total property, plant and equipment before depreciation and impairment losses.

The Group's property, plant and equipment is depreciated on a straight line basis over their estimated useful lives, which are between two and 25 years for plant and machinery and between three and 40 years for buildings. Land is not depreciated.

Property, plant and equipment is recorded on the Group's statement of financial position at cost less accumulated depreciation and impairment. The determination of impairment involves significant judgment, see "*– Critical accounting judgments and estimates*" above.

The Group's accumulated depreciation and impairment losses in respect of its property, plant and equipment amounted to AED 8,902 million as at 31 December 2017. Its depreciation charges were AED 1,024 million in 2017, AED 975 million in 2016 and AED 949 million in 2015 and its impairment losses on property, plant and equipment were AED 177 thousand in 2017, AED 49 million in 2016 and AED 3 million in 2015, see "*– Results of operations – Direct costs*","*– Results of operations – General and administrative expenses*", "*– Results of operations – Selling and distribution expenses*" and "*– Results of operations – Impairment loss*" above, respectively.

Trade and other receivables

The table below shows the Group's trade and other receivables as at 31 December in each of 2017, 2016 and 2015.

	As at 31 December		
	2017	**2016**	**2015**
		(AED thousand)	
Non-current portion			
Trade receivables	152,934	157,639	158,086
Less: Allowance for impairment	(152,934)	(124,297)	(100,751)
	–	**33,342**	**57,335**
Current portion			
Trade receivables	2,073,301	1,973,577	1,736,851
Less: Allowance for impairment	(65,786)	(78,747)[(1)]	(36,141)
	2,007,515	**1,894,830[(1)]**	**1,700,710**
Gross amount due under construction contracts	748,845	1,359,085	1,218,090

	As at 31 December		
	2017	2016	2015
		(AED thousand)	
Advance payment to contractors	372,625	383,420	228,662
Cash margin against letter of credit	37,880	115,057	108,669
Prepayments and other receivables	496,941	428,930[(1)]	1,003,136
Refundable withholding tax	13,059	–	78,857
Contract retentions	67,322	28,058	42,125
Total trade and other receivables	**3,744,187**	**4,209,380**	**4,380,249**

Note:

(1) Figures taken from the unaudited comparatives in the 2017 Financial Statements. In 2017, AED 34,366 thousand was reclassified from prepayment to past due and impaired trade receivables to match changes made to Arkan's financial statements after the issuance of Senaat's consolidated financial statements in 2016. The change was reflected in the comparative figures in the 2017 consolidated financial statements.

Apart from its trade receivables, which are described further below, the Group's principal receivables balances relate to NPCC's contracting business.

The table below shows the ageing of the Group's trade receivables as at 31 December in each of 2017, 2016 and 2015.

	As at 31 December		
	2017	2016	2015
		(AED thousand)	
Not past due	1,523,068	1,161,200	885,348
Past due:			
Up to 90 days	154,660	345,331	399,587
91 to 180 days	123,576	155,517	252,268
181 to 365 days	89,164	125,227	123,406
More than 365 days	335,767	343,941	234,328
	703,167	**970,016**	**1,009,589**
Total trade receivables	**2,226,235**	**2,131,216**	**1,894,937**
Past due and impaired	(218,720)	(203,044)[(1)]	(136,892)
Net trade receivables	**2,007,515**	**1,928,172[(1)]**	**1,758,045**

Note:

(1) Figures taken from the unaudited comparatives in the 2017 Financial Statements. In 2017, AED 34,366 thousand was reclassified from prepayment to past due and impaired trade receivables to match changes made to Arkan's financial statements after the issuance of Senaat's consolidated financial statements in 2016. The change was reflected in the comparative figures in the 2017 consolidated financial statements.

None of the Group's past due trade receivables were secured as at 31 December 2017. The Group's impairment charge in respect of its past due trade receivables was 9.8 per cent. of its total trade receivables as at 31 December 2017 compared to 9.5 per cent. as at 31 December 2016 and 7.2 per cent. as at 31 December 2015. The determination of impairment in respect of the Group's trade receivables requires significant judgment, see "– *Critical accounting judgments and estimates*" above.

Cash and bank balances

The Group maintains significant cash balances in current and term deposit accounts with approximately 51 banks across the different countries in which it operates. The table below shows the Group's cash and bank balances as at 31 December in each of 2017, 2016 and 2015.

	As at 31 December		
	2017	2016	2015
		(AED thousand)	
Cash in hand	3,723	2,420	4,734
Cash at banks	1,649,064	1,152,810[(1)]	1,153,248

	As at 31 December		
	2017	2016	2015
		(AED thousand)	
Term deposits	1,903,011	1,849,568[(1)]	946,370
Cash in hand and at bank	**3,555,798**	**3,004,798**	**2,104,352**

Note:

(1) Figures taken from the unaudited comparatives in the 2017 Financial Statements. In 2017, AED 1,249 million as at 31 December 2016 that had been classified as cash at banks in the 2016 Financial Statements was reclassified as term deposits in the comparative figures for 2016 appearing in the 2017 Financial Statements.

Inventories

The Group's inventories amounted to AED 2,284 million as at 31 December 2017 compared to AED 2,192 million as at 31 December 2016 and AED 2,054 million as at 31 December 2015. The Group's inventories comprise finished goods, work in progress, raw materials, spare parts and consumables and goods in transit, among others. Note 20 to each of the Financial Statements shows a breakdown by type of the Group's inventories as at 31 December in each of 2017, 2016 and 2015. The Group's allowance for slow moving and obsolete inventories amounted to AED 169 million as at 31 December 2017, equal to 6.9 per cent. of its total inventories at that date. As at 31 December 2016 (based on 2016 figures in the 2017 Financial Statements), the Group's allowance for slow moving and obsolete inventories amounted to AED 151 million, equal to 6.4 per cent. of its total inventories at that date. As at 31 December 2015, the Group's allowance for slow moving and obsolete inventories amounted to AED 111 million, equal to 5.1 per cent. of its total inventories at that date. The determination of the Group's provision in respect of slow moving and obsolete inventory requires significant judgment, see "*– Critical accounting judgments and estimates*" above.

Investments in equity accounted investees

The Group's investment in its associates and joint ventures amounted to AED 1,423 million as at 31 December 2017 compared to AED 1,365 million as at 31 December 2016 and AED 1,309 million as at 31 December 2015.

As at 31 December 2017, the Group had nine associates, one of which was dormant. Details of the Group's associates as at 31 December in each of 2017, 2016 and 2015 are set out in note 14 to each of the Financial Statements. The Group's most significant associate in terms of both assets and profitability is Ducab, in which Senaat has a 50 per cent. shareholding (as at 30 June 2018). Senaat has the ability to significantly influence, but not exercise control over, Ducab.

The Group received AED 50 million in dividends from its associates in 2017 compared to AED 49 million in 2016 and AED 60 million in 2015.

Liabilities

The Group's most significant liabilities are its loans and borrowings which comprised 61.7 per cent. of its total liabilities as at 31 December 2017. The Group's other significant liability class is its trade and other payables, which comprised 32.0 per cent. of its total liabilities as at 31 December 2017.

Loans and borrowings

See "*– Liquidity and capital resources – Borrowings*" above for a description of the Group's loans and borrowings.

Trade and other payables

The Group's trade and other payables amounted to AED 4,350 million as at 31 December 2017 compared to AED 3,455 million as at 31 December 2016 and AED 3,317 million as at 31 December 2015. In addition to trade payables, which comprised 46.0 per cent. of the Group's trade and other payables as at 31 December 2017, the Group's trade and other payables include the gross amount due to customers on construction contracts, advances received from customers, accrued short-term employee benefits, its warranty provision, accrued interest and other payables and accrued expenses. Further details of the Group's trade and other payables as at 31 December in each of 2017, 2016 and 2015 are set out in note 34 to each of the Financial Statements.

Equity

The Group's equity attributable to the owners of Senaat amounted to AED 11,138 million as at 31 December 2017, AED 10,682 million as at 31 December 2016 and AED 10,494 million as at 31 December 2015.

The Group's equity principally comprises its retained earnings which amounted to AED 9,146 million, or 82.1 per cent. of its equity attributable to the owners of Senaat, as at 31 December 2017. In addition, shareholder contributions amounted to AED 1,513 million, or 13.6 per cent. of its equity attributable to the owners of Senaat, as at 31 December 2017. The Group's shareholder contributions principally represent assets contributed to the Group by the Government or its related entities and are described in note 29 to the 2017 Financial Statements.

Senaat's authorised, issued and fully paid share capital as at 30 June 2018 is AED 2 million and comprises 20,000 shares of AED 100 each. The Group's reserves include its statutory and restricted reserves and a range of other reserves and amounted to AED 477 million as at 31 December 2017.

RELATED PARTY TRANSACTIONS

The Group's principal related party transactions are with its shareholders, its subsidiaries, its joint ventures and associates and its directors and executive management and entities controlled by any of them. The Group's ultimate controlling party is the Government. The Group's principal related party transactions include balances due from and to related parties, borrowings with banks that are controlled by the Government and transactions in the ordinary course of business with the Government and its affiliates. Further information on the Group's related party transactions are set out in note 24 to the 2017 Financial Statements and note 23 to the 2016 Financial Statements. In addition, the Group receives compensation from the Government and Government grants as detailed in notes 25 and 32 to the 2017 Financial Statements and notes 24 and 32 to the 2016 Financial Statements.

DISCLOSURES ABOUT RISK

The Group is exposed to a number of financial risks, including credit risk, liquidity risk, market risk, commodity price risk and capital risk.

Credit risk

The Group's principal exposure to credit risk is through its receivables and cash and bank balances which aggregated AED 6,924 million and together represented 90.9 per cent. of its maximum exposure to credit risk as at 31 December 2017. The Group's policy is to only deal with creditworthy counterparties and the Group monitors its credit exposures, limits transactions with specific non-related counterparties and continually assesses the creditworthiness of its non-related counterparties in order to mitigate its exposure to credit risk.

The Group's five largest customers together owed the Group AED 391 million as at 31 December 2017.

Liquidity risk

The contractual cash flows under the Group's financial liabilities aggregated AED 12,033 million as at 31 December 2017, of which AED 6,545 million, or 54.4 per cent., was due within one year. The remainder, almost all of which was loans and borrowings, was due over a longer time frame.

Market risks

The Group's principal exposure to interest rate risk arises from its floating rate borrowings. Based on the sensitivity analysis in note 37(d) to the 2017 Financial Statements, if interest rates had been 100 basis points higher or lower and all other variables had been constant the Group's profit for the year would have been AED 84 million, or 10.4 per cent., lower or higher, respectively. The Group seeks to manage part of its interest rate exposure by entering into interest rate swap agreements.

The Group's exposure to currency rate risk is described in note 37(d) to the 2017 Financial Statements. Reflecting the fact that the dirham/dollar exchange rate is pegged, its principal exposures are to movements in the dirham/euro and dirham/pound sterling exchange rates. The Group seeks to manage part of its currency rate exposure by entering into forward foreign exchange contracts.

Commodity risk

The Group's principal exposure to commodity risk arises from the effect of changes in the price of iron ore and steel on its inventories. The Group seeks to manage part of this exposure by entering into commodity swap instruments.

Capital risk

Capital risk is the risk that the Group is not able to manage its capital structure to ensure that all entities in the Group will be able to continue as going concerns. The Group's capital structure comprises equity, loans and borrowings and cash and bank balances. Management regularly reviews the Group's capital structure, including monitoring its cash flow projections, its ability to meet its contractual commitments, its gearing levels and its compliance with borrowing covenants. The table below shows the Group's gearing levels as at 31 December in each of 2017, 2016 and 2015.

	As at 31 December		
	2017	**2016**	**2015**
		(AED thousand)	
Debt	8,372,668	9,667,003	9,134,938
Cash and bank balances	(3,555,798)	(3,004,798)	(2,104,352)
Net debt	**4,816,870**	**6,662,205**	**7,030,586**
Total equity	13,582,057	12,973,149	12,748,122
Net debt to equity (gearing) ratio	**0.35:1**	**0.51:1**	**0.55:1**

For a further discussion of the Group's financial risks, see notes 4 and 37 to the 2017 Financial Statements.

OVERVIEW OF THE UAE AND ABU DHABI

THE UAE

The UAE is a federation of seven Emirates founded in December 1971. The federal government is headed by the President while each Emirate has a local government headed by the Ruler of the Emirate.

The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

Based on IMF data from its April 2018 World Economic Outlook database, in 2016 the UAE was the second largest Arab economy after Saudi Arabia. It has a more diversified economy than most of the other countries in the GCC. According to data in the OPEC Annual Statistical Bulletin for 2017, as at 31 December 2016, the UAE had approximately 6.6 per cent. of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world). Based on IMF World Economic database data, real GDP growth in the UAE was 3.8 per cent. in 2015, 3.0 per cent. in 2016 and was estimated at 0.5 per cent. in 2017.

The UAE generally enjoys good relations with the other states in the GCC, although the UAE is currently, along with Saudi Arabia, Bahrain and certain other countries, applying sanctions to Qatar. The UAE also has a longstanding territorial dispute with Iran over three islands in the Gulf and is part of a regional coalition that is conducting military operations in the Yemen against the Houthi militia.

ABU DHABI

Abu Dhabi is the richest and largest of the seven Emirates and the city of Abu Dhabi is also the capital of the UAE federation.

Reserves

Abu Dhabi, with crude oil reserves estimated to be approximately 90 billion barrels, has approximately 95 per cent. of the UAE's total reserves and approximately 6 per cent. of the proven world oil reserves (which were 1,492 billion barrels according to OPEC at 31 December 2016). As at 31 December 2016, the UAE had the world's sixth largest proven crude oil reserves according to OPEC. At the current rate of production (around 3 million barrels per day), Abu Dhabi's oil reserves are expected to last in excess of 80 years. In terms of production capacity, Abu Dhabi's onshore facilities currently exceed its offshore facilities.

Population

The populations of both the UAE and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed. The table below illustrates this growth since 1985, using census data for each of 1985, 1995 and 2005.

	1985	1995	2005	2010	2016
Abu Dhabi population....................	566,036	942,463	1,399,484	2,094,480[(1)]	2,908,173[(1)]
Total UAE population....................	1,379,303	2,411,041	4,106,427	8,264,070[(2)]	9,121,167[(2)]

Notes:

(1) SCAD estimates at 30 June
(2) FCSA estimates at 30 June
Sources: SCAD (Abu Dhabi population figures) and FCSA (UAE population figures)

In 2016 and based on SCAD estimates, Abu Dhabi had a predominantly young population with 0.9 per cent. being 65 and over and 16.6 per cent. being under the age of 15. The historic annual average growth rate of the population between 2010 and 2016 was 5.6 per cent., with the population of UAE citizens living in Abu Dhabi growing at an annual average rate of 3.9 per cent. and the non-national population growing at an annual average rate of 6.0 per cent. over the period. The population mix in 2016 comprised 19.0 per cent. UAE nationals and 81.0 per cent. non-nationals. The majority of the non-national population is male (with a ratio of 2.01 males to 1 female at 30 June 2016), reflecting the fact that the population principally comprises male migrant workers.

Education and training are an important strategic focus for the Emirate. Based on the latest available SCAD data, the literacy level at age 10 and over was 93.8 per cent. for 2016. A key government policy is the creation of jobs for the local population supported by initiatives to educate and motivate young nationals to join the workforce and the private sector. See "– *Relationship with the Government – Abu Dhabi's development strategy*" below.

Nominal GDP

The table below shows Abu Dhabi's nominal GDP, its percentage growth rate, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	2012	**2013**	**2014**	**2015**	**2016**
	(AED billions, except for percentages)				
Abu Dhabi nominal GDP	909.7	931.8	960.1	778.5	760.4
Percentage change in Abu Dhabi nominal GDP	7.4	2.4	3.0	(18.9)	(2.3)
UAE nominal GDP	1,367.5	1,433.8	1,480.7	1,314.6	1,280.8
Abu Dhabi as a percentage of UAE	66.1	65.0	64.8	59.2	56.9

Sources: SCAD (for Abu Dhabi nominal GDP) and FCSA (for UAE nominal GDP)

Abu Dhabi's nominal GDP is generated principally by the hydrocarbon sector (mining and quarrying), which contributed 56.7 per cent. of nominal GDP in 2012, 54.5 per cent. in 2013, 50.6 per cent. in 2014, 35.1 per cent. in 2015 and 31.7 per cent. in 2016. The contribution of the hydrocarbon sector in nominal terms is materially affected by the prevailing level of oil prices. Outside the hydrocarbon sector, the principal contributors to Abu Dhabi's nominal GDP in each of 2012, 2013, 2014, 2015 and 2016 have been:

- construction (which accounted for 11.2 per cent. of Abu Dhabi's nominal GDP in 2016);
- financial and insurance activities (which accounted for 9.6 per cent. of Abu Dhabi's nominal GDP in 2016);
- public administration and defence, compulsory social service (which accounted for 7.3 per cent. of Abu Dhabi's nominal GDP in 2016);
- manufacturing (which accounted for 6.6 per cent. of Abu Dhabi's nominal GDP in 2016);
- real estate activities (which accounted for 6.2 per cent. of Abu Dhabi's nominal GDP in 2016);
- wholesale and retail trade, repair of motor vehicles and motorcycles (which accounted for 6.3 per cent. of Abu Dhabi's nominal GDP in 2016); and
- transportation and storage (which accounted for 3.6 per cent. of Abu Dhabi's nominal GDP in 2016).

Together, these non-hydrocarbon sectors accounted for 32.1 per cent. of nominal GDP in 2012, 45.5 per cent. in 2013, 49.4 per cent. in 2014, 64.9 per cent. in 2015 and 68.3 per cent. in 2016.

Real GDP

In common with general practice among hydrocarbon-producing countries, Abu Dhabi's real GDP is calculated using hydrocarbon prices from a base year (in Abu Dhabi's case, 2007). This eliminates the effect of volatile price changes in hydrocarbon products on real hydrocarbon GDP and instead shows only the effects of production changes. The production figures that are included in the calculation of hydrocarbon real GDP include both oil and gas production, as well as the production of certain related products. Certain production information is set out under "– *Hydrocarbon production and exports*" below, although this data does not necessarily cover all items that are included in Abu Dhabi's hydrocarbon real GDP calculations.

The tables below show the growth rates in Abu Dhabi's real GDP by the hydrocarbon sector and the non-hydrocarbon sector for each of the years indicated.

	2012	2013	2014	2015	2016
			(per cent.)		
Abu Dhabi hydrocarbon real GDP growth	3.9	3.1	0.5	4.4	2.7
Abu Dhabi non-hydrocarbon real GDP growth	5.9	6.1	8.6	5.5	2.4
Abu Dhabi total real GDP growth	4.8	4.5	4.4	4.9	2.6

Real growth in the hydrocarbon sector has been driven principally by production changes. The non-hydrocarbon sector of the economy grew strongly between 2012 and 2015, with real GDP growth rates for that sector ranging between 5.5 per cent. and 8.6 per cent., although real GDP growth for the non-hydrocarbon sector slowed to 2.8 per cent. in 2016.

The tables below show Abu Dhabi's real GDP, its percentage growth rate, the UAE's real GDP and the percentage contribution of Abu Dhabi's real GDP to the UAE's real GDP for each of the years indicated.

	2012	2013	2014	2015	2016
	(AED billions, except for percentages)				
Abu Dhabi real GDP (constant 2007 prices)	672.7	702.9	733.8	770.0	789.74
Percentage change in Abu Dhabi real GDP	4.8	4.5	4.4	4.9	2.6
UAE real GDP (constant 2010 prices)	1,190.1	1,259.0	1,300.3	1,350.1	1,391.1
Abu Dhabi as a percentage of UAE	56.5	55.8	56.4	57.0	56.9

Sources: SCAD (for Abu Dhabi real GDP) and FCSA (for UAE real GDP)

The fastest growing sectors between 2012 and 2016 were:

- activities of households as employers, with a compound annual growth rate of 20.8 per cent.;
- financial institutions and insurance, with a compound annual growth rate of 16.1 per cent.;
- human health and social work activities, with a compound annual growth rate of 11.3 per cent.;
- electricity, gas and water supply; waste management activities, with a compound annual growth rate of 9.5 per cent.;
- public administration and defence and compulsory social security, with a compound annual growth rate of 5.7 per cent.; and
- information and communication, with a compound annual growth rate of 5.3 per cent.

Hydrocarbon production and exports

The table below shows production and export figures for Abu Dhabi's principal hydrocarbon products in each of the years indicated.

	2012		2013		2014		2015		2016	
	Production	Exports	Production	Exports	Production	Exports	Production	Exports	Production	Exports
					(thousand metric tonnes)					
LNG(1)	5,760	5,565	5,531	5,441	6,047	5,856	5,929	5,625	5,996	5,929
LPG(1)	7,777	7,753	7,915	7,863	8,285	8,233	9,200	8,966	9,384	9,216
Paraffinic naphtha(2)	2,295	2,291	2,462	2,481	2,767	2,753	3,191	3,204	3,564	3,560
Sulphur(3)	2,169	2,090	2,410	909	2,161	2,153	4,356	4,342	6,084	6,064

Notes:

(1) ADGAS production and exports. ADGAS is 70 per cent. owned by ADNOC.
(2) ADNOC share of the production of ADGAS and GASCO. GASCO is 68 per cent. owned by ADNOC.
(3) ADNOC share of the production of ADGAS, GASCO and Abu Dhabi Gas Development Co. Ltd, a company which is 60 per cent. owned by ADNOC and commenced gas production at its Shah gas plant in January 2015.
(4) The figures in the table above do not account for changes in inventories.

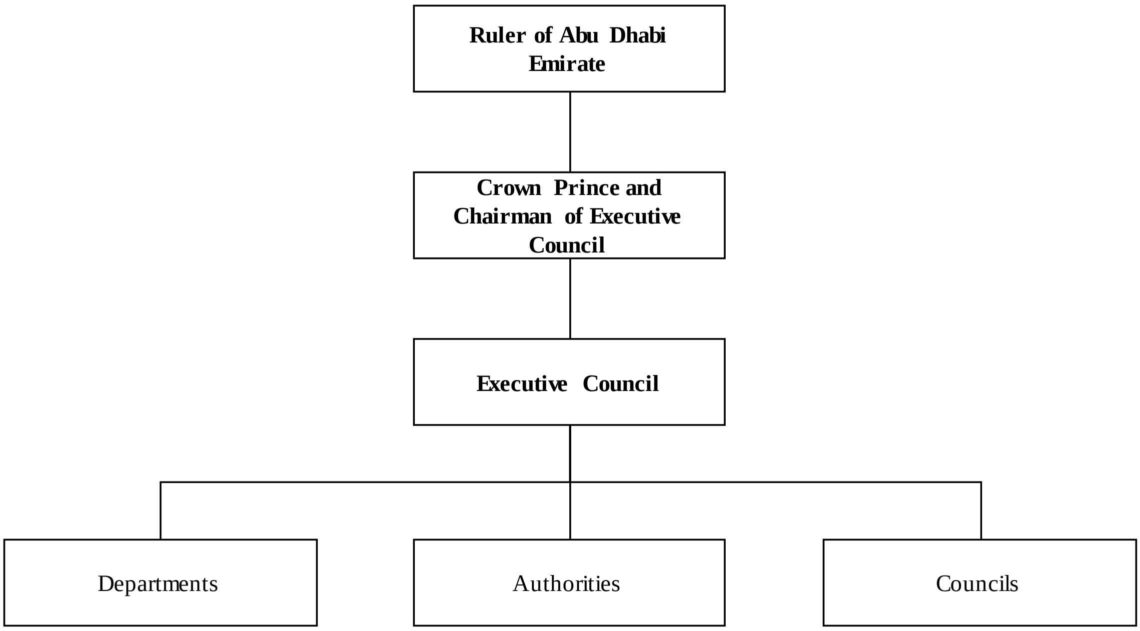
Source: ADNOC

Government structure

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan, and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan. The Crown Prince is also the chairman of the Executive Council, which is the principal executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 18 members appointed by the Ruler of Abu Dhabi through an Emiri Decree issued in September 2017.

Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Executive Council. Departments manage administration within the Emirate and each department manages a specific portfolio. Departments include, for example, the Department of Finance, the Department of Energy, the Department of Transport, the Department of Urban Development and Municipalities, the Department of Health, the Department of Economic Development, the Department of Education & Knowledge and the Department of Culture & Tourism. Authorities manage the Emirate's resources and strategies and include the Accountability Authority (which, among other responsibilities, audits all companies which are wholly- or majority-owned by the Government, in addition to any external independent audits they may undertake), the Higher Authority for Specialized Zones (ZonesCorp) and the Abu Dhabi Media Zone Authority. Councils act as controlling bodies for certain government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards and include the Council for Economic Development and the Regulation and Supervision Bureau for the Water, Wastewater and Electricity Sector in Abu Dhabi.

The chart below summarises the structure of the Government.



The Government owns or has significant shareholdings in a number of companies. The most important companies wholly owned by the Government are:

- Abu Dhabi National Oil Company ("**ADNOC**"), which manages all aspects of the Emirate's oil and gas industry;
- Mubadala Investment Company ("**MIC**"), which was formed in early 2017 and is the development and investment company leading the government's economic diversification strategy described below under "*– Relationship with the Government*" below. MIC owns 100 per cent. of each of Mubadala Development Company PJSC and International Petroleum Investment Company PJSC;
- Tourism Development and Investment Corporation ("**TDIC**"), which is a developer of tourism and real estate assets in Abu Dhabi and is charged with fulfilling the emirate's ambition to become a global tourist destination;
- Senaat;
- Abu Dhabi Investment Authority ("**ADIA**") and Abu Dhabi Investment Council ("**ADIC**"), which are the vehicles through which the Government has historically invested its surplus hydrocarbon revenues. In March 2018, the Ruler of Abu Dhabi issued a law restructuring ADIC, as a result of which it became part of MIC; and
- Etihad Airways PJSC, the national airline of the UAE and a key facilitator of the Government's tourism strategy.

Each of these companies is wholly-owned by the Government and one or more members of the Executive Council sit on the board of most of these companies.

RELATIONSHIP WITH THE GOVERNMENT

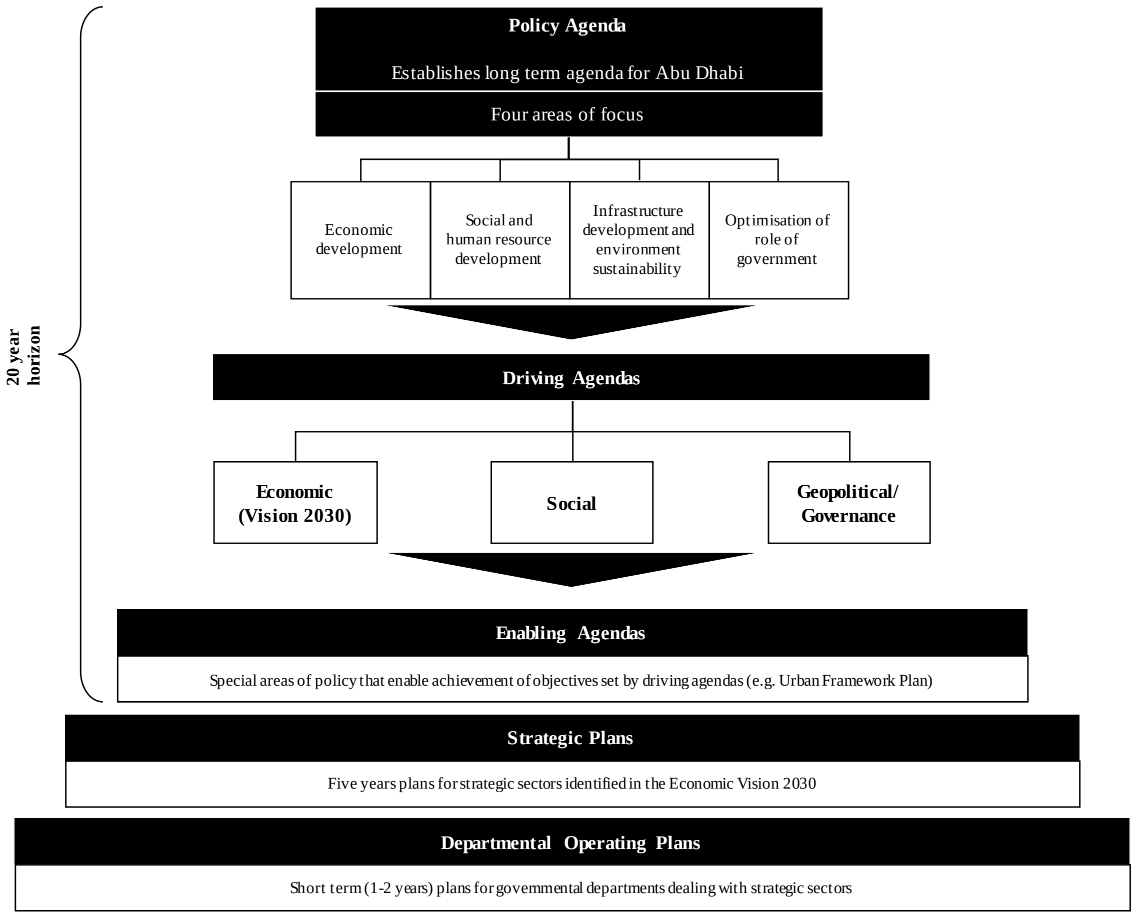
Abu Dhabi's leaders have a long-term strategy of diversifying Abu Dhabi's economy away from its reliance on oil and gas as the single major revenue source with a view to creating conditions that allow Emiratis to participate fully in the wealth of Abu Dhabi. The strategy envisages the Government moving away from being a supplier of goods and services, limiting the role of the Government to that of a facilitator and an investor in the public facilities and infrastructure needed to fulfil its vision. Accordingly, the private sector and Government-owned investment entities, including Senaat, are driving the process of diversification.

Senaat was created to play an integral role in this strategy by seeking to generate sustainable economic benefits for Abu Dhabi through partnerships with local, regional and international investors to implement projects that produce financial returns as well as build a sustainable future for the people of Abu Dhabi. Given this role, Senaat has a strong relationship with the Government, which is described in more detail below.

Senaat believes that the establishment of the Programme will help the Group fulfil its development mandate. Issues of Certificates under the Programme are intended to reduce the Group's reliance on the senior bank funding market and allow it to diversify its funding sources. They are also intended to allow the Group to obtain funding in a number of currencies, issue debt with a range of maturities and take advantage of market conditions as they arise. In addition, Senaat intends to use issuances under the Programme to drive high standards of transparency, corporate governance and accountability within the Group.

ABU DHABI'S DEVELOPMENT STRATEGY

The Government's development strategy has been prepared using both a top down and bottom up approach, as illustrated in the diagram below:



From a top down perspective, the Government published its Policy Agenda 2007-2008 (the "**Policy Agenda**") which established overall, long-term policy agendas to drive economic, social and geopolitical/governance change. The policy agenda establishes four priority areas of focus aimed at ensuring that the high-level guidelines for Abu Dhabi's socio-economic development are met:

- economic development;
- social and human resource development;
- infrastructure development and environmental sustainability; and
- optimisation of the role of the Government in the future of the Emirate.

These four priority areas formed the basis of the enabling agendas identified in the diagram above.

Drawing on the Policy Agenda, the Government published its Abu Dhabi Economic Vision 2030 (the "**2030 Economic Vision**"), which develops the Government's strategic vision in relation to economic change over the period to 2030 in line with the vision articulated in the Policy Agenda. Similar strategies have also been developed in relation to the agendas for social and geopolitical/governance change identified in the Policy Agenda.

The Government has also adopted certain enabling agendas to ensure that the policy goals set out in the Policy Agenda are achieved. The enabling agendas focus on, among other things, fiscal and monetary policy and trade, human resources, infrastructure and utilities, and services. The Plan Capital 2030: Urban Structure Framework Plan (the "**Abu Dhabi Urban Structure Plan**") sets out the enabling agenda for infrastructure and utilities for the city of Abu Dhabi and its surrounding areas. Similar plans have been or are being prepared in relation to the Emirate's other two regions, the eastern region (Al Ain and its surrounding areas) and the western region (known as Al Gharbia).

Enabling agendas in turn set the framework for a number of medium-term (five-year) strategic plans prepared in relation to each of the strategic sectors identified in the 2030 Economic Vision (see "*– 2030 Economic Vision*" below) and for each of the principal Government departments responsible for those sectors. The strategic plans for each sector were prepared on the basis of a bottom up approach following in-depth analysis of each sector and consultations with the key enterprises involved in each sector. These medium-term plans are reviewed regularly to ensure that they adapt to changing circumstances and will, in turn, allow the development of short-term (one-to-two year) operating plans by the relevant Government departments.

Abu Dhabi's economic vision sets long-term strategic goals that aid in the development of the Emirate's five-year strategic plans, enabling a flexible approach to execution that can be adapted to changes in the macro-economic environment. Abu Dhabi's strategy is currently being reviewed in the context of significantly changed economic conditions since the economic vision was published and several initiatives that drove consolidation have been executed.

Set out below is a summary of the Policy Agenda, the 2030 Economic Vision and the Abu Dhabi Urban Structure Plan and a section providing further detail and examples of the manner in which the strategy is being implemented.

Policy Agenda

The Policy Agenda was published by the Executive Council and outlines the key goals and Government initiatives in development across a range of authority and department portfolios in the Emirate. It identifies the role public and private entities will play in the further social and economic development of the Emirate and identifies opportunities for the private sector to engage with the public sector. To this end, the Policy Agenda sets out the four priority areas of focus listed above: economic development; social and human resource development; infrastructure development and environmental sustainability; and optimisation of the role of the Government in the future of the Emirate. Each of these priority areas is underpinned by nine pillars of policy intended to form the architecture of the Emirate's social, political and economic future. These nine pillars are:

- establishing a large empowered private sector;
- developing a sustainable knowledge-based economy;
- creating an optimal and transparent regulatory framework;
- continuing the Emirate's strong and diverse international relationships;

- optimising the Emirate's resources;
- establishing a premium educational, healthcare and infrastructure asset base;
- ensuring international and domestic security;
- maintaining Abu Dhabi's values, culture and heritage; and
- contributing in a significant and ongoing manner to the federation of the UAE.

Economic Development: The strategy for economic development focuses on three core areas:

- *an economy-wide effort to raise productivity*, including expansion of the private sector through privatisation and public private partnerships, the creation of the Abu Dhabi Department of Economic Development to support ongoing dialogue between the Government and the private sector, the adoption of asset-clustering strategies, whereby a sector will be supported by a cluster of goods and services providers within and around the sector to help the development and success of the sector, to help achieve an efficient and diversified economy (the initial clusters being basic industries and petrochemicals, real estate and tourism, aviation and logistics) and the establishment of ZonesCorp to promote and manage specialised economic and industrial zones and provide infrastructure to stimulate non-oil economic sectors. Significant examples of the achievements in this area are (i) the establishment of Emirates Aluminium Park, an aluminium-related cluster at Khalifa Industrial Zone Abu Dhabi ("**KIZAD**") where both Talex and DAC are located and (ii) the ongoing development of Industrial City Abu Dhabi ("**ICAD**"), which is home to a number of Senaat's industrial companies, including Emirates Steel, NPCC and Ducab (Abu Dhabi);

- *diversifying the energy sector and the economy*, with a focus on strengthening downstream (refining, transportation and distribution) capabilities through the application of better processes, products and technologies, expanding the proportion of value-added exports such as refined and semi-refined products in the petrochemicals sector in particular, pursuing geographic diversification through strategic investments in upstream and downstream hydrocarbon assets outside the UAE, principally through MIC, and leveraging Abu Dhabi's activities in the hydrocarbon sector to diversify into new industrial activities; and

- *development of high-end tourism*. Abu Dhabi's tourism strategy is being implemented by the Department of Culture and Tourism, which was founded in September 2004. The strategy focuses on three main areas: marketing Abu Dhabi globally as a tourist destination; developing tourism infrastructure and upgrading the Emirate's tourist attractions and services; and overseeing the tourism sector including in terms of licensing and quality control.

Social and Human Resources: The Government is focusing on developing its human and social capital through improvements in education and healthcare, effective management of labour resources, raising standards in the civil service, increasing the awareness of UAE nationals of their culture and heritage and improvements in food safety, hygiene and quality.

Infrastructure and the Environment: The Government is also focusing on improvements particularly in the fields of urban planning, transport, the environment, health and safety, municipal affairs and police and emergency services.

Government Sector: Finally, a Government sector restructuring envisaged in the Policy Agenda was undertaken and completed in 2008 to increase local government's efficiency and effectiveness by delivering services based on transparent, consistent and coherent policies and processes.

2030 Economic Vision

Based on the principles set out in the Policy Agenda, in January 2009, the Government announced a long-term vision to turn Abu Dhabi into a knowledge-based economy and reduce its dependence on the oil sector. The 2030 Economic Vision is a comprehensive plan to diversify the Emirate's economy and grow the contribution of the non-oil sector significantly by 2030. It examines the current economic environment in Abu Dhabi and identified key areas for improvement in order to achieve the goals laid out in the Policy Agenda. The 2030 Economic Vision identified two underlying economic policy priorities: the need to build a sustainable economy and the need to ensure that social and regional development is balanced to bring the benefits of economic growth and well-being to the entire population of the Emirate.

For both of these economic policy priorities, a number of specific core economic objectives have been identified. These include enhancing competitiveness, productivity and diversification, which is intended to reduce the volatility of growth; enlarging the enterprise base by encouraging entrepreneurs, small enterprises and foreign direct investment; and enabling the development of new national champion enterprises to act as economic anchors, which is a key aspect of Senaat's mandate. In addition, to ensure that social and regional development reaches all sections of society, the 2030 Economic Vision envisages action to enable the Emirate's youth to enter the workforce, to maximise the participation of women and to continue to attract skilled labour from abroad.

In addition to the economic policy priorities and the core economic objectives, seven areas of specific economic focus have been identified, each having additional specific objectives that must be achieved in order for the Government's stated economic vision to be realised. The seven areas of economic focus are:

- building an open, efficient, effective and globally integrated business environment;
- adopting a disciplined fiscal policy that is responsive to economic cycles;
- establishing a resilient monetary and financial market environment with manageable levels of inflation;
- driving significant improvements in the labour market;
- developing a sufficient and resilient infrastructure capable of supporting the anticipated economic growth;
- developing a highly skilled and highly productive workforce; and
- enabling financial markets to become the key financiers of economic sectors and projects.

The 2030 Economic Vision aims to achieve its goals by focusing resources on 12 key focus sectors to drive the Emirate's future growth. These sectors are:

- oil and gas (in which NPCC is involved);
- petrochemicals;
- metals (in which Emirates Steel is involved);
- aviation, aerospace and defence;
- pharmaceuticals, biotechnology and life sciences;
- tourism;
- healthcare equipment and services;
- transportation, trade and logistics;
- education;
- media;
- financial services; and
- telecommunication services.

In order to develop these 12 focus sectors, Abu Dhabi is also enhancing five other domestic industries, which will act as enablers, particularly construction and engineering, machinery, electrical equipment, construction materials (in which Arkan is involved) and food and beverages (in which Agthia and Al Foah are involved). Each of the core focus sectors requires supply or support from at least one of the enabler industries. For example, to build new hotels and resorts for tourists, a strong construction sector is needed; while to operate them, there must be a reliable supply of high quality food and beverages.

The 2030 Economic Vision seeks to grow Abu Dhabi's GDP significantly. This growth is not expected to be consistent throughout the period as different economic cycles and the fluctuation in oil prices will mean that rates of growth will vary from time to time and such variations may be material from one economic period to another. The Government also intends to foster non-oil GDP growth. These economic gains are expected to be achieved with the support of a sound monetary and fiscal policy designed to support Abu Dhabi's businesses in increasingly competitive global markets. However, no assurance can be given that these economic gains will be achieved as anticipated or at all.

In June 2018, the Crown Prince of Abu Dhabi announced Government plans to spend U.S.$13.6 billion over three years on the back of higher oil prices and a range of other measures designed to stimulate Abu Dhabi's economy. The measures include initiatives to encourage tourism, support new businesses and make it easier to do business in Abu Dhabi.

Urban Structure Plans

In September 2007, the Executive Affairs Authority of Abu Dhabi published the Abu Dhabi Urban Structure Plan, a significant urban planning initiative intended to articulate an urban plan to guide the evolution of the city of Abu Dhabi to the year 2030. The Abu Dhabi Urban Structure Plan sets an environmental context within which urban development should be undertaken, confirms an urban structure of land use, transportation, open space, built form and national capital arrangements. It did not provide specifications for any particular site, but rather guiding principles for the overall development of the city of Abu Dhabi. Similar plans have been prepared for the eastern region and the western region of the Emirate. Together, these plans cover the entire Emirate.

The Abu Dhabi Urban Structure Plan anticipates two distinct phases of development. The initial phase focused on establishing the structural framework for future growth, such as transit and infrastructure, and to address areas of acute pressure. The two principal developments undertaken in this phase were the Abu Dhabi Global Market development on Al Maryah Island and the development of the Capital District. The second phase extends from 2015 to 2030 and is expected to be principally concerned with accommodating an expanding economy and population through the development of higher density housing and the expansion of development within the industrial areas.

The Abu Dhabi Urban Structure Plan recommended supplementing existing areas of the city of Abu Dhabi with a number of new, distinct zones and expanding the city's transport system into a multi-layered network that connects the downtown core with new growth nodes and the developed islands. The aim of the Abu Dhabi Urban Structure Plan was to allow the city to expand through sustainable development, with controlled growth and coordinated development. Sustainability under the Abu Dhabi Urban Framework Plan was envisaged to revolve around the natural environment, economic development and cultural heritage.

Although Abu Dhabi has an abundance of fossil fuels, the Abu Dhabi Urban Structure Plan recognised this as a finite resource and regarded diversification of the economy as necessary. The Abu Dhabi Urban Structure Plan promoted capitalising on the region's natural supply of solar and wind power to augment its fossil fuel driven economy. It also sought to monitor carefully the balance between supply and demand of real estate in order to try to avoid sudden market corrections.

SENAAT'S ROLE IN ABU DHABI'S DEVELOPMENT STRATEGY

Abu Dhabi's development strategy is centred around four priority areas: economic development; social and human resource development; infrastructure development and environmental sustainability; and optimisation of the role of the Government in the future of the Emirate.

Senaat is mandated to help implement a significant part of the development strategy, particularly the Government's initiative to diversify its industries to develop a multi-sector driven economy and stimulate private sector growth as well as expanding the industrial sector through privatisation and public private partnerships.

The Group's business lines are focussed on two of the core focus sectors and two of the enabling industries identified in the 2030 Economic Vision. In particular, through Emirates Steel, the Group has developed a champion company engaged in the metals sector and, through the oil and gas services business undertaken by NPCC, it is also active in the oil and gas focus sector. The Group also operates in the construction materials enabling sector through Arkan and, through Agthia and Al Foah it is also significantly present in the food and beverage enabling industry.

Although Senaat has autonomy in the selection of individual projects, part of its mandate is to drive Abu Dhabi's economic diversification and development initiatives. Generally, projects, partnerships and joint ventures that the Group undertakes are aimed at implementing the Government's development strategy in a commercial and profitable manner in the manufacturing sectors within which it operates.

RELATIONSHIP WITH THE GOVERNMENT

In 1973, the General Industry Corporation ("**GIC**") was established to fulfil the vision of the late President of the UAE and Ruler of Abu Dhabi, Sheikh Zayed Bin Sultan Al Nahyan, for industrial and economic diversification. GIC was subsequently incorporated as a public entity in 1979 and then again as a public joint stock company (PJSC) owned by the Government in 2004 by way of Abu Dhabi Law No. 5. In the same year, GIC was rebranded as Senaat.

The Government has contributed significant assets to Senaat, including its shareholdings in Al Foah, NPCC and Ducab.

The Executive Council appoints all the members of Senaat's Board and Senaat's Vice Chairman, H.E. Saif Al Hajeri, is the Chairman of the Department of Economic Development of Abu Dhabi and is also a member of the Executive Council. Senaat is also subject to annual audits by the Abu Dhabi Accountability Authority.

Abu Dhabi Law No. 1 of 2017 on the Financial System of Abu Dhabi Government (the "**Financial System Law**") came into effect on 31 January 2017. The Financial System Law grants authority to the Abu Dhabi Department of Finance, as the representative of the Government in its capacity as owner of a government-company (such as Senaat), to monitor the financial performance of Government-owned companies and entrusts the Department with passing rules to regulate the increase of capital, borrowing, the giving of guarantees and money lending by such entities. The Financial System Law also regulates borrowings by Government-related entities and states that while the Government is directly liable for public debt, it is not responsible for the liabilities of any Government-related entity.

To date, the Government has made cumulative in kind capital contributions to the Company valued at AED 1.5 billion and has invested AED 2 million in cash by way of equity subscription.

See also "*Risk Factors – Risk factors relating to the Group generally – The Government's interests may, in certain circumstances, be different from the interests of the Certificateholders*".

DISTRIBUTIONS TO THE GOVERNMENT

The Government views its stake in Senaat as a long-term strategic investment. Senaat has not paid any cash dividends to its shareholder to date, although it has declared non-cash dividends since 2004 which have all been set off against receivable balances due from the Government in respect of payments made to farmers by Al Foah on behalf of the Government.

DESCRIPTION OF THE GROUP

OVERVIEW

Senaat is one of the UAE's largest industrial investment holding companies and is mandated by the Government to create, optimise, promote and champion capital-intensive assets. Senaat is a significant contributor to Abu Dhabi's Economic Vision 2030, which aims to diversify Abu Dhabi's economy from its historic reliance on oil. Through its portfolio companies, Senaat operates in the metals manufacturing, oil and gas services contracting, food and beverage production and building materials manufacturing sectors, all of which are identified in the 2030 Economic Vision as core focus sectors or key enabling industries.

Senaat has six principal portfolio companies:

- **Emirates Steel**, the third largest steel producer in the MENA region by capacity operating through 11 production plants that manufacture a diverse portfolio of products, including rebar, heavy sections, wire rods, billets, direct reduced iron and sheet piles;

- **NPCC**, a full service provider of engineering, procurement and construction (EPC) services to both the offshore and onshore oil and gas sector operating in the Arabian Gulf and India and with long-standing relationships with a wide range of national and international oil and gas companies;

- **Agthia**, a leading consumer business operating through food and beverage segments (including bottled water, where it is the leading supplier in the UAE by volume supplied, and juices and dairy - principally yoghurt) and two agri-business segments (animal feed, where it is the leading supplier in the UAE by sales volume, and flour, which it principally supplies on a business to business basis);

- **Arkan**, the only integrated cement manufacturer in Abu Dhabi, which is predominantly focussed on supplying the UAE market with cement, blocks, pipes and bags;

- **Al Foah**, the world's largest dates aggregator and processor by volume with an end-to-end vertically integrated business model that comprises farming its own organic dates, sourcing dates from local farmers, receiving dates from over 16,500 farmers, processing over 114,000 tonnes of dates annually dates annually and selling and distributing its end products, including exporting nearly three-quarters of its production to 45 countries world wide; and

- **Ducab**, a leading cable manufacturer in the GCC by capacity, having six production facilities and manufacturing a wide range of cables (including low, medium and high voltage cables, instrumentation cables, control cables, fire-resistant cables and rubber insulated cables), building wires, copper rods, aluminium rods and overhead conductors.

Senaat is an active strategic investor and its focus is on continually improving the performance of its portfolio companies. Since it was established in 2004, Senaat had, as at 31 December 2017, invested AED 23.3 billion in building its diverse businesses. The Group's total assets amounted to AED 27.2 billion as at 31 December 2017, a compound annual growth rate of 18.3 per cent. since Senaat's establishment.

In 2017, Senaat's revenue was AED 15.7 billion, up from AED 13.4 billion in 2016, and its profit for the year was AED 801 million compared to AED 550 million in 2016. Senaat's EBITDA was AED 2,085 million in 2017 and AED 1,796 million in 2016.

HISTORY

In 1973, GIC was established to fulfil the vision of the late President of the UAE and Ruler of Abu Dhabi, H.H. Sheikh Zayed Bin Sultan Al Nahyan, for industrial and economic diversification. GIC was subsequently incorporated in 1979 as an independent and public development entity with a dual objective: (i) to exercise regulatory authority and policy-making powers over the industrial sector in the Emirate of Abu Dhabi; and (ii) to make investments in and establish strategic, core industries.

At the investment level, GIC was intended to facilitate the establishment of businesses through providing significant financial resources and taking a longer-term investment approach than would typically be utilised by private sector companies. However, GIC's investments were in practice made in projects similar to those usually targeted by the private sector, including flour mills, animal feed and water bottling, concrete and cement plants and pipe and cable manufacturers. As a result, GIC found itself in competition with other entities in the private sector which, in turn, caused a conflict between its investment activities and the regulatory authority and policy-making powers granted to it.

Accordingly, in 2001 the Government decided to liquidate GIC and its assets and investments were transferred to a special committee presided over by H.H. Sheikh Hamed Bin Zayed Al Nahyan.

Senaat was established as a public joint stock company, by way of Abu Dhabi Law No. 5 of 4 July 2004, for the purpose of owning certain assets and businesses that were formerly held by GIC. Senaat was also charged with supporting privatisation in the Emirate and, as part of this role, it reorganised certain assets which it had acquired into holding companies operating in the food and beverage industry (Agthia) and the building materials industry (Arkan), respectively, and sold 49 per cent. of the shares in each holding company in 2005 and 2006, respectively, through initial public offerings.

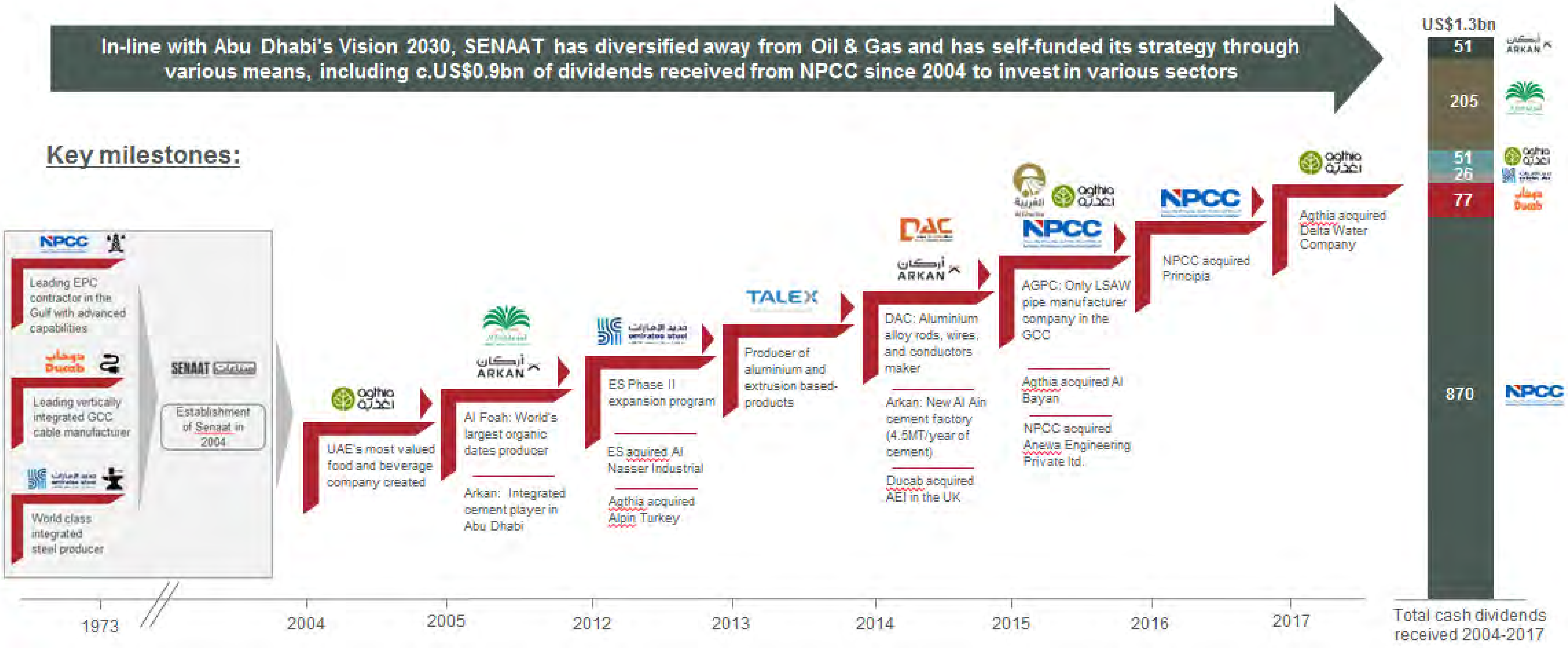
Since 2004, Senaat has also acquired a 70 per cent. shareholding in NPCC and a 100 per cent. shareholding in Al Foah, in each case by way of shareholder contribution from the Government, and has invested AED 23.3 billion in its Group companies, including AED 2.2 billion in strategic partnerships and joint ventures. Senaat's most recent investments include:

- the acquisition, through Agthia in 2017, of Delta Bottled Water Factory Company Limited in Jeddah, Saudi Arabia;
- the acquisition, through NPCC in 2016 and 2015, of two companies: Principia Engineering in France and Anewa Engineering in India; and
- the acquisition, through Agthia, in 2015 of three companies: Al Bayan Purification and Potable Water LLC and Shaklan Plastic Manufacturing Co. LLC in the UAE and Al Mani Purification and Bottling of Mineral Water LLC in Oman.

In addition, during 2017 Senaat:

- through Agthia, entered into an agreement with Anderson UAE Inc. to establish Gulf National Forage Company LLC to import, sell on a wholesale basis and distribute forage products in the UAE and the rest of the GCC;
- through Agthia, entered into a joint venture with Al Wafir Marketing Services Company K.S.C.C. to establish a water bottling plant in Kuwait. Although only 50 per cent. owned by the Group, the joint venture company, Al Rammah National for General Trading and Contracting Company WLL, is accounted for as a subsidiary since the joint venture agreement gives the Group management control; and
- invested more than AED 500 million in new assets towards the development of Al Gharbia, which is expected to commence commercial operations in the fourth quarter of 2018. The Al Gharbia project is discussed in further detail below, see "– *Businesses – Significant associates and joint ventures*".

The chart below shows the key milestones in Senaat's history.


In-line with Abu Dhabi's Vision 2030, SENAAT has diversified away from Oil & Gas and has self-funded its strategy through various means, including c.US$0.9bn of dividends received from NPCC since 2004 to invest in various sectors
Key milestones:
NPCC
Leading EPC contractor in the Gulf with advanced capabilities
Ducab
Leading vertically integrated GCC cable manufacturer
World class integrated steel producer
SENAAT
Establishment of Senaat in 2004
UAE's most valued food and beverage company created
Al Foah: World's largest organic dates producer
Arkan: Integrated cement player in Abu Dhabi
ES Phase II expansion program
ES aquired Al Nasser Industrial
Agthia acquired Alpin Turkey
TALEX
Producer of aluminium and extrusion based-products
DAC
DAC: Aluminium alloy rods, wires, and conductors maker
Arkan: New Al Ain cement factory (4.5MT/year of cement)
Ducab acquired AEI in the UK
AGPC: Only LSAW pipe manufacturer company in the GCC
Agthia acquired Al Bayan
NPCC acquired Anewa Engineering Private ltd.
NPCC acquired Principia
Agthia acquired Delta Water Company
1973
2004
2005
2012
2013
2014
2015
2016
2017
US$1.3bn
51
205
51
26
77
870
ARKAN
NPCC
Total cash dividends received 2004-2017

Senaat's sole shareholder is the Government. Senaat was established for a term of 100 years, renewable by a decision of its board of directors unless terminated earlier by the Executive Council.

Senaat's address is 41st Floor, Etihad Towers, Tower 3 (T3) Corniche Street, PO Box 4499 Abu Dhabi and its telephone number is +9712 614 4418.

STRATEGY

Development Mandate

Senaat's mandate from the Government is to promote industrial activities in Abu Dhabi in furtherance of the Government's development strategy, with particular emphasis on leveraging Abu Dhabi's competitive strengths, including its energy resources. In addition, Senaat seeks to support and facilitate the development of a private industrial sector through privatisation.

In undertaking its industrial development mandate, the Group is focusing in particular on two of the 12 core focus sectors identified in the 2030 Economic Vision, being oil and gas and metals, and two of the five enabling industries, being construction materials and food and beverages. See "*Relationship with the Government – Abu Dhabi's Development Strategy – 2030 Economic Vision*". In addition to its current sectors, Senaat is also considering investing in additional sectors, see "*– Investment process – Creation*" below.

In line with its mandate from the Government, Senaat seeks to continue to invest in order to grow the Group's asset base and increase its contribution to the industrial economy of Abu Dhabi. Growth plans vary in approach, size and timeline across the Group's companies, and are appropriately structured to best fit individual requirements. The Group companies individually develop their growth strategies which are validated and approved by their respective boards of directors. Senaat has representative on the boards of most of its major Group companies and also plays an active role in setting the strategy and business plans of the companies, in addition to supporting and overseeing the execution of their strategies. Senaat is able to play such a role as it has personnel with expertise in strategy development and execution, corporate finance, investment management, project development, and M&A. Senaat will seek external technical advice depending on the specific opportunity and it also has a good working relationship with the technical teams in its Group companies who can advise on sector-specific matters.

Senaat has also developed its own growth strategy which incorporates greenfield project development, geographic diversification and growth through acquisitions. Senaat actively pursues growth initiatives through these investment approaches. Senaat seeks to continue pursuing opportunities in investing in industrial assets across its core markets of the UAE, the GCC and the broader MENA region. The development of a pan-GCC network of critical industrial assets will allow Senaat to maximise on logistical, operational and revenue synergies. Senaat also opportunistically reviews investment opportunities outside of its core markets to complement its existing businesses and to build on vertical integration, knowledge and intellectual property transfer, security of supply, and bolt-on acquisitions.

Its investment strategy remains focused on the industrial sectors in which Senaat has an existing capability. Senaat continues to seek superior risk-adjusted returns, particularly through acquisitions as its ability to capitalise on its existing asset base and industrial expertise typically enables immediate value accretion through synergistic benefits. Some examples of such acquisitions include the acquisition of steel assets in Abu Dhabi by Emirates Steel, the acquisition of a bottled spring water business in Turkey by Agthia and the acquisition of a speciality cable company in the UK by Ducab.

Investment Strategy

In implementing its industrial development mandate, Senaat considers two principal criteria:

- the microeconomic dimension, which assesses the attractiveness of the investment proposal purely from a commercial/investor perspective; and
- the macroeconomic dimension, which assesses the attractiveness of the investment proposal for Abu Dhabi.

The microeconomic dimension of a particular proposed investment takes into account criteria such as the profitability of the sector concerned, the competitive cost positioning of the entity being considered for investment, the likely growth of the relevant market in the medium term, the revenue potential of the investment in the medium term, the ease of market entry in terms of regulation and competition and the ease of establishing manufacturing facilities in terms of raw material availability, logistics and other factors.

The macroeconomic dimension of a particular proposed investment takes into account growth and sustainability criteria. Growth criteria include the likely effect of the investment on Abu Dhabi's GDP over the medium term, any export potential and the likely effect of the proposed investment on the private sector, small- and medium-sized enterprises, foreign direct investment and other relevant factors. Sustainability criteria include the likely value added per employee of the proposed investment, the need for medium- to high-skilled employees, the need for innovation and any adverse environmental aspects associated with the proposed investment.

Senaat's investment policy and investment criteria define its primary mode of investment, the sectors to invest in and include a set of financial key performance indicators ("**KPI**s") that must be met before an investment can proceed. Senaat has also adopted a set of Board-approved corporate objectives that focus on creating shareholder value by aiming at achieving superior returns on equity while maintaining conservative levels of debt.

STRENGTHS

The Group's principal strengths are:

Its strategic importance to Abu Dhabi and connection with other Abu Dhabi entities

Senaat is one of the Government's core state-owned enterprises participating in the Government's economic diversification strategy. Through Emirates Steel and NPCC, it operates in the metals and oil and gas services industries, respectively. These industries are two of the 12 identified in the 2030 Economic Vision as being the core sectors to drive Abu Dhabi's future growth. Through Agthia and Al Foah and through Arkan, it also operates in the food and beverages and building materials sectors, both of which are significant enabling sectors for the 2030 Economic Vision.

Senaat is also a major employer in Abu Dhabi, with a total workforce in excess of 17,000 across the Group. In line with the Government's strategy, Senaat creates skill-intensive jobs for UAE nationals through developing strong and profitable industrial businesses. Senaat itself has an 83 per cent. emiratisation ratio at senior leadership levels and a 64 per cent. emiratisation ratio across the company, in each case as at 31 December 2017.

Senaat is wholly-owned and controlled by the Government and its Board is appointed directly by the Executive Council and includes one member of the Executive Council.

As a state-owned entity, Senaat is also able to co-ordinate with other state-owned entities to ensure efficiency of operations and investment activities. Senaat also aims to capitalise on investments made by other state-owned entities that enhance and promote the industrial landscape in Abu Dhabi (including Emirates Aluminium (EMAL), DAC and Taweelah Aluminium Extrusion Company).

Its track record of creating industrial champions

Senaat's mandate is to invest, create, optimise, promote and champion industrial businesses in Abu Dhabi. Utilising its proven operating model, it has demonstrated its ability to transform existing businesses into large industrial companies with leading market positions. For example, Emirates Steel, which was a local steel re-roller of imported billets with revenue of approximately AED 1 billion in 2004, has been transformed into the third largest steel producer in the MENA region by capacity with revenue of AED 6.6 billion in 2017. During this period, approximately AED 11 billion was invested in greenfield capacity expansions. Other examples include:

- NPCC, which was a local fabricator of steel structures for the offshore and onshore oil and gas industry with revenue of approximately AED 700 million in 2004, has been transformed, principally through organic growth, into a full EPC solutions provider with an international presence, a portfolio of 22 vessels and a modern fabrication yard and revenue of AED 5.9 billion in 2017; and

- Al Foah, which was established in 2005 to regulate and develop the date palm industry in Abu Dhabi and is now the largest dates receiving and processing business in the world. Al Foah consolidated a fragmented industry, developed an asset light business model, built premium brands such as Saad, created innovative products such as dates with chocolate and developed a range of marketing capabilities including Zadina luxury date retail shops.

Its disciplined investment strategy

Senaat's investment strategy sets out six investment objectives. The investment objectives are (i) to focus on long-term investments (although shorter investments are not precluded) and (ii) investments which capitalise on Abu Dhabi's existing competitive advantages, (iii) to maximise shareholder value through investing in Abu Dhabi's industrial sector, (iv) to ensure diversification by investing within defined and approved limits, (v) to maintain overall risk tolerance within the portfolio and (vi) to ensure that the investments achieve the required capital gains and returns.

Senaat's investment criteria include a minimum internal rate of return of 12 per cent. (for both greenfield investments and acquisitions). In addition, the primary focus is on medium sized investments (of between U.S.$100 million and U.S.$500 million), investments where Senaat has a 50 per cent. or more ownership interest, investments with a time horizon of eight or more years and investments based in Abu Dhabi.

Senaat does not currently anticipate any significant divestments and its focus is on continuing to improve the underlying performance of its portfolio companies with a view to maximising proceeds from divestments in later years.

Senaat is an active portfolio manager and it actively engages with its portfolio companies. Senaat has dedicated portfolio management teams that monitor and develop recommendations on a monthly basis for Senaat. See also "**–** *Portfolio Management*". Senaat's Investment Committee (established in 2018) (the "**IC**") reviews the performance of the businesses on a monthly basis while the Board reviews it quarterly. Both the IC and the Board work hand in hand to develop and adopt recommendations on how to steer Senaat's portfolio companies.

Its diversified operational profile

Senaat manages companies across the metals, oil and gas services, food and beverage and building materials industries. It believes that its investments in defensive industries, such as oil and gas services and food and beverages, help to insulate it against economic downturns. It also believes that its portfolio is relatively well balanced, with:

- its metals businesses accounting for 44 per cent. of Group total assets as at 31 December 2017, and 42 per cent. of Group total revenue and 37 per cent. of Group EBITDA in 2017;

- its oil and gas services businesses accounting for 26 per cent. of Group total assets as at 31 December 2017, and 36 per cent. of Group total revenue and 34 per cent. of Group EBITDA in 2017;

- its food and beverages businesses accounting for 14 per cent. of Group total assets as at 31 December 2017, and 16 per cent. of Group total revenue and 29 per cent. of Group EBITDA in 2017; and

- its building materials businesses accounting for 13 per cent. of Group total assets as at 31 December 2017, and 6 per cent. of Group total revenue and 8 per cent. of Group EBITDA in 2017.

Senaat also believes that its businesses are well-positioned to take advantage of favourable industry trends. For example, it believes that demand for UAE steel and building materials is likely to rise based on UAE government infrastructure plans, including Dubai's preparations for Expo 2020, and that the UAE food and beverage sector is likely to be supported by increases in disposable income, rising populations and increasing tourism. In addition, to the extent that oil and gas production increases in the UAE its oil and gas services business is expected to benefit. As an Abu Dhabi based supplier to ADNOC, NPCC has been able to take advantage of ADNOC's In-Country Value (ICV) program which has been set-up with the objective of growing and diversifying the UAE's economy and creating opportunities for UAE nationals in the private sector, as ADNOC applies its ICV criteria when considering tenders and selecting contractors for major projects.

Its financial strength

The Group's total assets were AED 27.2 billion in 2017, of which 62.2 per cent. were non-current assets. The Group's equity and long-term debt combined amounted to AED 19.0 billion, equal to 112.8 per cent. of its non-current assets. The Group has access to a diverse range of funding sources, including UAE banks and institutions, international banks and export credit rating agencies. The establishment of the Programme is intended to further diversify the Group's funding sources.

The Group's net debt has fallen in each year since 2013 in nominal terms from AED 8,126 million in 2013 to AED 4,817 million in 2017 and its net debt to EBITDA ratio has fallen from 4.2 times in 2013 to 2.3 times in 2017.

The Group is also significantly cash generative, with net cash flow from operations of AED 2.8 billion in 2017, and it held cash and bank balances of AED 3.6 billion at 31 December 2017.

Its experienced management team and Board

Senaat's Board comprises five members, including one member of the Executive Council who is also Chairman of the Abu Dhabi Department of Economic Development. The members of Senaat's Board have significant and diverse business experience, as described under "*Management and Employees – Board of directors*".

Senaat's senior management team comprises nine members with more than 150 years' business experience between them. Many of the members of the team have been with the Group for a considerable period, see "*Management and Employees – Senior management*".

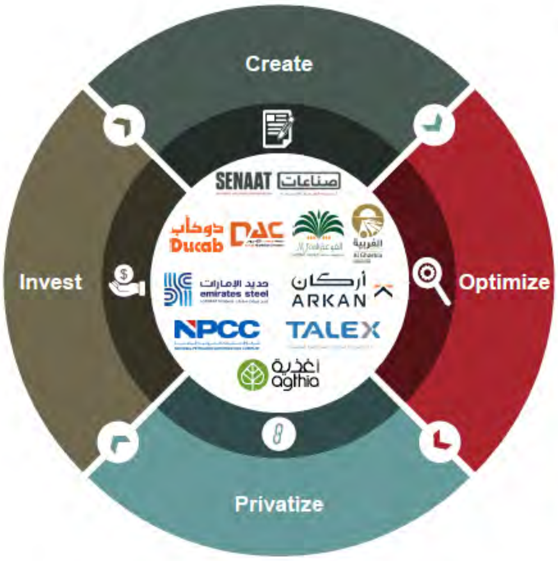
INVESTMENT PROCESS

The Group currently has six direct subsidiaries (of which three are wholly-owned) and four significant associates and joint ventures. The Group makes investments both at the holding company level and through individual subsidiaries.

The Group's investment process consists of four key stages:

- create;
- optimise;
- privatise; and
- invest.

The Group's investment process is illustrated by the diagram below:



Creation

Reflecting its mandate from the Government, Senaat focuses on capital and power intensive industrial development in Abu Dhabi, thereby acting as a catalyst in meeting the Government's strategic objective of building a globally competitive core of commercially viable industrial activities linking the upstream, midstream and downstream sectors.

For each new venture, Senaat aims to leverage its access to the Government where possible, to identify any strategic partners who can add significant value to the venture, and to build a sound foundation for the business, including through setting the initial operational plans. Senaat's current greenfield investments include DAC, Talex and Al Gharbia. Senaat is currently at an early stage of considering investment in the renewable energy and/or industrial equipment sectors. Senaat currently expects that any investments that it might make in the renewables sector would be greenfield whereas any industrial equipment investments made might be greenfield or by way of one or more acquisitions. Any investments made in these sectors would be governed by Senaat's investment policy and Senaat would require prior Government approval before it could invest in either sector.

Optimisation

Once an initial investment has been made, Senaat focuses on achieving operational stability and optimising the performance of the company concerned. Strategic planning (including growth plans and expansion initiatives), operational efficiencies and cost saving initiatives and focusing on the principal value drivers of the relevant business are the key tools used by Senaat to optimise the performance of its investments. In addition, milestones and other objectives are set and monitored across the business.

Emirates Steel is an example of a company which has been significantly optimised. Since the initial Emirates Steel reinforcing bar plant was commissioned in 2001, Senaat has increased the capacity of the plant from 750,000 tonnes per year to 3,000,000 tonnes per year and converted the plant from a simple processor of steel into a fully integrated manufacturing plant. This investment has been made in two phases and, following completion of the second phase in 2012, Emirates Steel:

- is now the only integrated steel producer in the UAE and is one of the largest and most competitive vertically integrated steel producers in the GCC;
- has evolved from being a relatively low value-added processor of steel into a manufacturing business with a high added value business model; and
- is among a limited number of steel producers in the MENA region that have a diversified product range (in the case of Emirates Steel, including rebar, coil, wire rod, sections and semi-finished

products such as billets and direct reduced iron) and is the only integrated producer of sections in the GCC.

Other examples of investment optimisation undertaken by Senaat include:

- NPCC, which has, since the Government transferred its 70 per cent. shareholding to Senaat in 2004, focussed on geographic expansion into new markets, including Qatar and India, enhancing its financial performance and reducing its reliance on the local UAE market; and
- Al Foah, which has, since it was transferred to Senaat by the Government in 2005, focussed on (i) improving the yield of high quality dates targeted for human consumption and the development of new value-added consumer products and (ii) geographic expansion.

Privatisation

One of the Senaat's objectives is to participate in the creation of a private industrial sector and enhance the role of small- and medium-sized businesses in Abu Dhabi's industrialisation agenda. To this end, the Group has adopted the strategy of seeking to privatise (in whole or in part) established businesses.

The Group has conducted partial privatisations by way of public offers of 49 per cent. of the shares in two of its businesses, Agthia in 2005 and Arkan in 2006. Following each privatisation, Senaat has continued to focus on optimising the relevant company through (in the case of Agthia) the appointment of new management and the creation of a new growth strategy and (in the case of Arkan) plant expansion. In both privatisations, Senaat has continued to be the majority shareholder.

Investment

Senaat has adopted a disciplined approach to new investments. In particular, it focuses on:

- identifying strategic investments that build on existing industrial platforms, such as the construction of a new cement factory that Arkan established in 2012 in Al Ain, Ducab HV, a joint venture between Ducab (50 per cent.), Abu Dhabi Water and Electricity Authority (25 per cent.) and Dubai Water and Electricity authority (25 per cent.), which opened a new facility in November 2011 to manufacture both high voltage and extra high voltage cables and Agthia's bottling line expansion in 2016;
- developing a pipeline of new industrial projects, including, for example, DAC, Talex and Al Gharbia; and
- exploring relevant acquisition opportunities, principally through its subsidiaries as a way of growing their businesses including, for example, two acquisitions by Agthia between 2015 and 2017.

PORTFOLIO MANAGEMENT

Senaat is an active portfolio manager. It manages and supports its portfolio companies through a platform of dedicated portfolio management teams that provide support to the companies in the following ways:

- **portfolio management**: which is undertaken through a robust reporting system and monitoring of milestones and KPIs and includes participation in all the major developments undertaken by portfolio companies as well as in their annual budgeting and planning processes and in their strategy development. In addition, a monthly review of portfolio company performance is conducted and presented to Senaat's Board;
- **consolidation and participation in support functions**: which includes supporting the finance teams of portfolio companies, with a particular view to supporting funding and capital raising, providing support in recruitment and emiratisation initiatives, providing legal support and other resources as required;
- **support for directors**: all Senaat-appointed directors on portfolio company boards are offered analytical support to facilitate sound decision-making and are reviewed annually, including by their peers on the respective boards;

- **periodic investment reviews**: Senaat's portfolio management teams periodically review their portfolio companies' operational and financial performance against that of their industry peers, assess their existing investments and their strategic fit with Senaat's overall strategy and make appropriate recommendations to Senaat's senior management team and Board; and

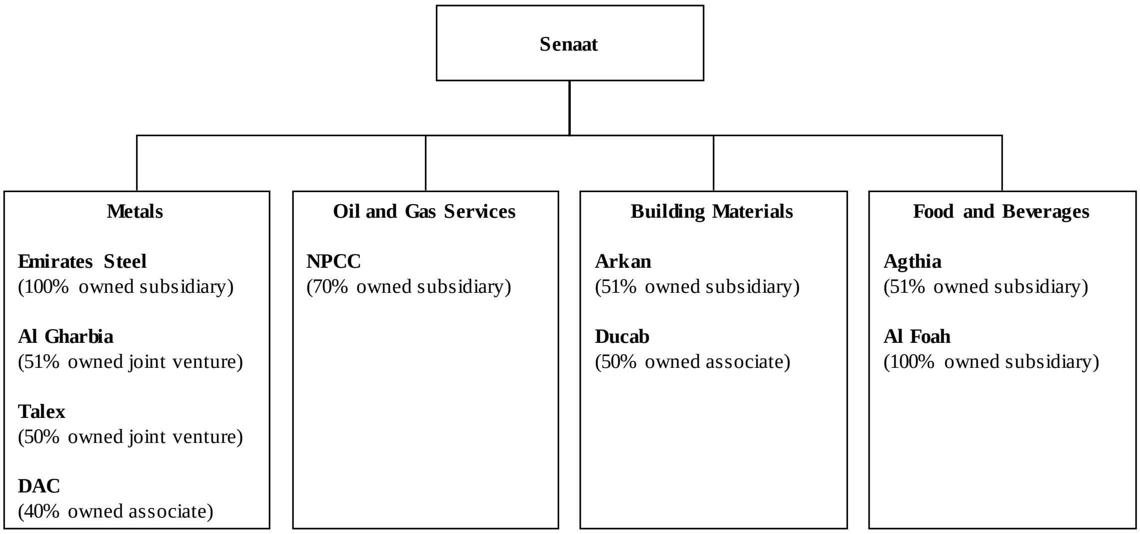
- **Group and portfolio M&A strategy**: Senaat's management established a mergers and acquisitions ("**M&A**") strategy both for portfolio companies and the Group that is in line with the Group's business strategy. Relevant investment opportunities are identified and support is provided to portfolio companies in managing the whole transaction process from negotiation, through due diligence, documentation and completion.

BUSINESSES

Introduction

The Group currently operates in four principal business segments: metals; oil and gas services; food and beverages; and building materials.

The chart below shows the four segments and the significant Group companies within each segment:



The table below shows the proportionate contribution of each of the Group's five principal businesses to its total revenue and net profit, in each case before eliminations and adjustments, for each of 2017, 2016 and 2015.

	Emirates Steel	NPCC	Agthia	Arkan	Al Foah
			(per cent.)		
2017					
Revenue	41.8	36.2	13.0	5.8	3.2
Net profit	18.7	44.9	37.1	3.7	33.0
2016					
Revenue	40.3	35.2	15.1	6.1	3.4
Net profit	12.5	41.6	46.2	(14.9)	43.8
2015					
Revenue	37.6	39.6	13.3	6.2	3.2
Net profit	19.7	41.3	29.8	13.1	28.4

Metals

Overview

The Group's metals business is centred on Emirates Steel but also includes Al Gharbia, Talex and DAC, see "*– Significant associates and joint ventures*" below.

Emirates Iron and Steel Factory ("**EISF**") was established in 1998 as an unincorporated business directly controlled by Senaat's predecessor to satisfy the growing demand for high quality steel products for the construction sector in the UAE. EISF's operations represented a relatively simple business, being a re-roller of imported steel billets and producing deformed concrete reinforcing bar ("**rebar**") for sale in the domestic UAE market with its 0.5 million tonne per year steel re-rolling plant which was commissioned in October 2001.

Emirates Steel Industries PJSC was incorporated in Abu Dhabi and took over the business previously known as EISF. Emirates Steel Industries PJSC is wholly-owned by Senaat and has a board of five directors, which includes two Senaat directors and Senaat's CEO and a former senior vice president of Senaat.

Emirates Steel was established as the vehicle through which a leading local and regional integrated steel manufacturing business would be established. With a view to achieving the strategic targets set by Senaat and the Government, Emirates Steel commenced a significant two-phase expansion programme in 2006 which was completed in 2012. The total cost of the two phases was approximately AED 10.5 billion and they resulted in Emirates Steel increasing its manufacturing capacity to over 3 million tonnes of rolled steel products per year.

In March 2012, Senaat acquired an integrated steel making plant from the Al Nasser Group for U.S.$258 million. In 2014, these assets were transferred to Emirates Steel to complement its existing production facilities. This acquisition took Emirates Steel's total capacity to 3.5 million tonnes per year, making it the third largest steel producer in the MENA region by capacity.

Strategy

Emirates Steel's strategy is to address market demand in the UAE and the GCC for rebar and wire rod and to deliver high end quality heavy sections that address the international markets. To achieve its strategy, Emirates Steel operates one of the most technologically advanced plants in the GCC and MENA region, which ranks in the top quartile for conversion efficiency. Emirates Steel is also the recipient of the Sheikh Khalifa Award for Excellence for its outstanding commitment to efficiency and quality.

Since it began expanding, Emirates Steel's strategy has been to move up the value chain and add value-added products to its portfolio. These products include rebar that is approved for the construction of nuclear reactor installations; a range of value-added wire rod products, including grades that are used in automotive and electronics applications; and the manufacture of premium grade products including sheet piles (a highly complex rolled product), jumbo sized sections which can only be manufactured in a limited number of mills globally and the full range of sections using premium steel grades which can be used, for example, in deep sea oil and gas extraction applications. This strategy ensured continued profitable trading in the 2015-2017 period, which was marked by losses across the global steel industry associated with reduced demand (reflecting restricted investment in key markets in the face of depressed oil prices) and excessive exports from China resulting in excess supply and, accordingly, downward pressure on prices.

Emirates Steel intends to continue its strategy of developing its product range with value-added rolled products and steel grades. It also intends to address its reliance on the construction sector by expanding its product range to include flat products used in other industries. Another concern for Emirates Steel is its exposure to upward pressure on feedstock prices resulting from the fact that there is only a limited number of suppliers of the high grade iron ore that it requires. To this end, Emirates Steel is considering the possibility of backward integration in terms of establishing iron ore pelletising assets and developing a joint venture structure to operate mining assets.

Production facilities

Emirates Steel's facilities are located at ICAD in Mussafah, which is currently the only integrated steel plant in the UAE. Following completion of its expansion programme and the acquisition of the former Al Nasser Group facilities, Emirates Steel's facilities currently comprise:

- three direct reduction plants with a combined capacity of 4.2 million tonnes per year;
- three steel melt plants with a combined capacity of 3.6 million tonnes per year;
- three rebar rolling mills with a total capacity of 2 million tonnes per year;
- a wire rod and coil rolling mill with a capacity of 0.5 million tonnes per year; and
- a heavy sections rolling mill with a capacity of 1 million tonnes per year.

The direct reduction plants process iron ore pellets to form direct reduced iron which can either be sold or utilised in the steel melt plants, a process which effectively reduces iron oxide to iron. The steel melt plants melt direct reduced iron in electric arc furnaces together with scrap steel and other materials such as lime and carbon. The molten metal is then refined in ladle furnaces with other additives to produce the specific grade/quality of steel required, which is finally cast in continuous casters, which shape and solidify the molten steel into billets or beam blanks (the latter being the feedstock for the heavy sections rolling mill). The cast steel is then utilised in the rolling mills to produce rebar, wire rods and coils and medium and heavy sections, including sheet piles, and, to the extent not so utilised, can be sold to third parties.

Sheet piles were added to Emirates Steel's product mix in 2016. Sheet piles are a specialised form of section produced in the heavy sections rolling mill; being rolled at high temperatures. Hot rolled sheet piles are generally larger and stronger than cold formed sheet piles. Emirates Steel is the only manufacturer of hot rolled sheet piles in the Middle East and Emirates Steel has rapidly established a significant presence in this high margin market, with Emirates Steel's sheet piles having been used on projects in the UAE, Africa, Europe, Canada, the United States, India, South East Asia and Australia.

Products

Emirates Steel is among only a few integrated steel producers in the MENA region and has the widest product range of long-steel producers within the GCC. Emirates Steel's products include:

- direct reduced iron ("**DRI**"), which is a semi-finished product utilised in Emirates Steel's steel melt plants. Surplus DRI is sold to other regional steel producers who use it as an alternative to scrap or hot briquetted iron in electric arc furnace-based steelmaking;
- steel billets which are processed into rebar, wire rod or coil using Emirates Steel's rolling mills or which can be sold to third party steel traders or re-rolling operations;
- beam blanks, representing the steel feedstock for the heavy sections rolling mill;
- rebar, which is a long steel product used exclusively in civil engineering and building projects to provide tensile strength to concrete. Emirates Steel's rebar is considered a premium product due to its sourcing of premium quality iron ore, its state of the art manufacturing process and its internal quality control procedures. In 2016 and 2017 sales of rebar accounted for 63 per cent. and 64 per cent. of Emirates Steel's total product sales, respectively;
- low carbon wire rod, which Emirates Steel produces for use in concrete reinforcing mesh applications in the construction sector, in engineering applications and other product applications such as fencing, nails and pins. In 2016 and 2017 the aggregate sales of low carbon wire rod and value added wire rod accounted for 13 per cent. and 14 per cent. of Emirates Steel's total product sales, respectively;
- value added wire rod, representing a range of value added products used in a number of manufacturing sectors and processes, including the automotive sector and the manufacture of welding electrodes and spring steel;

- sections which are long steel products used in the construction industry as well as in industrial and engineering applications. Within the UAE, the non-residential construction sector has been the principal source of demand for sections but they are also used in structures for the oil and gas, electrical transmission and petrochemical industries. Emirates Steel is the largest producer by volume of heavy sections in the Middle East. In 2016 and 2017 sales of these sections accounted for 18 per cent. and 15 per cent. of Emirates Steel's total product sales, respectively; and

- sheet piles, both Z and U shaped long structural sections with vertical interlocking systems. Interlocked sheet piles form a wall which is earth tight or water resistant and are used for the construction of retaining walls, cofferdams, bulkheads, canals and seawalls. Emirates Steel is the only manufacturer of sheet piles in the Middle East.

Raw materials and product distribution

Emirates Steel's principal raw materials are iron ore (in the form of iron oxide pellets) for use in its direct reduction plant, scrap which is used in the electric arc furnaces and, when insufficient volumes of its own manufactured steel are available, steel billets for use in its rolling mills. Emirates Steel currently sources its iron oxide pellets from Brazil, Canada, Bahrain, Sweden, Russia and India on the basis of long-term supply agreements and spot purchases. In each case the price to be paid is determined by reference to an identified international reference price and the volumes to be delivered are defined but, in certain cases, include provisions allowing for variations. The iron oxide pellets are shipped to Abu Dhabi under a 10-year contract with Eships Oldendorff Logistics Limited.

Scrap availability is generally not an issue for steel producers, although prices can fluctuate significantly and be subject to volatility. Emirates Steel sources the majority of its scrap from the local market where it is readily available and, when required, from international scrap traders.

When required, billets are sourced from international traders on the basis of competitive tenders and the billets purchased are generally manufactured in the GCC, the MENA region, Turkey, Russia and the Ukraine.

Emirates Steel's finished products are distributed throughout the UAE and the GCC by road, and exports are shipped from ports in Abu Dhabi and Dubai. Emirates Steel's road haulage is provided under contract which is subject to regular tender procedures and sea freight is purchased on a spot basis through a number of contracted shipping agents.

Customers

Emirates Steel aims to develop relationships with a limited number of strategic customers in the UAE, including fabricators and large distributors (these are Cicon Building Materials LLC, Utmost Building Materials LLC, Ghantoot Building Materials Trading LLC, Seven Seas Trading and DBMSC Steel FZCO), with a view to making the majority of its sales to these customers. This is intended to enable it to improve price realisation. In addition, Emirates Steel is targeting export sales in other GCC markets as well as India and Jordan. The top ten customers of Emirates Steel represented 63 per cent. of sales in 2017, and 55 per cent. of sales in 2016.

Emirates Steel believes that its rebar and wire rod products are premium quality reflecting the quality of the iron ore and steel billets used and the modern rolling mills and quality control processes which it employs. Emirates Steel aims to capitalise on both this quality and its proximity to the customers and, therefore, reduced lead times and higher service levels when marketing its products to customers.

Health and safety

The health and safety of all staff, contractors and visitors is Emirates Steel's principal priority. Emirates Steel is currently working with one of the world's leading health and safety consultants to ensure that its health and safety culture and procedures are world class. Through the introduction of globally recognised health and safety practices, Emirates Steel aims to ensure that a safe work culture is at the heart of its production processes. Central to its health and safety culture is the principle that all work-related illnesses, injuries and health, safety and environmental incidents can and must be prevented.

Quality

Emirates Steel's quality management system provides a systematic and standard approach to ensure product quality, consistency and traceability from the raw materials through to the finished products and from the supply chain through to the end users.

Emirates Steel's final products are verified and certified by independent local and international certification authorities against industry standards and specifications. The main certifications held include:

- the UK Certification Authority for Reinforcing Steels (CARES), which has certified Emirates Steel's quality management system for conformity to ISO 9001:2008; and

- an American Society of Mechanical Engineers ("**ASME**") nuclear quality assurance certification for reinforced steel bar (for use in the construction of nuclear reactors), which made Emirates Steel only the fourth company in the world, and the first in the Middle East, to be awarded this certification.

In addition to the various certifications held from local and international certification authorities, Emirates Steel has, in addition, secured product approval from specific end users of its products, including ADNOC and Saudi Arabian Oil Company ("**Saudi Aramco**").

The UK Certification Authority for Reinforcing Steels ("**CARES**") has certified Emirates Steel's quality management system for conformity to ISO 9001:2008. Emirates Steel was the fourth company in the world and the first in the Middle East to be awarded an ASME nuclear quality assurance certification for reinforced steel bar.

Competition

Production capacity data in this section has been derived from Wood Mackenzie.

There are currently 11 steel billet/bloom producers in the GCC, with a total capacity of 13.7 million tonnes per year. These comprise one in each of Bahrain, Kuwait and the UAE, two in each of Qatar and Oman, and four in Saudi Arabia.

There are 26 producers of rebar and wire rod in the GCC with a combined capacity of 22.1 million tonnes per year. These comprise one in Bahrain, two in each of Kuwait and Qatar, four in Oman, eight in the UAE, and nine in Saudi Arabia. Some of the UAE mills have been shut down since the 2008/9 financial crisis, with the five producers currently known to be producing in the UAE being Emirates Steel, Conares Metal Supply, Hamriyah Steel, Union Steel and Qatar Steel Dubai.

Within the GCC, the UAE, at 22.6 per cent. of the total, has the second largest production capacity of steel billets/blooms behind Saudi Arabia (at 49.6 per cent.) and ahead of Qatar (at 13.9 per cent.). The UAE, at 30.3 per cent., also has the second largest production capacity of rebar/wire rods behind Saudi Arabia (at 49.3 per cent.) and ahead of Qatar (at 8.6 per cent.) and, at 35.0 per cent., the second largest production capacity of medium and heavy sections behind Bahrain (at 55.0 per cent.) and ahead of Saudi Arabia (at 15.0 per cent.).

Within the wider Middle East region, Turkey is the major producer with 25 mills producing billets/blooms, 22 mills producing rebar/wire rods and nine producing medium and heavy sections. Turkey's billet/blooms capacity is nearly 36 million tonnes per year, its rebar capacity is 23 million tonnes per year and its medium and heavy sections capacity is 4 million tonnes per year. Iran is the other major producer with 13 producers of billets/blooms, 12 rebar/wire rod producers and seven medium and heavy section mills. Iran's capacity is estimated at 14 million tonnes per year for billets/blooms, 6 million tonnes per year for rebar and wire rod and 3 million tonnes per year for medium and heavy sections.

Other Middle Eastern countries (excluding Syria which had 10 mills prior to the civil war and whose production status is not currently known) have an estimated combined capacity of 5 million tonnes per year for billets/blooms, 6 million tonnes per year for rebar/wire rods and 440,000 million tonnes per year for medium and heavy sections.

In terms of volume, the largest GCC product market is for rebar where demand growth is strong and expected to remain so. Emirates Steel's rebar mills have historically, and continue to, run at capacity levels.

Emirates Steels' rolled materials are shipped immediately and it retains two days of inventory only. Currently Emirates Steel controls approximately 60 per cent. of the UAE market, with its exports being restricted to within the GCC.

The sections market is smaller in volume but is served by a comparatively small number of producers. The major regional markets of Saudi Arabia, the UAE and Iran are all net importers of sections. Senaat expects that market demand will continue to be satisfied by a combination of the existing regional suppliers, Emirates Steel and Sulb Bahrain, and imports from outside the region. The key exporters to the region are Korea, China and Europe, against which the regional producers have competed successfully based on logistics and customer service.

Oil and gas services

Overview

The Group's oil and gas services business is centred on NPCC. National Petroleum Construction Company was established as a limited liability company in April 1973 as a joint venture between ADNOC and Consolidated Contractors Company (S.A.L.). In 1987, National Petroleum Construction Company became a public joint stock company and, in October 2005, ADNOC's 70 per cent. shareholding in the company was transferred to Senaat for nil consideration.

National Petroleum Construction Company has a board of nine directors, which includes two Senaat directors. The Chairman of Senaat's Board is also the Chairman of National Petroleum Construction Company's board of directors.

NPCC was established to provide a facility for the fabrication of steel structures required by the Abu Dhabi onshore and offshore oil and gas production industry. It has subsequently expanded its activities and is now a leading EPC contractor with a presence in five countries engaged in providing engineering, procurement, project management, fabrication, installation and commissioning services to onshore and offshore oil and gas project owners and managers. NPCC is headquartered in Abu Dhabi, has operations in the Arabian Gulf, South Asia and South East Asia and has a team of more than 1,200 engineers based in Abu Dhabi, Mumbai and Hyderabad.

NPCC's facilities are located in the ICAD at Mussafah, approximately 35 kilometres ("**km**") south of Abu Dhabi city, and cover an area in excess of 1.3 million square metres ("**m^2**"). The facilities include state of the art fabrication facilities, a marine base and a load out facility.

NPCC's clients include major oil and gas companies in the UAE, Saudi Arabia, Kuwait and India.

Strategy

NPCC's strategy is to strengthen its position in its key core markets of the UAE and India, while developing new markets in Saudi Arabia, South East Asia and Africa. NPCC focuses on delivering high quality, in a timely and cost effective manner, and developing long-term relationships with world class national and international oil companies. NPCC continues to deliver on this strategy and was awarded a number of major projects in 2017 and to date in 2018 by ADNOC, Oil and Natural Gas Corporation Limited ("**ONGC**") in India and Saudi Aramco.

Products and services

NPCC's products and services include:

- *engineering*, which comprises eight sections that cover process engineering (including pre-engineering, front end engineering and design and detailed engineering of large onshore and offshore oil and gas facilities), mechanical engineering (including the design, selection, and integration of equipment to provide optimised solutions for specific processes), structural engineering (which handles complete engineering from conceptualisation to installation for all type of fixed offshore platforms), electrical and instrumentation engineering, onshore and submarine pipeline engineering, naval architecture and installation engineering, piping engineering and civil engineering;

- *procurement*, through a team of approximately 300 specialists working centrally out of Abu Dhabi and supported by a network of offices and affiliates of expeditors and inspectors that manage all the procurement needs of NPCC and its clients, for both equipment and consulting expertise. The team also handles tender processes, progress monitoring, material movement and inventory control;

- *project management*, which aims to deliver quality facilities safely on budget and schedule. NPCC's project management teams have extensive experience across all aspects of the onshore and offshore oil and gas construction industry and NPCC's project model is built on experience, collaboration, integration, safety and quality. NPCC believes that its consistent and structured approach enables it to be more creative and responsive in synchronising parallel activities, allocating optimal resources, communicating effectively, managing stakeholders and mitigating and managing risks; and

- *fabrication*, see "*– Fabrication facilities*" below.

NPCC executes both greenfield and brownfield onshore and offshore projects. In this context, greenfield projects refer to a new facility that has been built at an NPCC yard whilst brownfield projects involve revamping works on existing facilities, typically to enhance production and/or safety.

Onshore NPCC has the capability to construct process facilities, pipelines, tank farms and spheres. Offshore it offers transportation and installation services, including laying pipes up to 66 inches in diameter in depths of between 10 and 2,000 metres, installing topsides weighing up to 20,000 tonnes using a floatover technique, jacket and bridge installations, pre-commissioning and commissioning. Its hydrographic surveying division uses the latest technology and a fleet of remotely operated vehicles.

Fabrication facilities

NPCC's fabrication facilities were custom-built for the construction, assembly and load out of onshore and offshore structures.

The facilities include structural, piping, machining, plates cutting and pipe rolling workshops, a pipe rolling mill, a pressure vessel fabrication plant, a piles and legs station, an assembly area and a shot blasting/painting area. The pressure vessel fabrication plant undertakes the design, fabrication and supply of pressure vessels, columns, separators, absorbers and strippers for the oil and gas industry, has a capacity of 4,000 million tonnes per year and can produce vessels that achieve ASME U, U2 and S stamps and National Board R certificates.

Load out facilities are available for loading single structures weighing up to 25,000 metric tonnes. A 1,000 metre marine jetty with water depths ranging from 4.5 to 6.5 metres is located adjacent to the load out facilities.

NPCC also owns and operates a fleet of 20 offshore vessels, capable of lifting single structures weighing up to 4,200 tonnes and laying submarine pipelines up to 66 inches in diameter. These include three derrick-lay barges (DLB-1000, DLB-750 and PLB 648), seven jack up barges (SEP-750, SEP-650, SEP-550, SEP-450, SEP-350, SEP-250 and SEP-150), two heavy lifting barges (HLS 2000 and DLS 4200), eight cargo barges, as well as tug, anchor handling and supply boats (NPCC Al Maryah, LB2, B42, Yas, SAADIYAT, CB-VI, CB-VII and CB-VIII).

Customers

NPCC's customers include major oil and gas companies in the UAE, Qatar, Saudi Arabia, Kuwait and India, including ADNOC, Abu Dhabi Gas Liquefaction Company (ADGAS), Abu Dhabi Gas Industries Limited (GASCO), Abu Dhabi Oil Refining Company (TAKREER), Qatar Petroleum (QP), Qatar Liquefied Gas Company Limited (QATARGAS), Saudi Aramco, Kuwait Oil Company (K.O.C.), Kuwait National Petroleum Company (KNPC) and ONGC.

Quality and health and safety

NPCC recognises quality as an essential element in its ongoing success as an EPC contracting business within the international oil and gas construction industry. Accordingly, NPCC strives to ensure that it provides its clients with products and services which fully meet their specified requirements and expectations and comply with relevant regulations, codes and standards. To achieve this, NPCC:

- maintains a quality management system meeting the requirements of ISO 9001 and API Specification Q1. The International Organization for Standardization ("**ISO**") 9000 accreditations address the customer's quality requirements and applicable regulatory requirements, while aiming to enhance the customer's satisfaction and achieve continual improvement of a company's performance in satisfaction of these objectives. The American Petroleum Institute ("**API**") Specification Q1 outlines the requirements for a quality system that facilitates the consistent and reliable manufacture of API products. An API license is issued only after a quality manual has been submitted and approved and an on-site audit has confirmed that the applicant adheres to the requirements of both Q1 and the appropriate API product specifications;

- continuously seeks to improve the effectiveness of its quality management system;

- ensures that it has a clear understanding of its clients' requirements;

- seeks to respond to its clients' requirements, expectations and complaints; and

- ensures that it provides the resources necessary to achieve its quality objectives, including through training provided to employees and embedding a quality culture in its workforce. In addition, specific quality objectives have been established at relevant functions and levels within NPCC and these objectives are regularly measured and reflected in NPCC's quality index as a KPI.

NPCC regards health, safety and the environment ("**HSE**") as a core value and is committed to conduct its activities in a manner designed to minimise HSE risks and to protect the health and safety of its employees, contractors, customers and the wider community. Among other matters, NPCC's HSE policy seeks to ensure that all applicable HSE regulations and standards are complied with, management is accountable for HSE issues, all employees and sub-contractors are trained in HSE matters, appropriate risk assessments are undertaken and that emergency response and crisis management plans are in place. In addition, the policy focuses on environmental concerns by ensuring that environmental impacts are minimised and empowers employees and subcontractors to work only when it is safe to do so.

NPCC has ISO 14001 accreditation and Occupational Health and Safety Assessment Series ("**OHSAS**") 18001 accreditation. ISO 14000 accreditations aim to minimise harmful effects on the environment caused by a company's activities and to achieve continual improvement of its environmental performance. OHSAS 18001 sets out the minimum requirements for occupational health and safety management best practice.

Competition

EPC and fabrication require significant technical expertise and know how and oil and gas producers generally prefer to employ EPC companies which have an established track record. As a result, there are only a limited number of major companies involved in the oil and gas EPC industry with the key differentiators being technology, know how, capacity and an established customer base.

NPCC competes with different entities in a number of market segments, including:

- offshore, where its principal competitors include J. Ray McDermott, Hyundai Heavy Industries, Saipem and Larsen & Toubro;

- fabrication, where its principal competitors include Valentine Maritime and Global Industries; and

- onshore, where its principal competitors include Technip, Bechtel, Fluor, Snamprogetti, Petrofac, Larsen & Toubro, Punj Lloyds, SK Engineering and Hyundai.

The strongest competitors are those with the largest capacity, the lowest overhead costs and established customer bases. NPCC believes that its competitive strengths include its significant technical expertise in offshore projects, its well-established market presence and customer base, its strong relationships with vendors, suppliers and clients through its successful track record on previous projects and its integrated facilities capable of undertaking both offshore and onshore EPC projects.

Food and beverages

The Group's food and beverages business comprises Agthia and Al Foah.

Agthia

Agthia Group PJSC is a leading Abu Dhabi-based food and beverage company which was incorporated in 2004 by Senaat. As part of the Government's privatisation efforts, Senaat sold 49 per cent. of Agthia Group PJSC in a public offering at the start of 2005 and Agthia Group PJSC's shares were listed on the Abu Dhabi Securities Exchange (the "**ADX**"). Agthia Group PJSC has a board of seven members including two Senaat directors.

Agthia's assets are located in the UAE, Saudi Arabia, Oman, Kuwait, Egypt and Turkey. Agthia has a portfolio of integrated businesses and brands which operate through two business divisions as follows:

- *Agri business*, which dates back to 1978 when Flour Mills and Animal Feed Company was established by the late H.H. Sheikh Zayed bin Sultan Al Nahyan. Agthia's agri business is now a leading producer and supplier of flour (under the Grand Mills brand) and animal feed (under the Agrivita and Agrivita Marabe brands) in the UAE, with an installed capacity of 920 thousand tonnes per year. Agthia's flour and animal feed products are market leaders in the UAE and also are exported to several GCC countries. In 2017, Agthia entered into a joint venture in the animal feed premium forage (mainly alfalfa) business in the UAE with Anderson Hay of the United States, the second largest alfalfa exporter in the world by volume; and

- *Consumer business*, which dates back to 1990, when Agthia established Al Ain Mineral Water Company. Since then, Agthia has expanded its consumer business through acquisitions and partnerships, and currently offers consumers an array of products such as juices, yoghurts and other processed food items (including bakery, tomato paste and frozen vegetables) across the UAE, the GCC, Turkey, Egypt and the wider Middle East.

Agthia's consumer business comprises water, beverages, dairy and other food products.

Water

Al Ain Water is Agthia's flagship brand, and is the leading bottled water brand in the UAE with a 28 per cent. share of the total market volume according to AC Nielsen. Al Ain Water is also a leading innovator in the water business, with products such as Al Ain Zero, a zero-sodium drinking water, and Al Ain Vitamin D, the world's only drinking still water with added vitamin D. In addition to the UAE, Al Ain water products are exported to, and distributed in, all of the GCC markets. In 2017, Agthia acquired Delta Bottled Water Factory Company Limited ("**Delta Water**") in Saudi Arabia and commenced producing Al Ain water products in that country. It also expects to start producing Al Ain water products in Kuwait before the end of 2018 through a joint venture it established in 2016.

Agthia's water business has been reinforced through several acquisitions and partnerships since 1990. In 2007, Agthia acquired a local five gallon water company, Ice Crystal. In 2012, a natural spring water source, together with the adjacent water bottling facilities, in Turkey was acquired and Alpin was created as Agthia's natural spring water brand that is now being exported to several European and GCC countries, including the UAE and Saudi Arabia. In 2015, the Company acquired Al Bayan Water Company in the UAE, the second largest producer by volume in the five gallon market. At the start of 2016, Agthia entered into a joint venture with Kuwait's Al Wafir Marketing Services Company K.S.C.C. to establish a water bottling plant in Kuwait to produce Al Ain water locally. In early 2017, Agthia completed its acquisition of Delta Water which enabled Agthia to enter the Saudi market for the first time with its Al Ain water brand, reflecting its strategy to expand in the GCC and the wider Middle East region. Agthia also owns and markets both Delta and Bambini water brands in Saudi Arabia.

Currently, Agthia's installed bottled water and five gallon production capacities are approximately 110 million cases and 42 million bottles per annum, respectively.

Beverages

Capri Sun and Al Ain Fresh are Agthia's brands in the single-serve juice drinks and fresh juices categories, respectively.

In 2008, Agthia established a joint venture with Germany's Wild Group to become the exclusive manufacturer and distributor of Capri Sun juices in the GCC (excluding Saudi Arabia). Agthia manufactures Capri Sun juices in its Al Ain facilities and Al Ain Fresh in its Abu Samra facilities, which have capacities of 3.9 million cases and 600,000 cartons, respectively, per annum.

Dairy

Agthia has an exclusive manufacturing and distribution license with General Mills of the United States to produce and distribute Yoplait yogurt products in the GCC (excluding Saudi Arabia). Agthia produces plain, fruit and chidren's yoghurts. Agthia's annual yoghurt production capacity is 16 thousand tonnes.

Other food

Agthia's main segments in this category are tomato paste and frozen vegetables. In 2008, Agthia acquired a leading manufacturer of tomato paste and frozen vegetables in the UAE, with sales in the UAE and the wider MENA region. In 2009, Agthia established a greenfield manufacturing plant in Egypt, from where both tomato paste and frozen vegetable products are marketed both domestically and exported to several countries, including the UAE. Agthia's total production capacity for tomato paste is 19,000 tonnes per annum and for frozen vegetables is 10 thousand tonnes per annum.

Agthia also produces and distributes ambient and frozen bakery products under its Grand Mills brand with an annual production capacity of 8 thousand tonnes.

When Agthia was established, its agri business dominated its revenue with an 83 per cent. share. In 2017, for the first time in its history, Agthia's consumer business accounted for more than half of its revenues, at 53 per cent.

Agthia's five-year strategy, which commenced in 2016, is to become one of the Middle East's leading food and beverage companies by achieving U.S.$1 billion in net revenue by 2020, including through strengthening its core business (water, flour and animal feed) organically in the UAE, strengthening its UAE consumer business through acquisitions in the five-gallon water, juice and dairy segments and expanding internationally in water. The acquisitions of Al Bayan and Delta in 2015 and 2017, respectively, were both undertaken in pursuance of this strategy. In addition, Agthia is focusing on turning around its non-core businesses (tomato paste, frozen vegetables and bakery) and is open to divesting or partnering in relation to some or all of these businesses.

Al Foah

Al Foah Company LLC is a limited liability company established in 2005 by the Government to take responsibility for a number of date production and process assets, including an organic dates farm in Al Ain, two dates processing factories in Al Saad and Al Marfa and a number of date receiving centres across the UAE.

Within one year of its establishment, the Government transferred Al Foah to Senaat. Despite being a wholly-owned subsidiary of Senaat, Al Foah operates with a board of 5 directors among which none are from the Board.

Al Foah's products portfolio consists of a wide range of high quality whole dates (consisting of both UAE grown and those procured from outside of the UAE), value added dates (stuffed and chocolate coated) and dates-based products (date syrup, date paste, date halwa).

Al Foah has successfully established its presence in both the retail as well as bulk sectors of major markets throughout the world through its strong brands. Date Crown is one of the leading brands in packaged dates with a presence in over 35 countries. Al Saad is a popular brand of Al Foah which caters to the bulk dates business (packages of 5kg and above). Zadina is a luxury gourmet boutique brand of Al Faoh which has a portfolio of premium quality whole dates and other dates-based products and is sold through Al Foah's own high-end retail boutiques in the UAE. Al Foah, through its brands, is present in 45 countries.

Al Foah processes more than 114,000 metric tonnes of dates annually among which 75 per cent. are exported across the MENA region, Asia, Europe and North America. In the UAE, Al Foah is the largest player in the retail as well as non-retail sectors.

Through its eight receiving centres, Al Foah receives different types of UAE grown dates from more than 16,500 local farmers during the season. In addition to that, Al Foah has its own organic dates farm in Al Ain, that covers 1,321 hectares and has over 70,000 palm trees producing more than 2,000 tonnes of dates per season. Al Foah also procures dates from various countries across the MENA region, including Saudi Arabia, Oman, Algeria, Jordan and Iraq.

Al Foah has the largest date receiving and processing business in the world. Following receipt and classification, the dates are transported to Al Foah's two factories for storage and processing. The two factories have a combined production capacity of 168,000 tonnes per year and a storage capacity of 70,000 tonnes.

Al Foah has strong business partners in its major markets. All partners are given exclusive rights to market and sell Al Foah's brands pursuant to distribution agreements entered into by Al Foah and each partner. The distribution agreements provide for the prices, the quantities, the geographical coverage and delivery schedule of dates for the specified period.

Al Foah's principal competitors are numerous regional bulk dates distribution companies as well as regional dates producers who produce competing retail products.

Al Foah's strategy is to continue to focus on making the UAE dates sector financially viable and internationally competitive through:

- assisting the Government in delivering targeted subsidies to the local farmers;
- launching new brands to fulfil increasing global consumer demands for healthy snacks;
- leading innovation on developing new products derived from dates, such as sweets and beverages;
- adapting market-driven strategies in maximising the value and profitability of dates sold;
- investing in talent acquisition and retention to further strengthen organisation; and
- partnering with the private sector.

Building Materials

Overview

The Group's building materials business is centred on Arkan and also includes Ducab, see "– *Significant associates and joint ventures*" below.

Arkan Building Materials Company PJSC was incorporated in January 2006 by Senaat as a wholly-owned holding company for two cement factory companies which were both previously wholly-owned subsidiaries of Senaat. Following the incorporation of Arkan Building Materials Company PJSC, in mid 2006 Senaat sold 49 per cent. of the company in a public offering and its shares were listed on the ADX. Arkan Building Materials Company PJSC has a board of seven members, three of which are also members of Senaat's senior management (including both the CEO and Chief Financial Offer ("**CFO**") of Senaat).

Arkan's vision is to build a large integrated building products business that serves the local and regional construction industries.

Arkan currently operates through four business segments as follows:

- *Cement* – this segment comprises the Al Ain cement factory, which was commissioned in 2013 and commenced operations in 2014. The factory has a clinker capacity of 3.1 million tonnes per year and a cement production capacity of 4.5 million tonnes per year. In 2016, Arkan closed its Emirates cement factory which had been operating since 1976 as it had become uneconomic. Arkan's cement segment sells Ordinary Portland cement (a high quality cement suitable for most building purposes), high and moderate sulphate resistant cement (used where the cement is exposed to high sulphates in soil or water), Portland limestone cement (which is mainly used for finishing applications), clinker (for domestic sale and export) and slag.

- *Blocks* – this segment operates four facilities in Abu Dhabi, Al Ain and Al Mafraq industrial areas with a combined output of 240,000 blocks per day and a dry mortar facility in Al Mafraq to serve both Abu Dhabi and Al Ain. Arkan's blocks segment offers an extensive and diverse range of quality concrete blocks. Its manufacturing facilities are based on German technology. Arkan is the UAE's leading manufacturer of concrete blocks, having a 70 per cent. market share according to Ventures Middle East and meets international specifications for technology, quality, services and the environment. Its products include solid, hollow, thermo and hourdi building blocks, a wide-range of concrete pavers with different textures and colours and dry mortar in the form of a large variety of plaster, render, mortar and bonding compounds for a range of different applications. Arkan's production capacity for dry mortar is 226,000 tonnes per year, positioning it among the top five manufacturers in UAE.

- *Pipes* – this segment operates a facility in Al Mafraq which produces centrifugally cast ("**CC**") glass fibre-reinforced polyester ("**GRP**") pipes and a facility in Mussafah which produces polyvinyl chloride ("**PVC**") pipes, with production capacities of 25,000 tonnes per year of GRP pipes and 15,000 tonnes per year of PVC pipes. Arkan's pipes segment's CC GRP pipes are high strength, flexible and corrosion-resistant, making them attractive for use in applications including water supply, sea water intake, sewage, drainage and transportation of slurries and industrial effluent. In addition to gravity, pressure and duct piping, the segment also offers other GRP products, such as chambers, manholes, holding tanks, ladders and liners. Arkan's pipes segment's PVC pipes comprise both U-PVC (unplasticised PVC for use in infrastructure projects) and LD-PE (low density polyethylene for use in irrigation applications) products.

- *Bags* – this segment produces building materials storage bags from a facility at Al Mussafah which has the capacity to produce 60 million bags per year. Arkan's bags segment produces two types of bag: multi-wall Kraft paper bags (which are typically used to transport cement, PVC pellets, urea, gypsum, chemicals and animal feed) and LD-PE bags (which are principally used as trash and plantation bags). Arkan's bags are supplied to a wide range of GCC markets and east African countries.

Arkan has grown its operations from its initial focus on Abu Dhabi to sell more products, mainly cement, blocks, GRP manholes and dry mortar, to Dubai and other Emirates. Arkan continues to focus on selling niche products, such as jacking pipes and GRP manholes, to international markets such as the Philippines, East Africa and Singapore. Additionally, Arkan continues to look for investment opportunities in the UAE to grow its product portfolio as Senaat believes that the market is too saturated to initiate greenfield projects. Arkan has a long-term strategy of enhancing its product portfolio to include investments in new building materials such as glass, composites and plastics.

Significant associates and joint ventures

Overview

The Group has four significant associates and joint ventures. Each of these entities is equity accounted, meaning that only the Group's proportionate share of the profit or loss of the entity concerned is consolidated in its financial statements.

Ducab

Established in 1979 as a limited liability company, Ducab is 50 per cent. owned by Senaat and 50 per cent. owned by Investment Corporation of Dubai. Ducab is the largest cable and wire manufacturer in the UAE with a production capacity of over 110,000 copper tonnes per year of high, medium and low voltage copper cables, supplying customers in 40 countries. Ducab has a board of four directors, of which two are also Senaat directors.

Ducab's facilities are located at Jebel Ali in Dubai and Mussafah in Abu Dhabi. Ducab has a wide product slate, including:

- copper rods and wires;

- low, medium and high voltage cables;

- fire performance cables;
- instrumentation and control cables;
- rubber flexible cables; and
- a range of cable components and accessories.

Ducab's clients include major utilities, oil and gas companies and construction and contracting companies. Ducab's products have been used in many leading projects in the UAE and GCC, including the Grand Mosque in Abu Dhabi, Dubai Metro and the Bahrain international formula one circuit.

Ducab's products are designed and manufactured to meet national and international standards. Ducab undertakes a full range of routine sample and type tests in accordance with both national and international standards.

Copper is Ducab's principal raw material, typically forming around 75 per cent. of its cost of goods sold. Copper prices can be volatile and, to mitigate against changes in the price of copper, Ducab hedges its exposure through long-term futures contracts on the London Metals Exchange. Ducab also seeks to pass on copper price escalations to its customers through appropriate provisions in its sales contracts.

Ducab's customers include contractors, utilities and distributors principally located in the UAE but also elsewhere in the GCC and the wider Middle East region.

Ducab operates in a highly competitive market and competes with a large number of cable manufacturers located in the UAE, Saudi Arabia, elsewhere in the GCC and also in Russia and Eastern Europe and Asia.

DAC

DAC is a joint venture between Senaat, which holds 40 per cent. of the shares, and Ducab, which holds the remaining 60 per cent. DAC has just completed the construction of a facility based in the KIZAD that has the capacity to manufacture 50,000 tonnes per year of aluminium alloy rods, wires and bare overhead conductors using liquid aluminium supplied by the EMAL smelter that is also located in KIZAD. The total investment in the facility was AED 220 million. The facility is expected to commence commercial production at the end of 2016.

Talex

In May 2011, Senaat entered in a joint venture with Gulf Extrusions Co. (LLC), part of the Al Ghurair group of companies, to develop and build a 50,000 tonne per annum capacity aluminium extrusion plant in KIZAD on a 200,000 m^2 plot of land adjacent to the EMAL smelter. The plant started commercial operations in 2017 and produces billets and extruded profiles. The total investment in the plant was AED 900 million.

Al Gharbia

In March 2015, Senaat and two Japanese steel companies, JFE Steel Corporation ("**JFE**") and Marubeni-Itochu Steel Inc ("**MISI**"), established Al Gharbia Pipe Company. The joint venture is the UAE's first large-diameter, sour service capable, welded steel pipe manufacturer. Al Gharbia will leverage JFE's know-how for high-quality large-diameter welded steel pipes, MISI's sales networks and Senaat's presence and connections in Abu Dhabi and the wider Middle East region.

Construction of the Al Gharbia plant started in mid-2016 on a 200,000 m^2 plot of land at KIZAD and is expected to be completed before the end of 2018. The planned capacity of the plant is 240,000 tonnes per year of large diameter sour grade steel pipes and the total investment is approximately AED 900 million. The plant's output is expected to be sold to regional construction and energy companies.

INTELLECTUAL PROPERTY

Senaat has only one trade mark "SENAAT" registered with the UAE Ministry of Economy-Trade Mark Section. Senaat maintains a valid registration certificate in respect of its trademark.

A number of other Group companies have significant trademarks which they seek to protect with appropriate registrations. See "*Risk Factors – Risks relating to the Group's operating activities generally – The Group owns a number of brands which are important to its business*".

INFORMATION TECHNOLOGY

Senaat's head office IT infrastructure is built on a hybrid model with both virtual and physical servers. It uses IBM servers and Cisco networking devices. Its main applications, such as its enterprise resource planning system, its consolidation system and its IT service management system, which are all used in its day to day business are hosted on Senaat's premises.

Senaat seeks to comply with relevant industry and technology standards, including those of:

- the Abu Dhabi Systems & Information Centre ("**ADSIC**"), which has developed a strategic vision for an information security programme that provides a holistic approach to enhancing information security for the Government and its related entities. The programme aims to ensure that sensitive Government information is protected throughout its lifecycle within a service as well as within the automated systems where data is processed. ADSIC's vision, goals and policies are derived from established standards, including ISO 27001 and 27002. Its standards have been tailored to fit the specific requirements of the Government; and

- the UAE's National Electronic Security Authority ("**NESA**"), which has created a standard cyber-security framework that helps entities across the UAE follow a common information security practice. Although the NESA framework inherits the criteria and controls from frameworks such as ISO 27001, COBIT, NIST, SANS and ADSIC, it uniquely identifies the control requirements and priorities for providing information assurance to distinct business sectors.

Senaat believes that compliance with these standards helps it improve processes, reduce data centre and infrastructure costs and better manage risk and governance.

Each of Senaat's other Group companies is responsible for its own IT operations.

REGULATION

Senaat's legal department receives both the UAE federal legal gazette and the Abu Dhabi legal gazette on a monthly basis, which it uses as the primary sources for screening all new laws, regulations and circulars in order to identify those of relevance to its business. The legal department also has access to an online legal database which provides instant access to all laws and regulations in the UAE and Abu Dhabi. The legal department also receives monthly legal bulletins from a number of local and international law firms covering legislative and regulatory updates in the UAE and Abu Dhabi.

Senaat's legal team circulates key legal updates to members of Senaat's executive management team.

Each of Senaat's other Group companies is responsible for its own regulatory compliance.

MANAGEMENT AND EMPLOYEES

MANAGEMENT

Board of Directors

Senaat's Articles of Association provide that it shall be managed by its Board which is required to consist of not less than five nor more than nine members, each of whom is to be appointed by the Executive Council for a renewable term of five years. The Board appoints Senaat's chief executive officer ("**CEO**") who conducts the day to day business and affairs of Senaat in accordance with the decisions and directives of the Board.

The Board currently comprises the five directors listed below:

Name	Title	Term Expires
Hussain Jasim Al Nowais	Chairman	3 January 2022
Saif Mohamed Al Hajeri	Vice Chairman	3 January 2022
Ali Murshed Al Marar	Board Member	3 January 2022
Alyazia Ali Al Kuwaiti	Board Member	3 January 2022
Salem Sultan Al-Dhaheri	Board Member	3 January 2022

The Articles require that at least four Board meetings should be held in each year. The quorum at each meeting is a majority in number of the directors, one of whom must be the Chairman or the Vice Chairman. The Articles provide that the Board shall have full powers to manage Senaat including setting general policies for the operation of Senaat and taking such decisions as it sees fit to achieve the objects of Senaat. The Articles grant the Board all the powers and authorities granted by law to the general assembly except the authority to discharge the directors and auditors of liability, to initiate proceedings against them, to vote on a dispute between the Board and Senaat and certain other matters, which power resides with the shareholder or, in certain cases, the Executive Council. In addition, the Board is granted in the Articles certain specific powers including the power to borrow money (subject to the Financial System Law) and secure Senaat's assets, to commence or settle litigation, to approve budgets and capital expenditure and to appoint and remove senior management. The business address of each of the members of the Board is 41st Floor, Etihad Towers, Tower 3 (T3) Corniche Street, PO Box 4499, Abu Dhabi, UAE.

The Board guides the strategic direction of Senaat and regularly reviews the Group's operating and financial position. The Board ensures that the necessary resources are in place to enable Senaat to meet its strategic objectives and monitors the performance of management and aims to ensure that the strategy, policies and procedures adopted are in the long-term interests of Abu Dhabi, in line with Senaat's mandate.

Brief biographies of each of the members of the Board are set out below:

Hussain Jasim Al Nowais, Chairman

H.E. Hussain Al Nowais has over 25 years' combined experience in business management, banking, project finance, investment, hospitality and real estate. In addition, he has experience in the development of industrial, infrastructure and energy projects. H.E. Al Nowais has been actively involved in setting up new businesses and in the acquisition of existing companies, primarily in the Gulf States and the broader Middle East.

H.E. Al Nowais is presently chairman of several public companies and institutions, including Khalifa Fund for Enterprise Development and Waha Capital PJSC. He is also a board member of Sheikh Khalifa University for Science & Technology. Within the Group, he is the chairman of Senaat, NPCC and Emirates Steel.

A UAE national, born in Abu Dhabi, H.E. Al Nowais holds a Bachelor's degree in Business Administration with an emphasis on Finance from Lewis & Clark College in Portland, Oregon, USA. He has also attended various executive management courses at INSEAD in France and the London Business School in England.

Saif Mohamed Al Hajeri, Vice Chairman

H.E. Saif Al Hajeri holds a number of leadership roles for Abu Dhabi initiatives. He is a Member of the Executive Council, Chairman of the Abu Dhabi Department of Economic Development and a board member of the Khalifa Fund for Enterprise Development, Al Yah Satellite Communications, Waha Capital PJSC, Abu Dhabi National Exhibitions Company PJSC, TDIC and the Abu Dhabi Department of Culture and Tourism.

H.E. Al Hajeri is also the chief executive officer of Tawazun Holding and the Tawazun Economic Council, aimed at diversifying the UAE's economy and creating new ventures by partnering with international defence contractors. He is also a board member of most of Tawazun's subsidiaries, including Caracal International and Burkan Munitions.

H.E. Al Hajeri holds a Bachelor's degree in Business and Economics from Lewis & Clark College, Portland, Oregon, USA.

Ali Murshed Al Marar, Member

H.E. Ali Al Marar joined the Board in 2017. He is also the Senior Vice President of Administration at Abu Dhabi Gas Development Co. Ltd. and was a member of the establishment team of the company, which is a joint venture that is 60 per cent. owned by ADNOC whose purpose is to develop and operate the Arab A, B, C and D sour gas reservoirs. Previously, H.E. Al Marar helped found Abu Dhabi Polymers Limited (Borouge), an Abu Dhabi-based plastics company, and held various roles in the company, including chief financial officer. H.E. Al Marar also serves on the Board of Directors of the Abu Dhabi National Exhibitions Company.

H.E. Al Marar graduated with a Bachelor's degree in Accounting from the UAE University.

Alyazia Ali Al Kuwaiti, Member

H.E. Alyazia Al Kuwaiti joined the Board in 2017. Previously she was Director of Midstream and Upstream Investment at the International Petroleum Investment Company. H.E. Al Kuwaiti is also a member of the board of Gulf Energy Maritime, Khalifa Fund for Enterprise Development, the Securities and Commodities Authority and the Abu Dhabi Fund for Development.

H.E. Al Kuwaiti has played a leading role in implementing the UAE's women empowerment strategic initiatives based on the goals set out in the Abu Dhabi Economic Vision 2030. She was recognised for her efforts in 2013, winning the Emirates Women Award in the Career Achievements category.

H.E. Al Kuwaiti holds a Master's degree in International Business from the University of Wollongong, Dubai and a Bachelor's degree in Accounting and Finance from the Portobello College, Dublin, Ireland.

H.E. Salem Sultan Al-Dhaheri, Member

H.E. Salem Sultan Al-Dhaheri joined the Board in 2017. He has experience in the fields of finance and international investment. H.E. Al-Dhaheri currently serves as a Deputy Director at ADIA, which he joined in 1993.

H.E. Al-Dhaheri is also a member of the board of National Energy Company PJSC (TAQA), Al Hilal Bank PJSC and Emirates Telecommunications Corporation (Etisalat), among other companies. Within the Group, he is also a member of the board of Agthia.

H.E. Al-Dhaheri holds a Bachelor's degree in Accounting from Metropolitan State College in Denver, USA. He is a member of the Illinois CPA Society, the American Institute of Certified Public Accountants and the Institute of Leadership and Management in the United Kingdom.

Board committees

The Board has formed three committees: the Investment Committee, the Audit Committee and the Remuneration Committee.

Investment committee

The investment committee's main objectives are to create investment and divestment guidelines and endorse and monitor Senaat's investments and divestments. The committee also reviews and monitors the performance of Senaat's portfolio companies, projects and corporate finance initiatives, reviews and endorses Senaat's stand alone strategy, business plan and KPIs, as well as its standalone and Group budgets.

The members of the investment committee are Alyazia Al Kuwaiti (chairman), Salem Sultan Al-Dhaheri and the CEO. The investment committee was formed in 2018 and has met two times.

Audit committee

The audit committee's main objectives are to assist the Board and management team in fulfilling their oversight responsibilities to the stakeholders. The committee oversees compliance with processes relating to financial statements and financial reporting, the systems of internal accounting and financial controls.

The members of the audit committee are Saif Al Hajeri (chairman), Salem Al-Dhaheri and Ibrahim Al Mansoori. The audit committee have met two times in 2018, and met four times in each of 2017, 2016 and 2015.

Remuneration committee

The remuneration committee's purpose is to formulate, review and endorse Senaat's policies on remuneration, benefits, incentives and salaries. It is charged with striking the right balance between the interests of Senaat and the Government and for making sure that the remuneration policies are in line with Senaat's performance.

The members of the remuneration committee are Alyazia Al Kuwaiti (chairman) and Ali Al Marar. The remuneration committee have met two times in 2018, and met four times in each of 2017, 2016 and 2015.

Senior management

The Articles require the Board to appoint Senaat's CEO. In addition to the CEO, there are eight other members of the Senaat senior management team. The business address of each of the members of senior management named below is 41st Floor, Etihad Towers, Tower 3 (T3) Corniche Street, PO Box 4499, Abu Dhabi, UAE.

The members of the Company's senior management comprise:

Name	Title
Jamal Salem Al Dhaheri	Chief Executive Officer
Mabkhoot Al Menhali	Chief Financial Officer
Ahmad Suhail Al Muhairi	Senior for Vice President Strategy & Projects Development
Mahmoud Al Hameli	Senior for Vice President Business Support
Rashed Al Shamsi	Vice President for Marketing and Corporate Communications
Daniel Tromans	Vice President for Corporate Finance and Group Treasury
Ahmad El Bsat	Vice President for Strategy
Juan Gomez	Vice President for Project Development
Haseeb H. Shaikh	Vice President for Portfolio Management
Ali Al-Gizawi	General Counsel & Board Secretary

Brief biographies of each of the members of senior management are set out below:

Jamal Salem Al Dhaheri

Eng. Jamal Al Dhaheri is the CEO of Senaat. He joined the Group in 2012 and has over 22 years' business experience within Abu Dhabi's largest industrial entities, including ADNOC, Abu Dhabi Water and Electricity Company (ADWEA) and Union Water and Electricity (UWEC).

Within the Group, Eng. Al Dhaheri is also Chairman of the boards of Arkan and Ducab and a member of the boards of Emirates Steel and NPCC.

Eng. Al Dhaheri holds a Bachelor's degree in Science Engineering Management from the University of the Pacific, USA, and an Executive MBA from Zayed University, UAE.

Mabkhoot Al Menhali

Mr. Mabkhoot Al Menhali is the CFO of Senaat and is responsible for overseeing financial planning and execution across the organisation. Mr. Al Menhali joined the Group in 2017, and has 25 years' experience in financial management, corporate and project finance and cost controls, specifically in the oil and gas and EPC industries. Before joining Senaat, Mr. Al Menhali was the CFO of NPCC. Mr Al Menhali started his career with Abu Dhabi Gas Industries Company Ltd. before moving to NPCC in 1998.

Mr. Al Menhali is a certified public accountant ("**CPA**") and a member of the American Institute of Certified Public Accountants.

Ahmad Suhail Al Muhairi

Eng. Al Muhairi is Senior Vice President for Strategy & Business Development at Senaat and is a board member at NPCC. Eng. Al Muhairi joined the Group in 1998 and has more than 20 years' experience in managing, developing and executing projects. Prior to assuming his current role, Eng. Al Muhairi held senior roles across a number of divisions within the Group.

Eng. Al Muhairi has a Master's degree in Chemical Engineering from Tulsa University, USA.

Mahmoud Al Hameli

Mr. Al Hameli is the Senior Vice President Business Support at Senaat. Mr. Al Hameli joined the Group in 2007 and has over 15 years' experience in the fields of human resources, procurement, general administration, public affairs and general services. He has served as Vice President of Administration Support at Emirates Steel.

Mr. Al Hameli holds a Bachelor's degree in Computer Information Systems from the American University in Washington, D.C., USA.

Rashed Al Shamsi

Mr. Al Shamsi is the Vice President Marketing and Corporate Communications at Senaat where he is responsible for implementing corporate IR programs and maintaining strong relationships with key Senaat stakeholders. He joined Senaat in October 2009, and brings eight years of experience to the Group. Mr. Al Shamsi held various positions at Emirates Telecommunications Corporation (Etisalat) within the E-Vision Sales and key retailers management departments.

Mr. Al Shamsi holds a Bachelor's degree in Management and Human Resources, as well as a Master's degree in Interdisciplinary Studies with a concentration in Marketing from the California State University in San Bernardino, USA.

Daniel Tromans

Mr Daniel Tromans is the Vice President for Corporate Finance and Group Treasury at Senaat and is responsible for corporate finance, treasury operations and financial risk management across the Group. Mr. Tromans joined the Group in 2009, and has 20 years' experience in working with leading international and regional companies. Before joining Senaat, Mr. Tromans was with Accenture's corporate strategy team, based in the City of London, working on cross border assignments throughout Europe and North America.

Mr Tromans is a chartered certified accountant and a CFA charterholder and regularly contributes to professional bodies, including the Association of Corporate Treasurers and the Gulf Bonds and Sukuk Association.

Mr. Tromans holds a Master's degree from the Manchester Business School and a Bachelor's degree in International Economics from the University of Manchester, England.

Ahmad El Bsat

Eng. Ahmad El Bsat is the Vice President for Strategy of Senaat and oversees the development of Senaat's strategy and works with its subsidiaries to develop their strategies and address key challenges. Eng. El Bsat has also participated in committees to develop Abu Dhabi's industrial strategy. Eng. El Bsat joined the Group in 2008, and has over 24 years' experience in management consulting and oil and gas EPC. Before joining Senaat, Eng. El Bsat conducted consulting assignments for national oil companies and investment holding companies in the GCC while at Booz Allen Hamilton and before that he worked with Petrofac and Consolidated Contractors International Company.

Eng. El Bsat holds an MBA from McGill University, USA, and a Bachelor's degree in Mechanical Engineering with distinction from the American University of Beirut.

Juan Gomez

Eng. Juan Gomez is Vice President for Project Development of Senaat and is responsible for implementing strategic investments within the metals sector. Eng. Gomez joined the Group in 2008, and has over 20 years' experience in the metals sector. Before joining Senaat, Eng. Gomez was with Oman Oil in Oman. Eng. Gomez started his career in the automotive sector with BMW.

Eng. Gomez holds a Master's degree in Industrial Engineering and Industrial Management from the Polytechnic University in Madrid. He also holds a Master's degree in Engineering and Management of Manufacturing Systems from Cranfield University in England.

Haseeb H. Shaikh

Mr. Shaikh is Vice President for Portfolio Management at Senaat and oversees Senaat's portfolio of industrial assets in addition to its mergers and acquisitions activity across Senaat's group companies. Mr. Shaikh joined the Group in 2012 and has over 20 years' experience in investment management. Mr. Shaikh is a member of Senaat's Investment Committee and leadership team responsible for Senaat's overall investment strategy and for reviewing all investment proposals.

Before joining the Group, Mr. Shaikh was Vice President, Investments at InvestAD, an Abu Dhabi sovereign investment firm. Previously, Mr. Shaikh was in an investment management position with Abraaj Capital, a private equity firm in the UAE, and a structured finance executive with JP Morgan Chase in the United States, a global financial services firm. He started his career at PricewaterhouseCoopers, a global consulting/advisory and auditing firm.

Mr. Shaikh holds an MBA from the University of Notre Dame in the United States. He is a Certified Public Accountant and a Level 3 CFA candidate.

Ali Al-Gizawi

Mr. Al-Gizawi is the General Counsel & Board Secretary of Senaat and is responsible for overseeing all legal and corporate governance related matters at Senaat. Mr. Al-Gizawi has over 18 years of legal experience in advising major local and international companies and government bodies on corporate and commercial laws and transactions, projects development and financing, with a specific focus on joint ventures, cross-border mergers and acquisitions, fund/capital raising (through debt and equity), corporate restructuring, commercial agencies, intellectual property, outsourcing, employment, internal policies and corporate governance related issues. In addition, Mr. Al-Gizawi has a long and successful track record in advising government bodies on drafting, reviewing and commenting on legislation, public policies and free trade agreements.

Prior to joining Senaat in 2012, Mr. Al-Gizawi worked for a leading UK-headquartered international law firm for more than 7 years. Mr. Al-Gizawi holds a Bachelor's degree in Law from Al Yarmouk University in Jordan and a Master's degree in International Trade Law from the University of Technology Sydney, Australia.

CONFLICTS

There are no conflicts of interest between the duties of the members of the Board and senior management listed above to Senaat and their private interests or other duties.

EMPLOYEES

As at 31 December 2017, Senaat had 60 employees. This figure does not include employees of subsidiaries, joint ventures or associates. Senaat has an 83 per cent. emiratisation ratio at senior leadership levels and a 64 per cent. emiratisation ratio across the company, in each case as at 31 December 2017.

Senaat undertakes initiatives to motivate employees to contribute to its success through bonus and other benefits.

In accordance with the laws of the UAE, Senaat provides end of service benefits to non-UAE national employees. Under UAE law, the entitlement to these benefits is based upon the employee's length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to UAE national employees, Senaat contributes to the Abu Dhabi Retirement Pensions and Benefits Fund calculated as a percentage of the UAE national employees' salaries. These obligations are limited to these contributions, which are expensed when due.

Senaat is a major employer in Abu Dhabi, with a total workforce in excess of 17,000 across the Group. In line with the Government's strategy, Senaat creates skill-intensive jobs for UAE nationals through developing strong and profitable industrial businesses.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent. Defined terms used below have the meaning given to them in the Conditions.

Master Purchase Agreement and Supplemental Purchase Agreements

The Master Purchase Agreement will be entered into on 19 November 2018 between the Trustee (in its capacity as Purchaser) and Senaat (or a Subsidiary) (in its capacity as Seller) and will be governed by English law. A Supplemental Purchase Agreement (together with the Master Purchase Agreement, a "**Purchase Agreement**") between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by the English law.

Pursuant to the Purchase Agreement, the Seller may sell, transfer and convey to the Purchaser, and the Purchaser may agree to purchase from the Seller, all of the Seller's interests, rights, title, benefits and entitlement in, to and under the relevant Assets or Additional Assets (as the case may be) for the relevant Purchase Price. The parties to each Purchase Agreement do not intend to register the sale of the Seller's interests, rights, title, benefits and entitlement in, to and under the relevant Assets or Additional Assets (as the case may be) (to the extent registrable). The Assets or Additional Assets (as the case may be) will comprise, on the relevant Issue Date, those assets described in the relevant schedules to the relevant Purchase Agreement.

The Assets or the Additional Assets (as the case may be) will be of an aggregate value which is not less than 34 per cent. of the aggregate face amount of the relevant Tranche of Certificates.

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the relevant Purchase Agreement.

Master Lease Agreement and Supplemental Lease Agreement

The Master Lease Agreement will be entered into on 19 November 2018 between the Trustee (in its capacity as Lessor) and Senaat (in its capacity as Lessee) and will be governed by English law. A Supplemental Lease Agreement (together with the Master Lease Agreement, a "**Lease Agreement**") between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by English law.

Pursuant to the Lease Agreement, the Lessor may agree to lease to the Lessee, and the Lessee may agree to lease from the Lessor, the relevant Lease Assets as described in the schedule to the relevant Supplemental Lease Agreement during renewable Rental Period commencing on the Lease Commencement Date and extending to the Scheduled Dissolution Date of the relevant Series of Certificates (unless the relevant Supplemental Lease Agreement is terminated earlier in accordance with its terms or extended in accordance with the Purchase Undertaking). Neither the Lessor nor the Lessee intends to register the lease of any of the Lease Assets and, as at the date of the relevant Lease Agreement, will not have done so or taken any steps to do so.

The Lessee will agree to use any Lease Assets at its own risk. Accordingly, the Lessee shall, from the date of the Supplemental Lease Agreement, bear the entire risk of loss of or damage to the relevant Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee to the extent that such loss or damage has resulted from the Lessee's gross negligence, wilful default, actual fraud, or breach of its obligations under the relevant Lease Agreement. In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with, and attributable to, the Lessee's use or operation of any Lease Assets, save to the extent that such loss or damage has resulted from the Lessor's gross negligence, wilful default, actual fraud or breach of its obligations under the relevant Lease Agreement.

Under each Lease Agreement, the Lessee will agree to be responsible, at its own cost and expense, for the performance of all Ordinary Maintenance and Repair required for the Lease Assets. The Lessor shall be responsible for: (i) the performance of all Major Maintenance and Structural Repair; (ii) the payment of any Proprietorship Taxes or other relevant Taxes (excluding all Taxes that are by law imposed, charged or levied against a lessee or a tenant); and (iii) insuring the Lease Assets in accordance with the terms of the Service Agency Agreement, and the Lessee will acknowledge that the Lessor may procure that the

Servicing Agent, in accordance with the terms and conditions set out in the Service Agency Agreement, shall perform, or shall procure the performance of, Major Maintenance and Structural Repair, the payment of such Taxes and the insurance of such Lease Assets, on behalf of the Lessor.

All payments by the Lessee to the Lessor under each Lease Agreement shall be made in the Specified Currency without set-off (save as provided in the relevant Lease Agreement) or counterclaim of any kind and free and clear of, and without any deduction or withholding for, or on account of, any Taxes imposed, levided, collected, withheld or assessed by any Relevant Jurisdiction, unless required by law. In that event, the Lessee shall pay such additional amounts as shall result in the receipt by the Lessor of such amounts as would have been received by it if no such deduction or withholding had been required and accordingly the Lessee will undertake to pay to the Lessor or such other persons as the Lessor may direct such additional amounts forthwith upon demand and in the manner and currency prescribed in the relevant Lease Agreement.

The payment obligations of the Lessee under a Lease Agreement are and will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Lessee and will rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Lessee save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the relevant Lease Agreement.

Service Agency Agreement

The Service Agency Agreement will be entered into on 19 November 2018 between the Trustee and Senaat (in its capacity as Servicing Agent) and will be governed by English law.

Pursuant to and subject to the terms of the Service Agency Agreement, the Servicing Agent will be responsible on behalf of the Lessor for: (a) the carrying out of all Major Maintenance and Structural Repair in respect of the Lease Assets; (b) the payment of all Proprietorship Taxes charged, levied or claimed in respect of the Lease Assets by any relevant taxing authroity; (c) the payment of any actual costs, expenses, losses and Taxes which would otherwise be payable by the Lessor as a result of the Lessor's ownership of the Lease Assets; (d) obtain and maintain all necessary licences, authorisations and consents in connections with the Lease Assets; and (e) the carrying out of any incidental matters relating to any of the above. In addition, the Servicing Agent shall also be responsible for maintaining a Collection Account in respect of each Series (including using all reasonable endeavours to ensure the timely receipt and recording of all Rental and Murabaha Instalment Profit Amounts in the Collection Account and applying amounts standing to the credit of the Collection Account in payment into the Transaction Account of an amount equal to the Required Amount on the Payment Business Day prior to each Periodic Distribution Date).

The Servicing Agent may deduct amounts standing to the credit of the Collection Account at any time during the Lease Term (other than any amounts of Initial Supplementary Rental and/or Supplementary Rental) and use such amounts for its own account, provided that it shall immediately re-credit all such amounts to the Collection Account (for on-payment to the Transaction Account): (i) if, on the Payment Business Day prior to a Periodic Distribution Date, so required to fund a shortfall between: (A) the amount standing to the credit of the Transaction Account; and (B) the Required Amount payable on such Periodic Distribution Date; or (ii) upon the occurrence of a Senaat Event or a Total Loss Event.

Following payment in full of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates of the relevant Series are redeemed), the Servicing Agent shall be entitled to retain any remaining amount standing to the credit of the Collection Account for its own account as an incentive payment for acting as Servicing Agent.

Following payment: (1) to the Servicing Agent in full of: (X) any Rental payable by the Lessee pursuant to the relevant Supplemental Lease Agreement (and recorded in the Collection Account as described above); and (Y) any Murabaha Instalment Profit Amount payable by the Commodity Buyer pursuant to a Murabaha Document (and recorded in the Collection Account as described above); and (2) in full by the Servicing Agent into the relevant Transaction Account of an amount equal to the Required Amount, there shall be no further claim against Senaat (acting in any capacity) in respect of such Required Amount, such Rental or such Murabaha Instalment Profit Amount under the Transaction Documents.

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Service Agency Agreement.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on 19 November 2018 by Senaat (in its capacity as Obligor) in favour of the Trustee and the Delegate and will be governed by English law.

The Obligor will irrevocably undertake in favour of the Trustee and the Delegate to purchase all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the relevant Lease Assets on the Scheduled Dissolution Date or, if earlier, if a Dissolution Event has occurred and is continuing (and a Dissolution Notice has been delivered in accordance with the Conditions) or upon the exercise of a Certificateholder Put Option or Change of Control Put Option, in each case, by paying an amount equal to the relevant Exercise Price, Certificateholder Put Option Exercie Price or Change of Control Exercie Price into the Transaction Account and, following payment of the relevant amount in full, entering into a Sale Agreement. The specific terms applicable to each such sale shall be confirmed in the relevant Sale Agreement, the form of which is scheduled to the Purchase Undertaking.

The Exercise Price, or upon the exercise of a Certificateholder Put Option or a Change of Control Put, the Certificateholder Put Option Exercise Price or the Change of Control Exercise Price, respectively, payable by the Obligor shall be equal to: (a) the aggregate face amount of the relevant Certificates, plus (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates, plus (c) (in the case of the Certificateholder Put Option Exercise Price and the Change of Control Exercise Price, only where the relevant Series are being redeemed in full), without duplication or double counting, an amount representing any amounts payable by SENAAT Sukuk Limited (in any capacity) under the Transaction Documents to which it is a party (including but not limited to an amount equal to any outstanding Additional Servicing Agency Expenses in respect of which the Lessee has agreed to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement) provided that in the case of any amounts payable pursuant to Condition 4.2(a), the Obligor has received notification from the Delegate of such amounts by not later than the third Business Day prior to the date on which the Exercise Notice is delivered, less, (d) in the case of the Certificateholder Put Option Exercise Price and the Change of Control Exercise Price, the Certificateholder Put Option Proportion or the Change of Control Put Option Proportion (as applicable) of the aggregate amounts of Deferred Sale Price then outstanding, if any, on the Certificateholder Put Option Date or the Change of Control Put Option Date (as applicable), and in the case of the Exercise Price, the aggregate amounts of Deferred Sale Price then outstanding, if any, on the relevant Dissolution Date.

The Obligor shall also covenant and undertake with the Trustee and the Delegate that, from the date of the Purchase Undertaking until the satisfaction in full of all its obligations under the Transaction Documents to which it is a party, the Obligor shall: (i) ensure that its payment obligations under the Purchase Undertaking are and will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Obligor and will rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Obligor save for such obligations as may be preferred by provisions of law that are both mandatory and of general application; (ii) comply with all provisions of the Conditions which are expressed to be applicable to it; (iii) comply with the terms of the Transaction Documents to which it is a party; and (iv) forthwith notify the Trustee and the Delegate in writing of any Dissolution Event (and the steps, if any, being taken to remedy it), Potential Dissolution Event, Change of Control Event and/or Total Loss Event, in each case upon becoming aware of its occurrence. In addition, the Obligor has also acknowledged in the Purchase Undertaking that the occurrence of any Senaat Event shall constitute a Dissolution Event for the purposes of the Conditions.

The Obligor will agree in the Purchase Undertaking that, subject as otherwise provided in the Purchase Undertaking, all payments by it under the Purchase Undertaking will be made in the Specified Currency without any deduction or withholding for or on account of any Taxes unless required by law and without set-off or counterclaim of any kind and, in the event that there is any such deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by SENAAT Sukuk Limited of such net amounts as would have been received by it if no such deduction or withholding had been made and accordingly the Obligor shall undertake to pay to SENAAT Sukuk Limited or such other persons as SENAAT Sukuk Limited may direct such additional amounts forthwith upon demand and in the manner and currency prescribed in the Purchase Undertaking.

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Purchase Undertaking.

Sale Undertaking

The Sale Undertaking will be executed as a deed on 19 November 2018 by the Trustee in favour of Senaat and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee grants to Senaat the following rights:

(a) to oblige the Trustee to sell on any Substitution Date all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Substituted Lease Assets to Senaat (or any of its Subsidiaries) in exchange for sale, transfer and conveyance to the Trustee of all of Senaat's (or the relevant Subsidiary's) interests, rights, title, benefits and entitlements in, to and under the New Lease Assets, provided that a Dissolution Event or Potential Dissolution Event has not occurred in respect of the Series and the New Lease Assets are of a Value which is equal to or greater than the Value of the Substituted Lease Assets as certified by Senaat in the relevant Substitution Notice and provided further that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Lease Assets have been replaced by Senaat in accordance with the Service Agency Agreement);

(b) provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Lease Assets have been replaced by Senaat in accordance with the Service Agency Agreement): (i) provided that a Tax Event has occurred, to require the Trustee to sell to Senaat (or any of its Subsidiaries) on the Tax Dissolution Date specified in the Exercise Notice all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Lease Assets applicable to the relevant Series at the Exercise Price specified in the relevant Exercise Notice; (ii) provided that Optional Dissolution Right Call is specified as applicable in the applicable Final Terms, to require the Trustee to sell to Senaat (or any of its Subsidiaries) on the Optional Dissolution Date all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Lease Assets applicable to the relevant Series at the Exercise Price specified in the relevant Exercise Notice; and (iii) following delivery of the Cancelled Certificates to the Principal Paying Agent for cancellation pursuant to Condition 12.8, to require the Trustee to sell to Senaat (or any of its Subsidiaries) on the Cancellation Date all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Cancellation Lease Assets, provided that: (1) no Dissolution Event or Potential Dissolution Event has occurred in respect of the relevant Series; (2) the Cancellation Lease Assets are of a Value which is not greater than the aggregate face amount of the Cancelled Certificates less the Cancellation Proportion of the aggregate amount of Deferred Sale Price (which, for the purposes of this paragraph, shall exclude all Murabaha Profit forming part of such Deferred Sale Price) then outstanding; (3) in respect of the Cancellation Lease Assets (or any of them) no Exercise Notice has been delivered under this Deed nor has any Exercise Notice (as defined under the Purchase Undertaking) been delivered under the Purchase Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions,; and (4) following exercise of such right in relation to cancellation of part only of the Certificates then outstanding, the Tangible Asset Ratio shall be no less than 33 per cent.,

in each case, on an "as is" basis but free from any Encumbrance (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of this Deed.

The Exercise Price payable by Senaat will be an amount equal to the aggregate of: (A) the aggregate face amount of Certificates then outstanding on the relevant Dissolution Date for the relevant Series, plus (B) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates, plus (C) without duplication or double counting, an amount representing any amounts payable by SENAAT Sukuk Limited (in any capacity) under the Transaction Documents to which it is a party (including but not limited to an amount equal to any outstanding Additional Servicing Agency Expenses in respect of which the Lessee has agreed to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement) provided that in the case of any amounts payable pursuant to Condition 4.2(a), Senaat has received notification from the Delegate of such amounts by not later than the third Business Day prior to the date on which the Exercise Notice is delivered, less (D) the aggregate amounts of Deferred Sale Price then outstanding, if any, on the relevant Dissolution Date.

In respect of the rights granted in paragraph (b)(i) and paragraph (b)(ii) above, following payment of the Exercise Price by Senaat into the Transaction Account (in the Specified Currency by wire transfer for same day value) on the Payment Business Day immediately preceding the relevant Dissolution Date (which will be free and clear of, and without any deduction or withholding for, any Taxes unless required by law and without set-off (subject as otherwise provided in the Sale Undertaking) or counterclaim of any kind and, in the event that there is any such deduction or withholding, the payment by Senaat of all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made), the Trustee shall enter into a Sale Agreement with Senaat (or the relevant Subsidiary of Senaat) on the relevant Dissolution Date. In respect of the rights granted in paragraph (b)(iii) above, the sale, transfer and conveyance of all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Cancellation Lease Assets shall occur on the Cancellation Date by the execution of a Sale Agreement by the Trustee and Senaat (or the relevant Subsidiary of Senaat). The form of Sale Agreement is scheduled to the Sale Undertaking.

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Sale Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into on 19 November 2018 between the Trustee (in its capacity as Commodity Seller) and Senaat (in its capacity as Commodity Buyer) and will be governed by English law.

Pursuant to the Master Murabaha Agreement, the Commodity Seller shall enter into a commodity purchase transaction with the Commodity Buyer using no more than 66 per cent. of the proceeds of the issuance of the relevant Tranche of Certificates. The Commodity Seller shall agree and undertake that, on the receipt of a Purchase Order from the Commodity Buyer, the Commodity Seller may sell to the Commodity Buyer on the Issue Date and on the terms set out in the Purchase Order certain commodities at the Commodity Purchase Price. Following the purchase of the commodities by the Commodity Seller from the Supplier for Purchase, and provided that the Commodity Seller has acquired title to, and actual or constructive possession of, the commodities, the Commodity Seller shall deliver to the Commodity Buyer by no later than the relevant Murabaha Transaction Date a Letter of Offer and Acceptance indicating the Commodity Seller's acceptance of the terms of the relevant Purchase Order made by the Commodity Buyer and detailing the terms of the offer for the sale of the commodities to the Commodity Buyer from the Commodity Seller by no later than the issue date for the relevant Tranche.

Pursuant to the Master Murabaha Agreement, the Commodity Buyer, if it accepts the terms of, countersigned and delivers to the Commodity Seller any Letter of Offer and Acceptance delivered to it, shall irrevocably and unconditionally undertake to purchase from the Commodity Seller and accept the ownership of the commodities for the Deferred Sale Price (to be paid in the Specified Currency and amounts and on the dates as specified in the relevant Letter of Offer and Acceptance).

As soon as the Commodity Buyer has countersigned and delivered the Letter of Offer and Acceptance, a Murabaha Contract shall be created between the Commodity Seller and the Commodity Buyer upon the terms of the Letter of Offer and Acceptance and incorporating the terms and conditions set out in the Master Murabaha Agreement, the Commodity Seller shall sell and the Commodity Buyer shall buy the commodities on the terms set out in the Letter of Offer and Acceptance and ownership of and all risks in and to the relevant commodities shall immediately pass to and be vested in the Commodity Buyer, together with all rights and obligations relating thereto.

Each of the Commodity Seller and the Commodity Buyer shall acknowledge and agree that a failure to create the relevant Murabaha Contract by the time specified in the Master Murabaha Agreement shall result in the Letter of Offer and Acceptance for such Murabaha Contract being void *ab initio*, whereupon the Commodity Buyer undertakes to compensate the Commodity Seller in respect of all actual costs, claims, losses and expenses of whatsoever nature (not to include any opportunity costs, funding costs and interest) suffered or incurred by the Commodity Seller as a result of such failure (except to the extent arising from the gross negligence, wilful default or actual fraud of the Commodity Seller).

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Master Murabaha Agreement.

The Master Trust Deed, as supplemented by each Supplemental Trust Deed

The Master Trust Deed will be entered into on 19 November 2018 between the Trustee, Senaat and the Delegate and will be governed by English law. A Supplemental Trust Deed (together with the Master Trust Deed, each a "**Trust Deed**") between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by English law.

Upon issue of the Global Certificate initially representing the first Tranche of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust declared by the Trustee in relation to such Series (the "**Trust**").

The trust assets in respect of each Series (the "**Trust Assets**") comprise (unless otherwise specified in the relevant Supplemental Trust Deed): (a) the Issue Proceeds, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the relevant Lease Assets; (c) all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Transaction Documents (other than: (i) in relation to any representations given to the Trustee by Senaat pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents; (ii) the covenant given to the Trustee pursuant to clause 15.1 of the Master Trust Deed; and (iii) any rights given to the Delegate in its personal capacity); (d) all moneys standing to the credit of the relevant Transaction Account from time to time; and (e) all proceeds of the foregoing.

Each Trust Deed will specify that on or after a Dissolution Date the rights of recourse in respect of the relevant Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Certificates and the Conditions. The Certificateholders have no recourse against SENAAT Sukuk Limited (acting in any capacity) in respect of any fee or other amount payable under the Trust Deed or any other obligation or claim arising out of or based upon the Trust Deed or any Transaction Document to the extent the Trust Assets have been exhausted following which all obligations of SENAAT Sukuk Limited (acting in any capacity) shall be extinguished.

Pursuant to the Trust Deed, the Trustee will, in relation to each Series, *inter alia*:

(a) hold the relevant Trust Assets on trust absolutely for the relevant Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder; and

(b) act as trustee in respect of the relevant Trust Assets, distribute the income from the relevant Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

In the Master Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate to be its attorney and in its name and on its behalf to execute, deliver and perfect all documents and to exercise all the present and future duties, powers, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to sub-delegate and the power to make any determinations to be made under each Trust Deed) vested in the Trustee by each Trust Deed that the Delegate may consider to be necessary or desirable in order upon the occurrence of a Dissolution Event or a Potential Dissolution Event and, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, to perform the present and future duties, powers, authorities and discretions vested in the Trustee by the relevant provisions of each Trust Deed and any of the other Transaction Documents (provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Master Trust Deed or any other Transaction Document will be imposed on the Delegate by virtue of such delegation). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Delegate will undertake in the Master Trust Deed that, upon being notified of the occurrence of a Dissolution Event in respect of any Series and subject to Condition 17, it shall promptly notify the relevant Certificateholders of the occurrence of such Dissolution Event. Subject to the Delegate being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing, the Delegate may take all such steps as are necessary to enforce the obligations of Senaat (in whatever capacity it is acting) under the relevant Trust Deed and any other Transaction Document to which Senaat (in whatever capacity) is a party.

If and to the extent the Trustee has exercised its rights under Condition 22 to issue Additional Certificates in respect of a Series, on the date of issue of such Additional Certificates, the Trustee will execute a Declaration of Commingling of Assets (in the form scheduled to the Master Trust Deed) for and on behalf of the holders of the existing Certificates and the holders of such Additional Certificates so issued, declaring that the Additional Assets transferred to the Trustee (in respect of the issuance of the Additional Certificates) and the Lease Assets immediately prior to the acquisition of the Additional Assets (in respect of the relevant Series as in existence immediately prior to the issue of such Additional Certificates) and the investments made pursuant to the Murabaha Contract(s) (if any) relating to the relevant Series (and all rights arising under or with respect to such investments, including the right to receive payment of the relevant Deferred Sale Price) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such Additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Trust Deed.

The Master Trust Deed specifies, *inter alia*, that in relation to each Series:

(i) following distribution of the net proceeds of the Trust Assets in respect of the relevant Series to the Certificateholders in accordance with the Conditions and the relevant Trust Deed, the obligations of the Trustee in respect of the Certificates shall be satisfied and the right of the Certificateholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any further sums and, accordingly, the relevant Certificateholders may not take any action against the Trustee, the Delegate or any other person to recover any such sum or asset in respect of the relevant Certificates or the relevant Trust Assets;

(ii) no Certificateholder shall be entitled to proceed directly against the Trustee and/or Senaat or provide instructions (not otherwise permitted by the Trust Deed) to the Delegate to proceed against the Trustee and/or Senaat under any Transaction Document unless the Delegate having become bound so to proceed: (A) fails to do so within a reasonable period of becoming so bound; and (B) is unable by reason of an order of a court having competent jurisdiction for any reason so to do, and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholders have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than pursuant to the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and Senaat shall be to enforce their respective obligations under the Transaction Documents;

(iii) neither the Trustee nor the Delegate shall be bound in any circumstances to take any action to enforce or realise the relevant Trust Assets or take any action against (in case of the Delegate) the Trustee and/or Senaat under any Transaction Document unless directed or requested to do so: (A) by an Extraordinary Resolution; or (B) in writing by the holders of at least one-fifth of the then aggregate outstanding face amount of the Certificates of the relevant Series, and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing, provided that the Delegate shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders; and

(iv) paragraphs (i) to (iii) above are subject to this paragraph (iv). After enforcing or realising the relevant Trust Assets and distributing the net proceeds of the relevant Trust Assets in accordance with the terms of the relevant Trust Deed, the obligations of the Trustee in respect of the Series shall be satisfied and no Certificateholder may take any further steps against the Trustee and the Delegate or any other person to recover any further sums in respect of the relevant Series and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Certificates of the relevant Series shall be entitled in respect thereof to petition or to take any other steps for the winding-up of SENAAT Sukuk Limited.

Senaat has covenanted in the Master Trust Deed that, if the relevant Exercise Price or (where all outstanding Certificates of the relevant Series are redeemed pursuant to the exercise of the Certificateholder Put Option or the Change of Control Option) the relevant Certificateholder Put Option Exercise Price or Change of Control Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, or the Sale Undertaking (as applicable), whether as a result of a dispute or challenge in relation to the rights, title, interests, benefits and entitlements of the Trustee in, to and under the relevant Lease Assets, Certificateholder Put Option Lease Assets or Change of Control Put Option Lease Assets, as the case may be, or any of them, or for any other reason, Senaat shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Certificateholder Put Option Exercise Price or Change of Control Exercise Price, as the case may be. If payment has been made by Senaat pursuant to this paragraph in full, the Trustee shall transfer its interests, rights, title, benefits and entitlements in, to and under the relevant Lease Assets to Senaat.

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Trust Deed.

***Shari'a* Compliance**

Each Transaction Document provides that each of SENAAT Sukuk Limited and General Holding Corporation PJSC agrees that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

TAXATION

The following is a general description of certain tax considerations relating to Certificates issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective purchasers of any Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of the relevant Certificates and receiving payments under those Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

THE CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

The Trustee has obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (2018 Revision) of the Cayman Islands, that for a period of 20 years from the date of the grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profit, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which would include the Trust Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment (as defined in the Tax Concessions Law (2018 Revision)). Under existing Cayman Islands laws payments on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Certificates nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of the Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$855. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

UNITED ARAB EMIRATES

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Certificates is based on the taxation law in force as at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

There is currently in force in Abu Dhabi legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry and some related service industries. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments of profit and principal to any holder of the Certificates or any payments to be made by Senaat to the Trustee pursuant to the Transaction Documents to which it is a party. If any such withholding or deduction is required to be made in respect of payment(s) due by Senaat under any Transaction Document to which it is party, Senaat has undertaken to gross-up the payments due by it accordingly. If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates, the Trustee has undertaken to gross-up the payments due by it accordingly (subject to certain limited exceptions).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future, and how any future federal tax laws will interact with the ones existing in the Emirates.

The UAE has entered into double taxation arrangements with certain other countries.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Certificates are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "**FATCA**", a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Trustee) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, such withholding would not apply prior to 1 January 2019 and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if Additional Certificates (as described under "*Terms and Conditions – Further Issues*") that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Certificates.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 19 November 2018 (the "**Programme Agreement**"), agreed with the Trustee and Senaat a basis upon which they or any of them may from time to time agree to purchase Certificates. Any such agreement will extend to those matters stated under the Conditions. In the Programme Agreement, each of the Trustee and Senaat has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue, offer and sale of Certificates under the Programme.

SELLING RESTRICTIONS

United States

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Dealer has represented, and each further Dealer appointed under the Programme will be required to represent that, except as permitted by the Programme Agreement, it has not offered, sold or delivered any Certificates, and will not offer, sell or deliver Certificates: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the later of the commencement of the offering and the completion of the distribution of the Certificates comprising the relevant Tranche, as certified to the Principal Paying Agent or the Trustee by such Dealer (or, in the case of a sale of a Series of Certificates to or through more than one Dealer, by each of such Dealers as to the Certificates of such Tranche purchased by or through it, in which case the Principal Paying Agent, the Trustee or Senaat shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S.

Each Dealer has also agreed that, and each further Dealer appointed under the Programme will be required to that, at or prior to confirmation of sale of Certificates, it will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Certificates comprising any Tranche, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Relevant Member State, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee or Senaat for any such offer; or

(c) at any time if the denomination per Certificate being so offered amounts to at least €100,000 (or its equivalent in other currencies); or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Certificates referred to in paragraphs (a) to (d) (inclusive) above shall require the Trustee, Senaat or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or Senaat; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any offer or invitation (whether directly or indirectly) to the public in the Cayman Islands to subscribe for any Certificates.

Japan

Each Dealer understands that the Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly, offered or sold any Certificates, and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Certificates. Any investor in Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates to a Saudi Investor will be made in compliance with Article 11 and either Article 9 or Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis to persons in Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more, excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell, at any time, directly or indirectly, any Certificates in Qatar, except: (a) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar (including the Qatar Financial Centre).

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except: (A) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (B) where no consideration is or will be given for the transfer; (C) where the transfer is by operation of law; or (D) as specified in Section 276(7) of the SFA.

Notification under Section 309B(1)(c) of the SFA – All Certificates issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on recommendations on Investment Products).

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to persons whose ordinary business it to buy or sell shares as debentures (whether as principal or agent); (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CO**") or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, the Certificates have not been and will not be offered, sold or delivered by it, and no invitation to subscribe for or purchase any Certificates has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(3)) of the CMSA read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, Senaat, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Trustee, Senaat, the Delegate and any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about and observe any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of any Certificates.

GENERAL INFORMATION

AUTHORISATION

The establishment of the Programme and the issue of Certificates have been duly authorised by resolutions of the board of directors of the Trustee dated 30 October 2018. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Certificates to be issued under the Programme and the execution and performance of the Transaction Documents.

The entry into of the Transaction Documents to which it is a party has been duly authorised by a resolution of the board of directors of Senaat dated 13 November 2018.

LISTING

Application has been made to the U.K. Listing Authority for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the Regulated Market. The listing of the Programme in respect of Certificates is expected to be granted on or around 19 November 2018.

Application has also been made to the ADX for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to listing on the ADX. The listing of the Programme in respect of Certificates is expected to be granted on or around 19 November 2018.

Non-PD Certificates may be issued under the Programme.

DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available in physical form, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the offices of the Trustee and the Principal Paying Agent for the time being in London:

(a) the Transaction Documents (including each Supplemental Trust Deed, each Supplemental Purchase Agreement, each Supplemental Lease Agreement, each Murabaha Contract and any Declaration of Commingling of Assets in relation to each Series) (save that any such documents relating to a Series which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificates and its identity);

(b) the Memorandum and Articles of Association of the Trustee and the constitutional documents (with an English translation thereof) of Senaat;

(c) the unaudited condensed consolidated interim financial statements of Senaat in respect of the six months ended 30 June 2018, together with the review report prepared in connection therewith;

(d) the consolidated audited financial statements of Senaat in respect of the two financial years ended 31 December 2017 and 31 December 2016, in each case, together with the audit reports prepared in connection therewith;

(e) the most recently published consolidated audited financial statements of Senaat and the most recently published unaudited condensed consolidated interim financial statements (if any) of Senaat, together with any audit or review reports prepared in connection therewith;

(f) this Base Prospectus; and

(g) any future offering circulars, prospectuses, information memoranda and supplements including applicable Final Terms (save that a Pricing Supplement relating to a Non-PD Certificate will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificates and its identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

The Base Prospectus will be available for viewing on the website of the London Stock Exchange (*http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*).

CLEARING SYSTEMS

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).

The appropriate Common Code and ISIN for each Series will be specified in the applicable Final Terms.

If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial or trading position of Senaat and its subsidiaries (taken as a whole) since 30 June 2018 and no material adverse change in the financial position or prospects of Senaat and its subsidiaries (taken as a whole) since 31 December 2017.

LITIGATION

None of the Trustee, Senaat or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or Senaat are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Trustee, Senaat or the Group.

AUDITORS

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

Deloitte & Touche (M.E.) of Al Sila Tower, Abu Dhabi Global Market Square, P.O. Box 990, Abu Dhabi, UAE, are the current auditors of the Senaat. There is no professional body of auditors in the UAE and, accordingly, Deloitte are not member of any professional body in the UAE. Deloitte have no material interest in Senaat.

KPMG Lower Gulf Limited, independent auditors, audited Senaat's consolidated financial statements, without qualification, in accordance with IFRS for each of the two financial years ended 31 December 2017 and 31 December 2016.

DEALERS TRANSACTING WITH SENAAT

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Senaat (and its affiliates) in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, Senaat and their respective affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Trustee, Senaat and their respective affiliates routinely hedge their credit exposure to the Trustee, Senaat and their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

INDEX TO FINANCIAL STATEMENTS

Deloitte.

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax: +971 (0) 2 408 2525
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
General Holding Corporation PJSC (SENAAT)
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of General Holding Corporation PJSC (SENAAT) ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2018 and the related condensed consolidated statements of profit or loss, total comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim 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.

Other matter

The comparative amounts in the condensed consolidated statement of financial position at 31 December 2017 and related explanatory information were audited by another auditor whose report dated 21 March 2018 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed consolidated statements of profit or loss, total comprehensive income, changes in equity and cash flows and related explanatory information for the six-month period ended 30 June 2017, were reviewed by the same auditor who issued an unmodified conclusion dated 27 July 2017.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
30 July 2018
Abu Dhabi
United Arab Emirates

GENERAL HOLDING CORPORATION PJSC (SENAAT)

Condensed consolidated statement of financial position as at 30 June 2018

	Notes	30 June 2018 AED '000 (unaudited)	31 December 2017 AED '000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**14,666,315**	15,063,961
Advances for property, plant and equipment		**3,863**	3,888
Goodwill		**198,809**	198,809
Intangible assets		**91,595**	93,708
Investment in associates	5	**1,300,830**	1,329,200
Investment in joint ventures	6	**57,913**	93,771
Biological assets		**45,607**	45,607
Investment properties		**53,217**	54,428
Total non-current assets		**16,418,149**	16,883,372
Current assets			
Inventories	7	**2,158,391**	2,284,478
Trade and other receivables	8	**4,180,655**	3,744,187
Amounts due from related parties	9	**482,319**	628,396
Government compensation receivable	10	**75,750**	35,628
Derivative financial assets	16	**83,070**	27,893
Cash and bank balances	11	**3,101,066**	3,555,798
Total current assets		**10,081,251**	10,276,380
Total assets		**26,499,400**	27,159,752

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

GENERAL HOLDING CORPORATION PJSC (SENAAT)

Condensed consolidated statement of financial position as at 30 June 2018 (continued)

	Notes	30 June 2018 AED '000 (unaudited)	31 December 2017 AED '000 (audited)
EQUITY AND LIABILITIES			
Equity			
Share capital		**2,000**	2,000
Statutory reserve		**1,000**	1,000
Shareholder's contribution	12	**1,513,327**	1,513,327
Hedging reserve		**40,269**	(26,088)
Restricted reserve		**538,849**	538,849
Translation reserve		**(29,333)**	(23,814)
Other reserve		**(12,128)**	(13,280)
Retained earnings		**9,465,141**	9,146,436
Equity attributable to owners of the Company		**11,519,125**	11,138,430
Non-controlling interests		**2,404,000**	2,443,627
Total equity		**13,923,125**	13,582,057
Non-current liabilities			
Loans and borrowings	13	**4,953,407**	5,467,199
Government grants	14	**114,340**	58,994
Provision for end of service benefits		**587,438**	572,517
Total non-current liabilities		**5,655,185**	6,098,710
Current liabilities			
Trade and other payables	15	**4,431,040**	4,350,158
Government grants	14	**9,704**	53,868
Amounts due to related parties	9	**219,745**	89,126
Income tax payables		**67,349**	59,447
Loans and borrowings	13	**2,193,252**	2,905,469
Derivative financial liabilities	16	**-**	20,917
Total current liabilities		**6,921,090**	7,478,985
Total liabilities		**12,576,275**	13,577,695
Total equity and liabilities		**26,499,400**	27,159,752

H.E. Hussain J. Al Nowais	**Jamal Salem Al Dhaheri**	**Mabkhoot Al Menhali**
Chairman	Chief Executive Officer	**Chief Financial Officer**

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

GENERAL HOLDING CORPORATION PJSC (SENAAT)

Condensed consolidated statement of profit or loss for the period ended 30 June 2018

	Notes	6 months ended 30 June 2018 (unaudited) AED '000	6 months ended 30 June 2017 (unaudited) AED '000
Revenue	17	**7,465,797**	7,658,089
Direct costs	18	**(6,141,277)**	(6,385,736)
Gross profit		**1,324,520**	1,272,353
General and administrative expenses	19	**(383,193)**	(329,088)
Selling and distribution expenses	20	**(211,726)**	(226,588)
Other operating expenses		**(163,035)**	(209,130)
Operating profit		**566,566**	507,547
Finance income		**25,634**	26,897
Finance expense		**(145,776)**	(150,046)
Revaluation of investment at fair value through profit or loss		**(8,952)**	24,827
Other income		**19,512**	36,081
Share of profit from associates, net	5	**24,837**	32,849
Share of loss from joint ventures, net	6	**(29,937)**	(23,900)
Profit for the period before income tax		**451,884**	454,255
Income tax expense		**(11,504)**	(6,450)
Profit for the period		**440,380**	447,805
Profit attributable to:			
Owners of the Company		**339,924**	319,768
Non-controlling interests		**100,456**	128,037
		440,380	447,805

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

GENERAL HOLDING CORPORATION PJSC (SENAAT)

Condensed consolidated statement of total comprehensive income for the period ended 30 June 2018 (continued)

	Note	6 months ended 30 June 2018 (unaudited) AED '000	2017 (unaudited) AED '000
Profit for the period		**440,380**	447,805
Other comprehensive income			
Items that are or may be classified subsequently to profit or loss			
Net change in fair value of hedging instruments		**85,046**	29,371
Currency translation reserve		**(10,269)**	2,296
Equity accounted investees – share of other comprehensive income		**(641)**	10,473
Items that will not be reclassified to profit or loss			
Re-measurement of end of service benefits		**2,257**	(12,788)
Other comprehensive income		**76,393**	29,352
Total comprehensive income for the period		**516,773**	477,157
Total comprehensive income attributable to:			
Owners of the Company		**401,914**	344,166
Non-controlling interests		**114,859**	132,991
		516,773	477,157
Earnings before interest, tax, depreciation and amortisation	23	**1,081,990**	1,073,102

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

GENERAL HOLDING CORPORATION PJSC (SENAAT)

Condensed consolidated statement of changes in equity for the period ended 30 June 2018

	Share capital AED '000	Statutory reserve AED '000	Shareholder's contributions AED '000	Hedging reserve AED '000	Restricted reserve AED '000	Investment revaluation reserve AED '000	Translation reserve AED '000	Other reserve AED '000	Retained earnings AED '000	Attributable to owners of the Company AED '000	Non-controlling interest AED '000	Total AED '000
Balance at 1 January 2017 (audited)	2,000	1,000	1,513,327	(75,676)	500,393	(36,181	(23,248)	83	8,800,326	10,682,024	2,291,125	12,973,149
Profit during the period	-	-	-	-	-	-	-	-	319,768	319,768	128,037	447,805
Other comprehensive income for the period	-	-	-	29,917			1,003	(6,522)	-	24,398	4,954	29,352
Total comprehensive income for the period	-	-	-	29,917	-	-	1,003	(6,522)	319,768	344,166	132,991	477,157
Disposal of investments at fair value through other comprehensive income	-	-	-	-	-	36,181	-	-	(36,181)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	(104,100)	(104,100)
Balance at 30 June 2017 (unaudited)	2,000	1,000	1,513,327	(45,759)	500,393	-	(22,245)	(6,439)	9,083,913	11,026,190	2,320,016	13,346,206
Balance at 1 January 2018 (audited)	2,000	1,000	1,513,327	(26,088)	538,849	-	(23,814)	(13,280)	9,146,436	11,138,430	2,443,627	13,582,057
Effect of change in accounting policy for IFRS 9 (Note 2.1)	-	-	-	-	-	-	-	-	(21,219)	(21,219)	(20,386)	(41,605)
Adjusted balance at 1 January 2018	2,000	1,000	1,513,327	(26,088)	538,849	-	(23,814)	(13,280)	9,125,217	11,117,211	2,423,241	13,540,452
Profit during the period	-	-	-	-	-	-	-	-	339,924	339,924	100,456	440,380
Other comprehensive income for the period	-	-	-	66,357	-	-	(5,519)	1,152	-	61,990	14,403	76,393
Total comprehensive income for the period	-	-	-	66,357	-	-	(5,519)	1,152	339,924	401,914	114,859	516,773
Dividends	-	-	-	-	-	-	-	-	-	-	(134,100)	(134,100)
Balance at 30 June 2018 (unaudited)	**2,000**	**1,000**	**1,513,327**	**40,269**	**538,849**	**-**	**(29,333)**	**(12,128)**	**9,465,141**	**11,519,125**	**2,404,000**	**13,923,125**

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

GENERAL HOLDING CORPORATION PJSC (SENAAT)

Condensed consolidated statement of cash flows for the period ended 30 June 2018

	6 months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	AED '000	AED '000
Operating activities		
Profit before tax	**451,884**	454,255
Adjustments for:		
Depreciation of property, plant and equipment	**515,279**	503,098
Property, plant and equipment written off	**375**	-
Gain on disposal of property, plant and equipment	**(677)**	(6,485)
Depreciation of investment properties	**1,211**	1,184
Amortisation of intangible assets	**1,949**	1,107
Share of profit/(losses) from joint ventures and associates	**5,100**	(8,949)
Finance income	**(25,634)**	(26,897)
Finance expense	**145,776**	150,046
Amortisation of government grants	**(8,475)**	(9,691)
Provision for impairment of trade receivables, net	**11,381**	21,165
Provision for impairment of investment in joint venture	**53,586**	-
Provision for impairment of inventories, net	**6,525**	14,709
Change in fair value of investments measured at fair value through profit and loss	**8,952**	(24,827)
Provision for end of service benefits	**40,999**	40,814
	1,208,231	1,109,529
Changes in		
Inventories	**119,562**	190,498
Trade and other receivables	**(489,454)**	(203,771)
Amounts due from related parties	**146,077**	(226,729)
Government compensation receivable	**(40,122)**	14,604
Trade and other payables	**81,001**	909,005
Government grants	**19,657**	13,613
Amounts due to related parties	**130,619**	(232,333)
End of service benefits	**(23,821)**	(85,934)
Income tax paid	**(3,602)**	(4,978)
Cash generated from operating activities	**1,148,148**	1,483,504
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(124,796)**	(250,572)
Acquisition of a subsidiary, net	**-**	(187,751)
Additional investment in joint venture	**(48,297)**	-
Acquisition of intangible assets	**(1,134)**	(374)
Other long term advances	**-**	(34,021)
Decrease/(increase) in escrow accounts and term deposits with original maturities over three months	**83,635**	(156,474)
Proceeds from disposal of property, plant and equipment	**1,069**	7,687
Dividend income from associate	**53,200**	49,600
Interest income received	**25,634**	26,897
Net cash used in investing activities	**(10,689)**	(545,008)

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

Condensed consolidated statement of cash flows for the period ended 30 June 2018 (continued)

	6 months ended 30 June	
	2018 (unaudited) AED '000	2017 (unaudited) AED '000
Cash flows from financing activities		
Repayment of loans and borrowings	**(1,330,549)**	(914,846)
Proceeds from borrowings	**73,254**	426,673
Settlement of derivative, net	**-**	7,171
Interest cost paid	**(145,776)**	(150,046)
Dividends paid	**(134,219)**	(74,100)
Net cash used in financing activities	**(1,537,290)**	(705,148)
Net (decrease)/increase in cash and cash equivalents	**(399,831)**	233,348
Net effect of difference in foreign exchange	**(2,552)**	1,938
Cash and cash equivalents at beginning of the period	**2,806,809**	1,959,496
Cash and cash equivalents at end of the period (note 11)	**2,404,426**	2,194,782

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

1 General information

General Holding Corporation PJSC (SENAAT) ("the Company") is registered as a public joint stock company in the Emirate of Abu Dhabi. The Company was established by Law No. 5 of 2004 and is wholly owned by the Government of Abu Dhabi ("the Shareholder"). Pursuant to this law, all assets and liabilities formerly belonging to the General Industries Corporation and its subsidiaries were transferred to the Company.

The Higher Corporation for Specialized Economic Zones ("ZonesCorp") previously owned 100% of the Company's share capital. However, pursuant to Law No. 3 of 2012, dated 26 September 2012, the ownership of the Company was transferred from ZonesCorp to the Government of Abu Dhabi, which was the ultimate owner even prior to the transfer.

The principal activities of the Company are the investment in, and the development, management and operation of, industrial projects and related entities.

These condensed consolidated financial statements include the financial performance and the net assets of the Company and its subsidiaries (collectively referred to as "the Group"), and the Group's interests in its equity-accounted investees *(refer note 3(a), 5 and 6).*

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments (as revised in 2014). As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 15 *Revenue from Contracts with Customers* supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations, and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 effective 1 January 2018.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e.1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The impact of transition to IFRS 15 on retained earnings and non-controlling interest at 1 January 2018 is not material.

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

During 2009, the Group early adopted IFRS 9 Financial Instruments (2009) and the related consequential amendments (IFRS 7 and IAS 39) in advance of its effective date. The Group has chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets) as this was the first reporting period end since the standard was issued on 12 December 2009.

Effective 1 January 2018, the Group has adopted IFRS 9 (2014), which mainly include a) impairment requirements for financial assets and b) hedging.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12m ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

As at 1 January 2018, the Directors of the Group reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 1 January 2018. The result of the assessment is as follows:

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

	Impairment allowance under IAS 39 AED'000	Remeasurements AED'000	Impairment allowance under IFRS 9 AED'000
Trade and other receivables	**218,720**	**41,605**	**260,325**

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2016. The Group's qualifying hedging relationships in place as at 1 January 2016 also qualified for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2016. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Group has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument in the Group's cash flow hedge and fair value hedge relationships.

In addition, IFRS 9 requires hedging gains and losses to be basis adjusted to the initial carrying amount of non-financial hedged items. Although this is consistent with the Group's existing practice, IFRS 9 states that such transfers are not a reclassification adjustment under IAS 1 and hence they do not affect other comprehensive income. Previously, hedging gains and losses subject to basis adjustments were categorised as amounts that may be subsequently reclassified to profit or loss in other comprehensive income, and the actual basis adjustments were presented as a reclassification adjustment in other comprehensive income. Since the IFRS 9 hedge accounting requirements apply prospectively from the date of initial application (i.e. 1 January 2018), the comparative figures have not been restated.

The application of the IFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Group for the current and/or prior periods.

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

In the current period, the Group has also applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

- Conceptual Framework for Financial Reporting 2018
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards deleting short-term exemptions for first-time adopters
- Amendments to IFRS 2 Amendments to IFRS 2 Share-based Payment Transactions clarifying the classification and measurement of share-based payment transactions
- Amendments to IFRS 4 Insurance Contracts applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9
- Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
- Amendments to IAS 40 Investment Properties clarifying transfers or property to, or from, investment property
- Annual Improvements to IFRSs 2014–2016 Cycle to remove short-term exemptions and clarifying certain fair value measurements
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 28 Investments in Associates and Joint Ventures providing clarification on measuring investees at fair value through profit or loss is an investment-by-investment choice

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2018.

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2. 2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted new and revised IFRSs that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
IFRS 16 Leases specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
IFRS 17 Insurance Contracts requires insurance liabilities to be measured at a current fulfillment 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 of 1 January 2021.	January 1, 2021
Annual Improvements to IFRSs 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments: The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: - whether tax treatments should be considered collectively; - assumptions for taxation authorities' examinations; - the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and - the effect of changes in facts and circumstances.	January 1, 2019
Amendments in IFRS 9 Financial Instruments relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	January 1, 2019

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards and Interpretations in issue but not yet effective (continued)

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Amendment to IAS 19 Employee Benefits: The Amendments clarify that: - on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and - the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).	January 1, 2019
Amendments in IAS 28 Investments in Associates and Joint Ventures relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	January 1, 2020
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these IFRSs and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

3 Summary of significant accounting policies

Basis of preparation

Statement of compliance

The interim financial information have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and also comply with the applicable requirements of the laws in the UAE. Accordingly, these interim financial information do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2017. In addition, results for the six months ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

Basis of measurement

These condensed consolidated interim financial information have been prepared under the historical cost basis except for biological assets, derivative financial instruments carried at fair value through other comprehensive income and certain financial assets at fair value through profit or loss.

Functional and presentation currency

These interim financial information are presented in 'United Arab Emirates Dirham' (AED), which is the Group's functional and presentation currency. All values are rounded to the nearest AED thousands, except when otherwise indicated.

Use of estimates and judgements

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimated uncertainty were the same as those that applied in the preparation of the consolidation financial statements as at and for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective 1 January 2018.

3 Summary of significant accounting policies (continued)

Basis of consolidation

Business combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is test annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expenses as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

Details of the Group investment in subsidiaries as at 30 June 2018 and 31 December 2017

	Place of incorporation (or registration)	Proportion of ownership interest	
		2018	2017
National Petroleum Construction Company and its subsidiaries	UAE	70%	70%
– NPCC Engineering Limited (India, 100% by NPCC)	India		
– ANEWA Engineering Pvt. Ltd., (India, 80% by NPCC)	India		
– National Petroleum Construction Co. (Saudi) LTD (100% by NPCC)	Saudi		
Al Khaznah Tannery	UAE	100%	100%
Al Foah Company LLC and its subsidiaries	UAE	100%	100%
– Al Foah India Private Limited, (India, 100% by Al Foah)	India		
Emirates Iron & Steel Company LLC	UAE	100%	100%
Emirates Steel Industries PJSC and its subsidiaries	UAE	100%	100%
– Emirates Steel Co. Ltd., (KSA, 100% by ESI)	KSA		
Arkan Building Materials PJSC and its subsidiaries	UAE	51%	51%
– Emirates Blocks Factory, (UAE, 100% by Arkan)	UAE		
– Emirates Cement Factory, (UAE, 100% by Arkan)	UAE		
– Al Ain Cement Factory, (UAE, 100% by Arkan)	UAE		
– Anabeeb Pipes Manufacturing Factories, (UAE, 100% by Arkan)	UAE		
– Hobas Gulf LLC, (UAE, 100% of Arkan)	UAE		
Agthia Group PJSC and its subsidiaries		51%	51%
– Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret	Turkey		
– Limited Sirketi (Agthia Turkey), (Turkey, 100% by Agthia)			
– Al Ain Foods & Beverages PJSC, (UAE, 100% by Agthia)	UAE		
– Agthia Group Egypt LLC, (Egypt, 100% by Agthia)	Egypt		
– Grand Mills Company PJSC, (UAE, 100% by Agthia)	UAE		
– Al Rammah National for General Trading and Contracting Company WLL, (Kuwait, 50% by Agthia)	Kuwait		
– Gulf National Forage Company L.L.C., (UAE, 51% by Agthia)	UAE		
– Al Bayan Purification and Potable	UAE		
– Water LLC, (UAE, 100% by Agthia)			
– Shaklan Plastic Manufacturing Co. LLC, (UAE, 100% by Agthia)	UAE		
– Al Manal Purification and Bottling of Mineral Water LLC, (Oman, 100% by Agthia)	Oman		
– Delta Bottled Water Factory Company (KSA, 100% by Aghtia)	KSA		

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

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Business combinations between entities under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for at the date that the transfer occurred. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of the equity of the acquired entities are added to the same components within the Group entity.

Any cash paid for the acquisition is recognised directly in equity.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has right to the net assets of the entity, rather than rights to its assets and obligation for its liabilities.

Investments in equity-accounted investees are accounted for using the equity method and are recognised initially at cost, which includes the transaction costs. Subsequent to initial recognition, the Group recognises share of its profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments

Hedge accounting

IFRS 9 amends the requirements for hedge effectiveness and consequently the application of hedge accounting. The IAS 39 effectiveness test is replaced with a requirement for an economic relationship between the hedged item and the hedging instrument, and for the "hedged ratio" to be the same as that used by the Group for risk management purposes. The new standard requires alignment between the risk management objective of an individual hedging relationship and the risk management strategy of the Group. When assessing hedge effectiveness under IFRS 9, the Group is required to ensure credit risk due to counterparty or own creditworthiness does not dominate the change in fair value of either the hedged item or hedging instrument. Generally, the mechanics of hedge accounting remain unchanged.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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, which is when the hedging relationships meet all of the following hedge 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; and
• 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 entity 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.

Note 16 sets out details of the fair values of the derivative instruments used for hedging purposes.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Hedge accounting (continued)

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.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. 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

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all trade receivables, contract assets and cash at banks not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for its trade receivables. Further, the Group applies general approach for all other financial assets carried at amortized cost.

The Group recognises a loss allowance for expected credit losses on financial assets. No impairment loss is recognised for investments in equity instruments which are carried at FVTPL. The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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 rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread);
- 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.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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 borrower 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.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

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.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

(iii) 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of financial assets at amortised cost, when the amounts are over two years past due, whichever occurs sooner. 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 profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses 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. The exposure at default for financial assets is represented by the assets' gross carrying amount at the reporting date. The expected credit loss 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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals, if applicable; and
- External credit ratings where available.

3 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

IFRS 15 Revenue from Contracts with Customers

The Group recognises revenue from the following major sources:

- Sale of goods - building materials, steel, food, and leather
- Sale of services – oil and gas contracting

Revenue is measured based on the consideration specified 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.

4 Property, plant and equipment

	Land and building AED'000	Plant and equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost						
At 1 January 2017	3,456,011	19,006,211	351,305	164,022	383,828	23,361,377
Additions during the year	13,428	264,499	17,799	6,433	241,978	544,137
Acquisitions during the year	40,910	45,075	107	4,060	1,505	91,657
Disposals during the year	(2,249)	(19,809)	(10,628)	(5,406)	(14,917)	(53,009)
Transfers on capitalisation	136,406	207,989	4,762	236	(349,393)	-
Reclassifications	-	23,777	-	-	-	23,777
Effect of exchange difference	(347)	(1,446)	(57)	(21)	(467)	(2,338)
At 31 December 2017 (audited)	3,644,159	19,526,296	363,288	169,324	262,534	23,965,601
At 1 January 2018 (audited)	3,644,159	19,526,296	363,288	169,324	262,534	23,965,601
Additions during the period	5,988	62,091	7,715	13,341	35,686	124,821
Disposal during the period	-	(1,695)	(32)	(3,776)	-	(5,503)
Transfers on capitalisation	39,642	33,543	1,905	(9,638)	(65,452)	-
Effect of exchange difference	(1,224)	(3,640)	(163)	(100)	(2,873)	(8,000)
Write offs during the period	-	(6,382)	(933)	-	(136)	(7,451)
At 30 June 2018 (unaudited)	**3,688,565**	**19,610,213**	**371,780**	**169,151**	**229,759**	**24,069,468**

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

4 Property, plant and equipment (continued)

	Land and building AED'000	Plant and equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation						
At 1 January 2017 (audited)	1,329,319	6,177,352	272,241	131,516	3,362	7,913,790
Charge for the year	111,523	850,456	34,213	27,700	-	1,023,892
Disposals	(1,441)	(18,383)	(10,620)	(5,336)	-	(35,780)
Impairment loss	-	-	177	-	-	177
Effect of exchange difference	(21)	(377)	(33)	(8)	-	(439)
At 31 December 2017 (audited)	1,439,380	7,009,048	295,978	153,872	3,362	8,901,640
At 1 January 2018 (audited)	1,439,380	7,009,048	295,978	153,872	3,362	8,901,640
Charge for the period	56,993	429,539	15,749	12,998	-	515,279
Disposal	-	(1,594)	(32)	(3,485)	-	(5,111)
Effect of exchange difference	(141)	(1,263)	(107)	(68)	-	(1,579)
Write off during the period	-	(6,335)	(741)	-	-	(7,076)
At 30 June 2018 (unaudited)	**1,496,232**	**7,429,395**	**310,847**	**163,317**	**3,362**	**9,403,153**
Carrying amount						
At 30 June 2018 (unaudited)	**2,192,333**	**12,180,818**	**60,933**	**5,834**	**226,397**	**14,666,315**
At 31 December 2017	2,204,779	12,517,248	67,310	15,452	259,172	15,063,961

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

5 Investments in associates

Details of the Group's associates at the end of the reporting period are as follows:

	Place of incorporation (or registration)	Proportion of ownership interest 2018	2017
Vision Hotel Apartment LLC	UAE	40%	40%
Deco Vision LLC	UAE	40%	40%
Vision Furniture and Decoration Factory LLC	UAE	40%	40%
Deco Vision Properties LLC	UAE	40%	40%
Vision Links Hotel Apartment LLC	UAE	40%	40%
Abu Dhabi Industrial Zones Development Company (dormant)	UAE	50%	50%
Dubai Cable Company (Private) Limited	UAE	50%	50%
Ducab Aluminium Company LLC	UAE	40%	40%
Principia SAS ("Principia")	France	33%	33%

The investments in associate in Vision Group includes goodwill of AED 118,561 thousand arising on acquisition of the associate.

The investment in Dubai Cables Company Limited and Abu Dhabi Industrial Development Zones Company (dormant) are classified as associates even though the Company holds 50% of the equity of the entities because as per the contractual arrangement with the other 50% shareholder, the Company only has the ability to significantly influence, bit not jointly control these entities.

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
At 1 January	**1,329,200**	1,318,614
Share of profits for the period/year, net	**24,837**	60,775
Share of other comprehensive income/(loss)	**(7)**	(588)
Dividends received	**(53,200)**	(49,601)
	1,300,830	1,329,200

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

5 Investments in associates (continued)

Summarised financial information in respect of the Group's associate companies is set out below as at and for the year ended:

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Total assets	**3,730,857**	3,708,229
Total liabilities	**(1,284,067)**	(1,194,390)
Net assets	**2,446,790**	2,513,839
Group's share of net assets	**1,194,536**	1,225,024
Goodwill on acquisition	**118,561**	118,561
Non-controlling interest share not considered	**(12,267)**	(14,385)
Carrying amount of interest in associates	**1,300,830**	1,329,200
Revenue	**2,675,263**	5,018,423
Net profit	**48,259**	117,924
Other comprehensive income	**(9)**	(479)
Total comprehensive income	**48,250**	117,445
Group's share of total comprehensive income, net	**24,830**	60,187
Dividend received during the period/year	**53,200**	49,601

6 Investment in joint ventures

	30 June 2018 (unaudited)	31 December 2017 (audited)
At 1 January	**93,771**	46,469
Long term funding, net	**48,297**	190,712
Share of loss for the period/year, net	**(29,937)**	(155,057)
Impairment of investment	**(53,586)**	-
Share of other comprehensive income	**(632)**	11,647
	57,913	93,771

	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Share of loss from Taweelah Aluminium Extrusion Company	**(24,756)**	(23,198)
Share of loss from Al Gharbia Pipe Company	**(5,181)**	(702)
Share of loss from joint ventures, net	**(29,937)**	(23,900)

7 Inventories

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Finished goods	**507,358**	464,114
Work in progress	**301,617**	308,930
Raw materials	**552,857**	724,875
Spares parts and consumables	**842,912**	774,051
Goods in transit	**118,153**	170,224
Others	**10,693**	10,958
	2,333,590	2,453,152
Less: Allowance for slow moving and obsolete inventories	**(175,199)**	(168,674)
	2,158,391	2,284,478

7 Inventories (continued)

The movement in the allowance for slow moving and obsolete inventories comprises:

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
At 1 January	**168,674**	150,505
Charge for the period/year	**8,308**	23,509
Acquired during the period/year	**-**	210
Reversal of allowance	**(121)**	(4,624)
Written off in the period/year	**(1,662)**	(926)
At end of the period/year	**175,199**	168,674

8 Trade and other receivables

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Non-current portion		
Trade receivables	**156,364**	152,934
Less: Allowance for impairment on trade receivables	**(156,364)**	(152,934)
As at end of the period/year	**-**	-
Current portion		
Trade receivables	**2,654,011**	2,073,301
Less: Allowance for impairment on trade receivables	**(115,342)**	(65,786)
	2,538,669	2,007,515
Gross amount due from customers on construction contracts	**723,023**	748,845
Advance payment to contractors	**357,150**	372,625
Cash margin against letter of credit	**51,381**	37,880
Prepayments and other receivables	**454,597**	496,941
Refundable withholding tax	**3,423**	13,059
Contract retentions	**52,412**	67,322
	4,180,655	3,744,187

8 Trade and other receivables (continued)

The movement in the allowance for impairment on trade receivables during the period/year is as follows:

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
At 1 January	**218,720**	203,044
Effect of change in accounting policy for IFRS 9	**41,605**	-
As adjusted on 1 January	**260,325**	203,044
Charge for the period/year	**11,661**	45,070
Acquired during the period/year	-	5,864
Written off	**(280)**	(35,258)
At end of the period/year	**271,706**	218,720

9 Related party transactions and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Company has related party relationships with associated companies, shareholders, directors and key management personnel of the Group and entities jointly controlled or significantly influenced by such parties.

The Government of Abu Dhabi, represented by the Abu Dhabi Executive Council, is considered as the ultimate controlling party due to its ability to control the affairs of the Group. The Higher Corporation for Specialized Economic Zones previously owned 100% of the Company's share capital. However, pursuant to Law No. 3 of 2012, dated 26 September 2012, the ownership of the Company was changed from the Higher Corporation for Specialized Economic Zones to be directly owned by the Government of Abu Dhabi - which was the ultimate owner prior to the transfer.

Balances with related parties are held by more than one member of the Group and there is no right of off-set, accordingly the balances have been presented separately in these consolidated financial statements.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances is secured. The Group has recognised expense of AED 380 (2017: AED 59,283) for doubtful debts in respect of amounts owed by related parties.

9 Related party transactions and balances

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Due from affiliates		
Dubai Cable Company (Private) Limited	**25,097**	-
Others	-	53
	25,097	53
Due from other related parties		
Higher Corporation for Specialized Economic Zones	**59,283**	59,283
Abu Dhabi National Oil Company (Group of entities)	**455,446**	625,544
Others	**2,156**	2,799
	516,885	687,626
Less: Provision for impairment	**(59,663)**	(59,283)
	457,222	628,343
Total	**482,319**	628,396
Due to ultimate controlling party		
Government of Abu Dhabi	**145,159**	-
Due to other related parties		
Abu Dhabi National Oil Company (group of entities)	**70,000**	88,567
Others	**4,586**	559
	74,586	89,126
	219,745	89,126

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

9 Related party transactions and balances (continued)

The above amounts due from related parties and due to related parties are unsecured, receivable/payable on demand and interest free.

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Deposits with banks		
Entities under common control	**1,113,040**	773,920
Interest bearing borrowings		
Entities under common control	**4,655,723**	5,358,510

The Group's significant transactions with the ultimate controlling party and other entities controlled, jointly controlled or significantly influenced by the ultimate controlling party, are disclosed below:

Transactions with the ultimate controlling party and its affiliates:

	30 June 2018 (unaudited) AED'000	30 June 2017 (unaudited) AED'000
Revenue from		
Entities under common control	**1,519,552**	2,374,803
Grant received from Government of Abu Dhabi	**34,427**	95,693
Finance income received - entities under common control	**10,845**	10,881
Finance cost paid- entities under common control	**72,819**	73,010

9 Related party transactions and balances (continued)

Remuneration of key management employees and directors during the year was as follows:

	30 June 2018 (unaudited) AED'000	30 June 2017 (unaudited) AED'000
Short term employment benefits	**3,789**	3,762
Board of Directors' remuneration	**375**	375

10 Government compensation receivable

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
At 1 January	**35,628**	95,357
Compensation for the year	**74,549**	146,752
Received during the year	**(34,427)**	(206,481)
	75,750	35,628

11 Cash and bank balances

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Cash in hand	**4,958**	3,723
Cash at banks	**1,314,067**	1,649,064
Term deposits	**1,782,540**	1,903,011
Less: Impairment as per IFRS 9	**(499)**	-
Cash in hand and at bank	**3,101,066**	3,555,798
Less: Escrow accounts	**(26,829)**	(26,948)
Less: Term and margin deposits with original maturity over three months	**(634,500)**	(718,016)
Add: Bank overdrafts used for cash management	**(35,311)**	(4,025)
Cash and cash equivalents for cash flow purposes	**2,404,426**	2,806,809

Escrow accounts represent amounts set aside for the payment of dividends. An equivalent amount has been recorded as a liability in trade and other payables. These restricted cash balances have not been included in cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows.

Term deposits with original maturity period of more than three months from the date of placement, carry interest rates ranging from 1.95% to 3% per annum (2017: 1.5% to 2.2%).

The bank overdrafts are charged with the prevailing market interest rates.

12 Shareholder's contributions

Shareholder's contributions are provided by the Shareholder in the form of contributions in kind without any obligation for the Group to deliver cash or other financial assets or deliver its own equity instruments to the Shareholder.

13 Loans and borrowings

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Unsecured, at amortised cost		
Bank loans	**2,339,268**	3,033,466
Secured, at amortised cost		
Bank loans	**4,807,391**	5,339,202
	7,146,659	8,372,668
Disclosed as:		
Current portion	**2,193,252**	2,905,469
Non-current portion	**4,953,407**	5,467,199
	7,146,659	8,372,668

13 Loans and borrowings (continued)

Summary of borrowing facilities

	30 June 2018			31 December 2017		
	Current AED'000	**Non-current AED'000**	**Total AED'000**	Current AED'000	Non-current AED'000	Total AED'000
Agthia term loan 1 (a)	**83,151**	**-**	**83,151**	48,106	-	48,106
Agthia term loan 2	**282,900**	**-**	**282,900**	265,917	-	265,917
Agthia term loan 3	**-**	**165,303**	**165,303**	-	165,303	165,303
Agthia term loan 4	**-**	**113,625**	**113,625**	-	113,625	113,625
Agthia term loan 5 (b)	**4,724**	**16,419**	**21,143**	-	-	-
ARKAN term loan 2	**1,644**	**6,989**	**8,633**	1,644	7,811	9,455
ARKAN term loan 3	**133,200**	**733,800**	**867,000**	133,200	800,400	933,600
ARKAN term loan 5	**10,000**	**-**	**10,000**	10,000	-	10,000
ESI term loan 1 (c)	**753,679**	**-**	**753,679**	1,301,994	-	1,301,994
ESI term loan 2	**529,689**	**1,324,223**	**1,853,912**	529,917	1,589,743	2,119,660
ESI term loan 3	**121,465**	**303,664**	**425,129**	121,511	364,533	486,044
NPCC loan	**275,453**	**1,377,263**	**1,652,716**	275,453	1,514,989	1,790,442
SENAAT loan	**-**	**367,300**	**367,300**	-	367,300	367,300
SENAAT loan	**(165)**	**550,825**	**550,660**	(165)	550,741	550,576
SENAAT loan (d)	**(2,488)**	**(6,004)**	**(8,492)**	217,892	(7,246)	210,646
Total	**2,193,252**	**4,953,407**	**7,146,659**	2,905,469	5,467,199	8,372,668

Note: the debit balances recorded above on SENAAT loans reflect the unamortised element of the up-front fees paid on these undrawn revolving facilities as of 30 June 2018 and 31 December 2017.

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

13 Loans and borrowings (continued)

Summary of borrowing facilities (continued)

a) Agthia held short term loan bears an interest rate of LIBOR + 0.40%-1.35% with repayment due within 6 months.

b) During 2018, Agthia's subsidiary Al Rammah National for General Trading and Contracting Company WLL ("Al Rammah") availed a loan of AED 21,143 thousand for a tenure of four years repayable in 2022. The loan is secured by corporate guarantees from Aghtia and Al Rammah's other shareholder.

c) Emirates Steel Industries PJSC finances the purchases of certain raw materials, consumables and spare parts using unsecured bank facilities from local financial institutions. These facilities mature within one year and carry effective interest rates of 60-65 bps over LIBOR / EIBOR.

d) SENAAT obtained a revolving loan facility of USD 400,000 thousand (AED 1,469,200 thousand) in 2017. The facility matures in December 2021. The outstanding balance at 30 June 2018 was AED nil (2017: AED 210,646 thousand).

14 Government grants

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Current portion		
Unamortised Government grant relating to property, plant and equipment	**9,284**	17,778
Unamortised Government grant relating to Dates inventory	**420**	36,090
	9,704	53,868
Non-current portion:		
Unamortized Government grant relating to property, plant and equipment	**114,340**	58,994

15 Trade and other payables

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Trade payables	**2,065,787**	2,003,110
Advances received from customers	**232,660**	238,085
Gross amount due to customers on construction contracts	**518,094**	621,063
Accrued short term employee benefits	**79,526**	153,793
Warranty provision	**15,939**	15,939
Other payables and accrued expenses	**1,479,424**	1,281,324
Accrued interest	**12,781**	9,896
Dividends payable	**26,829**	26,948
	4,431,040	4,350,158

16 Derivative financial assets/liabilities

The Group uses financial derivatives for foreign currency, commodity swaps and interest rate forward contracts to hedge for future transactions and cash flows.

	Notional principal amount AED'000	**Fair value AED'000**
30 June 2018 (unaudited)		
Derivative financial assets		
Interest rate instruments	**3,593,500**	**83,070**
31 December 2017 (audited)		
Derivative financial assets		
Interest rate instruments	2,698,206	27,893
Derivative financial liabilities		
Forward foreign exchange contracts	(895,294)	(20,917)

17 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

The nature and effect of initially applying IFRS 15 on the Group's financial statements are disclosed in Note 2.

In the following table, revenue is disaggregated by major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Building materials AED'000	Steel industries AED'000	Food and tannery AED'000	Oil & gas contracting AED'000	Total AED'000
Six month period ended 30 June 2018 (unaudited)					
Total segment revenue	473,633	3,830,398	1,235,531	1,940,155	7,479,717
Intersegment revenue	-	(3,590)	(10,330)	-	(13,920)
External revenues	473,633	3,826,808	1,225,201	1,940,155	7,465,797
Timing of revenue recognition					
At a point in time	473,633	3,826,808	1,225,201	-	5,525,642
Over time	-	-	-	1,940,155	1,940,155
	473,633	3,826,808	1,225,201	1,940,155	7,465,797
Six month period ended 30 June 2017 (unaudited)					
Total segment revenue	459,603	3,064,112	1,355,866	2,791,589	7,671,170
Intersegment revenue	-	(2,046)	(11,035)	-	(13,081)
External revenues	459,603	3,062,066	1,344,831	2,791,589	7,658,089
Timing of revenue recognition					
At a point in time	459,603	3,062,066	1,344,831	-	4,866,500
Over time	-	-	-	2,791,589	2,791,589
	459,603	3,062,066	1,344,831	2,791,589	7,658,089

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

18 Direct cost

	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Raw materials	**2,633,797**	2,278,905
Contract costs	**1,444,761**	2,243,142
Power and utilities	**714,851**	704,319
Depreciation of property, plant and equipment	**484,887**	471,393
Salaries and related expenses	**396,669**	373,106
Others	**466,312**	314,871
	6,141,277	6,385,736

19 General and administrative expenses

	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Salaries and related expenses	**226,783**	217,668
Provision for impairment of investment in joint venture	**53,586**	-
Provision for impairment of financial assets at amortised cost	**6,387**	19,528
Depreciation of property, plant and equipment	**15,032**	17,577
Depreciation of investment properties	**1,211**	1,184
Amortisation of intangible assets	**1,949**	1,107
Other expenses	**78,245**	72,024
	383,193	329,088

20 Selling and distribution expenses

	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Salaries and related expenses	**115,256**	125,352
Transportation expenses	**28,915**	32,281
Marketing expenses	**25,630**	33,519
Depreciation of property, plant and equipment	**6,637**	4,187
Other expenses	**35,288**	31,249
	211,726	226,588

Notes to the condensed consolidated financial statements for the period ended 30 June 2018 (continued)

21 Contingent and commitments

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Capital commitments	**134,464**	134,386
Letters of credit and guarantees	**3,902,670**	3,660,513
Raw material purchase commitment	**643,314**	998,235
Contractual commitment	**1,475**	1,475
Operating lease commitment	**374,771**	379,422

The Group also has leasehold and leased vehicles under operating leases. The lease terms are with option to renew the lease at the time of expiry. Total lease obligations, including the land leases noted above, were:

	30 June 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Within one year	**34,565**	33,180
Second to fifth year	**100,992**	92,980
Above five years	**239,214**	253,262
	374,771	379,422

22 Segment reporting

Six-month period ended 30 June 2018 (unaudited)

	Building materials AED'000	Steel industries AED'000	Food and tannery AED'000	Oil & gas contracting AED'000	Unallocated AED'000	Total AED'000
External revenues	473,633	3,826,808	1,225,201	1,940,155	-	7,465,797
Intersegment revenue	-	3,590	10,330	-	-	13,920
Profit for the period	15,246	192,318	204,413	132,803	(104,400)	440,380
As at 30 June 2018 (unaudited)						
Total assets	3,342,400	11,657,817	4,025,502	6,492,238	981,443	26,499,400
Total liabilities	1,594,891	4,506,131	1,695,666	4,049,621	729,966	12,576,275

Six-month period ended 30 June 2017 (unaudited)

	Building materials AED'000	Steel industries AED'000	Food and tannery AED'000	Oil & gas contracting AED'000	Unallocated AED'000	Total AED'000
External revenues	459,603	3,062,066	1,344,831	2,791,589	-	7,658,089
Intersegment revenue	-	2,046	11,035	-	-	13,081
Profit for the period	25,014	11,276	269,427	185,925	(43,837)	447,805

23 Earnings before interest, tax, depreciation and amortisation

	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Profit before tax	**451,884**	454,255
Finance income	**(25,634)**	(26,897)
Finance expense	**145,776**	150,046
Depreciation of property, plant and equipment	**506,804**	493,407
Depreciation of investment properties	**1,211**	1,184
Amortisation of intangible assets	**1,949**	1,107
	1,081,990	1,073,102
Reconciliation of depreciation		
Depreciation in direct costs	**484,887**	471,393
Depreciation in general and administrative expenses	**15,032**	17,577
Depreciation in selling and distribution expenses	**6,637**	4,187
Depreciation in other operating expenses	**248**	250
	506,804	493,407
Depreciation as per property, plant and equipment schedule	**515,279**	503,098
Difference*	**(8,475)**	(9,691)

*Al Foah Company LLC receives government grant against fixed assets and hence they adjust the grant income against the respective depreciation expense. Therefore, net depreciation expense reflected in the income statement is lesser than the depreciation reflected in schedule of property, plant and equipment.

24 Financial instruments

Fair value hierarchy

The fair value hierarchy levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as priced) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

30 June 2018 (unaudited)	Carrying value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value					
Interest rate swaps	83,070	-	83,070	-	83,070
Financial assets not measured at fair value					
Loans and receivables including cash and cash equivalents net of advances and prepayments	6,919,613	-	-	-	-
Government compensation receivable	75,750	-	-	-	-
Amount due from related parties	482,319	-	-	-	-
	7,477,682	-	-	-	-
Financial liabilities not measured at fair value					
Trade and other payables	4,198,380	-	-	-	-
Bank borrowings and overdraft	7,146,659	-	-	-	-
Amounts due to related parties	219,745	-	-	-	-
Government grants	124,044	-	-	-	-
Income tax payable	67,349	-	-	-	-
	11,756,177	-	-	-	-

24 Financial instruments (continued)

Fair value hierarchy (continued)

31 December 2017 (unaudited)

	Carrying value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value					
Interest rate swaps	27,893	-	27,893	-	27,893
Financial assets not measured at fair value					
Loans and receivables including cash and cash equivalents net of advances and prepayments	6,923,637	-	-	-	-
Government compensation receivable	35,628	-	-	-	-
Amount due from related parties	628,396	-	-	-	-
	7,587,661	-	-	-	-
Financial liabilities measured at fair value					
Forward contracts	20,917	-	20,917	-	20,917
Financial liabilities not measured at fair value					
Trade and other payables	3,729,095	-	-	-	-
Bank borrowings and overdraft	8,372,668	-	-	-	-
Amounts due to related parties	9,126	-	-	-	-
Government grants	112,862	-	-	-	-
Long term payables	-	-	-	-	-
Income tax payable	59,447	-	-	-	-
	12,363,198	-	-	-	-

25 Reclassification of comparative information

Certain comparative figures have been reclassified to conform to the current period classification.

These reclassifications did not have any impact on profit or retained earnings of the prior period.

26 Approval of condensed consolidated financial statements

The condensed consolidated financial information were approved by management and authorised for issue on XX July 2018.

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

KPMG

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Abu Dhabi Corniche, UAE
Tel. +971 (2) 401 4800, Fax +971 (2) 632 7612

Independent Auditors' Report

To the Shareholders of General Holding Corporation PJSC (SENAAT)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of General Holding Corporation PJSC (SENAAT) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' 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.

KPMG

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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, we exercise professional judgment 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 risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

KPMG

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

(i) We have obtained all the information and explanations we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

(v) as disclosed in note 27 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2017;

(vi) note 24 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No.(2) of 2015, or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2017.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No: 968
Abu Dhabi, United Arab Emirates
Date: 21 MAR 2018

General Holding Corporation PJSC (SENAAT)

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December

	Note	2017 AED'000	2016 AED'000
Revenue	5	**15,744,471**	13,350,039
Direct costs	6	**(13,206,879)**	(10,996,350)
Gross profit		**2,537,592**	2,353,689
General and administrative expenses	7	**(677,026)**	(725,456)
Selling and distribution expenses	8	**(439,554)**	(397,111)
Other operating expenses	9	**(391,160)**	(366,724)
Business interruption claim	10	**71,845**	-
Other income	11	**47,942**	51,216
Impairment loss	23	**(4,722)**	(134,281)
Net movement in fair value of biological assets	17	**237**	(414)
		1,145,154	780,919
Interest income		**37,204**	31,414
Interest expense		**(287,382)**	(317,757)
Net finance cost		**(250,178)**	(286,343)
Fair value gain / (loss) on investment at fair value through profit or loss		**19,955**	(1,697)
Share of profits from associates, net	14	**60,775**	86,698
Share of losses from joint ventures, net	15	**(155,057)**	(28,211)
Profit before tax		**820,649**	551,366
Income tax expense	35	**(18,413)**	(981)
Profit for the year		**802,236**	550,385
Attributable to:			
Owners of the Company		**576,993**	381,776
Non-controlling interests		**225,243**	168,609
		802,236	550,385

Continued...

General Holding Corporation PJSC (SENAAT)

Consolidated statement of profit or loss and other comprehensive income *(continued)*

for the year ended 31 December

	Note	2017 AED'000	2016 AED'000
Profit for the year		**802,236**	550,385
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of hedging instruments		**47,209**	66,960
Foreign operations – foreign currency translation differences		**(441)**	(19,458)
Equity-accounted investees – share of OCI		**11,059**	(9,273)
		57,827	38,229
Items that will not be reclassified to profit or loss			
Change in fair value of investment at fair value through other comprehensive income		**-**	(931)
Re-measurement of end of service benefits	33	**(26,202)**	163
		(26,202)	(768)
Other comprehensive income for the year		**31,625**	37,461
Total comprehensive income		**833,861**	587,846
Attributable to:			
Owners of the Company		**612,652**	424,091
Non-controlling interests		**221,209**	163,755
		833,861	587,846
Earnings before interest, tax, depreciation and amortisation (EBITDA)	39	**2,084,862**	1,795,523

The notes set out on pages 11 to 78 form an integral part of the consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

General Holding Corporation PJSC (SENAAT)

Consolidated statement of financial position
as at 31 December

	Note	**2017 AED'000**	2016 AED'000
Assets			
Non-current assets			
Property, plant and equipment	*12*	**15,063,961**	15,447,587
Advances for property, plant and equipment		**3,888**	9,955
Goodwill	*16*	**198,809**	111,212
Intangible assets	*13*	**93,708**	35,701
Investment in associates	*14*	**1,329,200**	1,318,614
Investment in joint ventures	*15*	**93,771**	46,469
Biological assets	*17*	**45,607**	45,370
Investment properties	*18*	**54,428**	55,826
Investments at fair value through other comprehensive income	*19*	**-**	73,793
Trade and other receivables	*21*	**-**	33,342
Total non-current assets		**16,883,372**	17,177,869
Current assets			
Inventories	*20*	**2,284,478**	2,192,222
Trade and other receivables	*21*	**3,744,187**	4,209,380
Amounts due from related parties	*24*	**628,396**	731,542
Government compensation receivable	*25*	**35,628**	95,357
Other financial assets	*30*	**27,893**	13,237
Cash and bank balances	*26*	**3,555,798**	3,004,798
Total current assets		**10,276,380**	10,246,536
Total assets		**27,159,752**	27,424,405

Continued......

General Holding Corporation PJSC (SENAAT)

Consolidated statement of financial position *(continued)*
as at 31 December

	Note	2017 AED'000	2016 AED'000
Equity and liabilities			
Equity			
Share capital	*27*	**2,000**	2,000
Statutory reserve	*28*	**1,000**	1,000
Shareholder's contributions	*29*	**1,513,327**	1,513,327
Hedging reserve		**(26,088)**	(75,676)
Restricted reserve	*28*	**538,849**	500,393
Investment revaluation reserve		**-**	(36,181)
Translation reserve		**(23,814)**	(23,248)
Other reserve		**(13,280)**	83
Retained earnings		**9,146,436**	8,800,326
Equity attributable to the owners of the Company		**11,138,430**	10,682,024
Non-controlling interests		**2,443,627**	2,291,125
Total equity		**13,582,057**	12,973,149
Non-current liabilities			
Loans and borrowings	*31*	**5,467,199**	6,429,914
Government grants	*32*	**58,994**	57,906
Provision for end of service benefits	*33*	**572,517**	579,852
Long term payables		**-**	54
Deferred tax payable	*35*	**-**	325
Total non-current liabilities		**6,098,710**	7,068,051
Current liabilities			
Trade and other payables	*34*	**4,350,158**	3,454,803
Government grants	*32*	**53,868**	71,485
Amounts due to related parties	*24*	**89,126**	511,301
Income tax payables	*35*	**59,447**	47,804
Loans and borrowings	*31*	**2,905,469**	3,237,089
Other financial liabilities	*30*	**20,917**	60,723
Total current liabilities		**7,478,985**	7,383,205
Total liabilities		**13,577,695**	14,451,256
Total equity and liabilities		**27,159,752**	27,424,405

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 14 MAR 2018, and signed on their behalf by:

H.E. Hussain J. Al Nowais	**Jamal Salem Al Dhaheri**	**Mabkhoot Al Menhali**
Chairman	Chief Executive Officer	Chief Financial Officer

The notes set out on pages 11 to 78 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

General Holding Corporation PJSC (SENAAT)

Consolidated statement of changes in equity

for the year ended 31 December

	Share capital AED'000 *(Note 27)*	Statutory reserve AED'000 *(Note 28)*	Shareholder's contributions AED'000 *(Note 29)*	Hedging reserve AED'000	Restricted reserve AED'000 *(Note 28)*	Investment revaluation reserve AED'000	Translation reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Attributable to owners of the Company AED'000	Non-controlling interests AED'000 *(Schedule III)*	Total equity AED'000
At 1 January 2016	2,000	1,000	1,513,327	(126,960)	468,023	(35,705)	(14,672)	-	8,686,682	10,493,695	2,254,427	12,748,122
Profit for the year	-	-	-	-	-	-	-	-	381,776	381,776	168,609	550,385
Other comprehensive income for the year	-	-	-	51,284	-	(476)	(8,576)	83	-	42,315	(4,854)	37,461
Total comprehensive income for the year	-	-	-	51,284	-	(476)	(8,576)	83	381,776	424,091	163,755	587,846
Liquidation of Arkan Mining	-	-	-	-	-	-	-	-	307	307	(307)	-
Transfer to restricted reserve	-	-	-	-	32,370	-	-	-	(32,370)	-	-	-
Distributions to NCI holders	-	-	-	-	-	-	-	-	-	-	(126,750)	(126,750)
Dividend declared by the Company	-	-	-	-	-	-	-	-	(236,069)	(236,069)	-	(236,069)
At 31 December 2016	**2,000**	**1,000**	**1,513,327**	**(75,676)**	**500,393**	**(36,181)**	**(23,248)**	**83**	**8,800,326**	**10,682,024**	**2,291,125**	**12,973,149**
At 1 January 2017	**2,000**	**1,000**	**1,513,327**	**(75,676)**	**500,393**	**(36,181)**	**(23,248)**	**83**	**8,800,326**	**10,682,024**	**2,291,125**	**12,973,149**
Profit for the year	-	-	-	-	-	-	-	-	576,993	576,993	225,243	802,236
Other comprehensive income for the year	-	-	-	49,588	-	-	(566)	(13,363)	-	35,659	(4,034)	31,625
Total comprehensive income for the year	-	-	-	49,588	-	-	(566)	(13,363)	576,993	612,652	221,209	833,861
Disposal of investment at fair value through other comprehensive income	-	-	-	-	-	36,181	-	-	(36,181)	-	-	-
NCI acquired during the year	-	-	-	-	-	-	-	-	-	-	35,393	35,393
Transfer to restricted reserve	-	-	-	-	38,456	-	-	-	(38,456)	-	-	-
Distributions to NCI holders	-	-	-	-	-	-	-	-	-	-	(104,100)	(104,100)
Dividend declared by the Company	-	-	-	-	-	-	-	-	(156,246)	(156,246)		(156,246)
At 31 December 2017	**2,000**	**1,000**	**1,513,327**	**(26,088)**	**538,849**	**-**	**(23,814)**	**(13,280)**	**9,146,436**	**11,138,430**	**2,443,627**	**13,582,057**

The notes set out on pages 11 to 78 form an integral part of these consolidated financial statements.

General Holding Corporation PJSC (SENAAT)

Consolidated statement of cash flows
for the year ended 31 December

	Note	2017 AED'000	2016 AED'000
Cash flows from operating activities			
Profit for the year before income tax		**820,649**	551,366
Adjustments for:			
Depreciation of property, plant and equipment	*12*	**1,023,892**	975,330
Depreciation of investment properties	*18*	**2,420**	2,369
Amortisation of intangible assets	*13*	**3,913**	2,822
Share of profit from associates, net	*14*	**(60,775)**	(86,698)
Share of loss from joint ventures, net	*15*	**155,057**	28,211
Finance income		**(37,204)**	(31,414)
Finance expense		**287,382**	317,757
Amortisation of government grants	*32*	**(16,201)**	(22,707)
Impairment loss	*23*	**4,722**	134,281
Impairment of due from related parties		**-**	44,410
Impairment of trade receivables, net	*21*	**9,812**	66,152
Provision / (reversal) for slow moving and obsolete inventories, net	*20*	**17,959**	(8,075)
Gain / (loss) on disposal of property, plant and equipment		**(8,555)**	2,824
Net change in fair value of biological assets	*17*	**(237)**	414
Loss on disposal of investment at fair value through profit or loss		**-**	24
Fair value gain / (loss) on investment at fair value through profit or loss		**(19,955)**	1,697
Provision for end of service benefits	*33*	**65,329**	94,713
		2,248,208	2,073,476
Changes in:			
- inventories		**(110,694)**	(176,832)
- trade and other receivables		**508,883**	92,312
- amounts due from related parties		**(267,334)**	(54,008)
- government compensation receivable	*25*	**59,729**	(15,254)
- government grants	*32*	**(328)**	8,193
- trade and other payables	*34*	**901,580**	129,558
- amounts due to related parties		**(422,175)**	(230,749)
Cash generated from operating activities		**2,917,869**	1,826,696
End of service benefits paid	*33*	**(107,881)**	(88,421)
Income tax paid	*35*	**(6,428)**	(5,620)
Net cash flow from operating activities		**2,803,560**	1,732,655

Continued......

General Holding Corporation PJSC (SENAAT)

Consolidated statement of cash flows *(continued)*
for the year ended 31 December

	Note	2017 AED'000	2016 AED'000
Cash flows from investing activities			
Acquisition of property, plant and equipment	*12*	**(538,070)**	(958,641)
Acquisition of investment property	*18*	**(1,022)**	-
Acquisition of subsidiary, net of cash acquired	*40*	**(178,022)**	(5,057)
Investment in subsidiary		**(29,197)**	-
Acquisition of intangible assets	*13*	**(1,485)**	(3,040)
Acquisition of shares in associates	*14*	**-**	(21,853)
Acquisition of shares in joint ventures	*15*	**-**	(10,200)
Proceeds from disposal of investments		**-**	963
Decrease / (increase) in escrow accounts and term deposits with original maturities over 3 months	*26*	**282,021**	(163,485)
Proceeds from disposal of property, plant and equipment		**25,783**	7,991
Dividend income from associate	*14*	**49,601**	49,000
Interest income received		**37,204**	31,414
Net cash used in investing activities		**(353,187)**	(1,072,908)
Cash flows from financing activities			
Proceeds from loans and borrowings	*31*	**368,647**	1,688,945
Repayment of loans and borrowings	*31*	**(1,574,897)**	(1,164,839)
Settlement of derivative – net		**(6,284)**	(12,247)
Interest costs paid		**(287,382)**	(317,757)
Distributions to NCI holders		**(104,100)**	(126,750)
Net cash (used in) / from financing activities		**(1,604,016)**	67,352
Net increase in cash and cash equivalents		**846,357**	727,099
Net foreign exchange difference		**956**	1,903
Cash and cash equivalents at 1 January		**1,959,496**	1,230,494
Cash and cash equivalents at 31 December	*26*	**2,806,809**	1,959,496

The notes set out on pages 11 to 78 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

1 Legal status and principal activities

General Holding Corporation PJSC (SENAAT) ("the Company") is registered as a public joint stock company in the Emirate of Abu Dhabi. The Company was established by Law No. 5 of 2004 and is wholly owned by the Government of Abu Dhabi ("the Shareholder"). Pursuant to this law, all assets and liabilities formerly belonging to the General Industries Corporation and its subsidiaries were transferred to the Company.

The Higher Corporation for Specialized Economic Zones ("ZonesCorp") previously owned 100% of the Company's share capital. However, pursuant to Law No. 3 of 2012, dated 26 September 2012, the ownership of the Company was transferred from ZonesCorp to the Government of Abu Dhabi, which was the ultimate owner even prior to the transfer.

The principal activities of the Company are the investment in, and the development, management and operation of, industrial projects and related entities.

These consolidated financial statements include the financial performance and the net assets of the Company and its subsidiaries (collectively referred to as "the Group"), and the Group's interests in its equity-accounted investees *(refer note 3(a), 14 and 15)*.

2 Basis of preparation

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of the UAE Federal Law No 2 of 2015 being the Commercial Companies Law ("UAE Companies Law of 2015").

(b) *Basis of measurement*

These consolidated financial statements have been prepared on the historical cost basis, except for biological assets, derivative financial instruments carried at fair value through other comprehensive income and certain financial assets and liabilities carried at fair value through profit or loss.

(c) *Functional and presentation currency*

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is the Company's functional currency. All values are rounded to nearest AED thousands, except when otherwise indicated.

(d) *Use of estimates and judgements*

The preparation of these consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2 Basis of preparation *(continued)*

(d) Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are detailed in note 38.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements except for the new standards and interpretations that became applicable and were adopted during the year.

New standards and interpretations adopted:

During the year new standards, amendments to standards and interpretations have become effective for the period and have been applied in preparing these consolidated financial statements. These amendments are listed below:

- *Disclosure initiative (amendments to IAS 7)*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*
- *Annual Improvements to IFRSs 2014–2016 Cycle – various standards (Amendments to IFRS 12)*

The adoption of these amendments does not have a material impact on the consolidated financial statements of the Group, except for some additional disclosures (refer to note 42).

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3 Significant accounting policies *(continued)*

(a) *Basis of consolidation (continued)*

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

Details of Company's investment in subsidiaries as at 31 December 2017 and 31 December 2016 are as follows:

	Place of incorporation (or registration)	Proportion of ownership interest 2017	2016
National Petroleum Construction Company and its subsidiaries	UAE	70%	70%
- NPCC Engineering Limited (India, 100% by NPCC)			
- ANEWA Engineering Pvt. Ltd., (India, 80% by NPCC)			
Al Khaznah Tannery	UAE	100%	100%
Al Foah Company LLC and its subsidiaries	UAE	100%	100%
- Al Foah India Private Limited, (India, 100% by Al Foah)			
Emirates Iron & Steel Company LLC	UAE	100%	100%
Emirates Steel Industries PJSC and its subsidiaries	UAE	100%	100%
- Emirates Steel Co. Ltd., (KSA, 100% by ESI)			
Arkan Building Materials PJSC and its subsidiaries	UAE	51%	51%
- Emirates Blocks Factory, (UAE, 100% by Arkan)			
- Emirates Cement Factory, (UAE, 100% by Arkan)			
- Al Ain Cement Factory, (UAE, 100% by Arkan)			
- Anabeeb Pipes Manufacturing Factories, (UAE, 100% by Arkan)			
- Hobas Gulf LLC, (UAE, 100% of Arkan)			
Agthia Group PJSC and its subsidiaries	UAE	51%	51%
- Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi (Agthia Turkey), (Turkey, 100% by Agthia)			
- Al Ain Foods & Beverages PJSC, (UAE, 100% by Agthia)			
- Agthia Group Egypt LLC, (Egypt, 100% by Agthia)			
- Grand Mills Company PJSC, (UAE, 100% by Agthia)			
- Al Rammah National For General Trading and Contracting Company WLL, (Kuwait, 50% by Agthia)			
- Gulf National Forage Company L.L.C., (UAE, 51% by Agthia)			
- Al Bayan Purification and Potable Water LLC, (UAE, 100% by Agthia)			
- Shaklan Plastic Manufacturing Co. LLC, (UAE, 100% by Agthia)			
- Al Manal Purification and Bottling of Mineral Water LLC, (Oman, 100% by Agthia)			
- Delta Bottled Water Factory Company Limited, (KSA, 100% by Agthia)			

3 Significant accounting policies *(continued)*

(a) ***Basis of consolidation*** *(continued)*

(iii) Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Business combinations between entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date that the transfer occurred. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of equity of the acquired entities are added to the same components within Group equity.

Any cash paid for the acquisition is recognised directly in equity.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(vi) Interests in equity-accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has right to the net assets of the entity, rather than rights to its assets and obligation for its liabilities.

Investments in equity-accounted investees are accounted for using the equity method and are recognised initially at cost, which includes the transaction costs. Subsequent to initial recognition, the Group recognises share of its profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Group had early adopted IAS 28 Long-term interests amendment during the year in advance of its effective date. The Group had chosen 31 December 2017 as its date of initial application of this amendment. As a result of this early adoption, the Group now consider all long-term interests in equity-accounted investees as part of the cost of net investment in these equity-accounted investees.

Long-term Interests include items for which settlement is neither planned nor likely to occur in the foreseeable future, and are in substance an extension of an entity's investment in an associate or joint venture.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation (continued)

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. 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.

(b) Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies 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 profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3 Significant accounting policies *(continued)*

(c) Financial instruments

(i) Financial assets

The Group had early adopted IFRS 9, 'Financial Instruments: Classification and measurement' in 2009 in advance of its effective date. The Group had chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group had assessed its existing financial assets) as this was the first reporting period end since the standard was issued on 12 December 2009.

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the contract. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. The Group subsequently measures financial assets either at amortised cost or fair value.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Classification of financial assets
On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group had the following financial assets as at 31 December 2017: 'cash and cash equivalents', 'loans and receivables' and financial assets at fair value through profit or loss (FVTPL).

Cash and cash equivalents
Cash and cash equivalents comprise cash and balances with banks in current accounts and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant changes in value.

Loans and receivables
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3 Significant accounting policies *(continued)*

(c) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets measured at fair value
Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

However, for investments in equity instruments that are not held-for-trading, at initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at Fair value through other comprehensive income (FVTOCI). Investments in equity instruments at FVTOCI, are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the 'other income' line item in the profit or loss.

(ii) Financial liabilities

The Group initially recognises financial liabilities on the date that they are originated.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

At the reporting date, non-derivative financial liabilities classified into other financial liabilities category comprise of borrowings, due to related parties and trade and other payables.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

3 Significant accounting policies *(continued)*

(c) Financial instruments (continued)

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. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(d) Revenue

Sale of goods
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction contracts
Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of the contract.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

3 Significant accounting policies *(continued)*

(d) Revenue (continued)

The stage of completion is assessed by the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in statement of profit or loss and other comprehensive income.

Contract costs include all direct costs of labour, materials, depreciation of property, plant and equipment and costs of subcontracted works, plus an appropriate proportion of administrative and general overheads incurred during the year, which are allocated to construction contracts in progress during the year.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

Dividend income
Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

3 Significant accounting policies *(continued)*

(e) Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest rate swaps and bank overdraft facilities and is recognised using effective interest method.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials direct labour, capitalised borrowing cost, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of profit or loss and other comprehensive income.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use.

Land is not depreciated. Depreciation for assets other than land is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

3 Significant accounting policies *(continued)*

(g) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is generally recognised in statement of profit or loss and other comprehensive income, unless the amount is included in the carrying amount of another asset. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Years
Buildings	3 - 40
Plant and machinery	2 - 25
Furniture, fixtures and fittings	2 - 15
Motor vehicles	4 - 7

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

(iv) Capital work in progress

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

(h) Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial acquisition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost less estimated residual value of the investment property over its estimated useful life of 30 years using the straight line method.

(i) Biological assets

Biological assets are measured at fair value. Gains or losses arising from changes in the fair value are included in the profit or loss in the period in which they arise.

(j) Government compensation receivable and grants

Grants from the Government of Abu Dhabi are not recognised until there is reasonable assurance that the Group will comply with the conditions attached and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-monetary assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or 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.

3 Significant accounting policies *(continued)*

(j) Government compensation receivable and grants (continued)

Funds that compensate the Group for selling flour and animal feed at subsidised prices in the Emirate of Abu Dhabi are recognised in profit or loss as a deduction from the cost of sales on a systematic basis in the same period in which the sales transaction is affected.

(k) Impairment

(i) Financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For financial assets measured at amortised cost the Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

3 Significant accounting policies *(continued)*

(k) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For impairment testing, assets 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. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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.

(l) Goodwill and intangible assets

Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(i).

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Spring water rights
Spring water rights has indefinite useful life and is not amortised but tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

Software
Software has finite useful life and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on straight line basis over the estimated useful life of 4 years.

Amortisation
Except for goodwill, development costs are amortised on a straight-line basis in statement of profit or loss and other comprehensive income over their estimated useful lives, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3 Significant accounting policies *(continued)*

(m) Construction contracts in progress

Construction contracts in progress represent the gross amount expected to be collected from customers for contract work performed to date. They are measured at costs incurred plus profits recognised to date less progress billings and recognised losses.

In the statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as trade and other receivables. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred income/revenue. Advances received from customers are presented as deferred income/revenue.

(n) Inventories

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

The cost of inventories is based on the weighted average cost principle based on the nature of inventory, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

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

The Group's dates operation is reliant on subsidies from the Government of Abu Dhabi to promote the dates business in the Emirate. Purchases of dates from the farm owners are made on prices higher than the underlying market value of the dates. The Group recognises the dates purchased from farmers in inventory at an estimate of their nominal value as approved by management.

(o) Provisions

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

(p) 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.

3 Significant accounting policies *(continued)*

(q) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits for non UAE Nationals

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

Termination benefits for UAE Nationals

With respect to its UAE national employees, the Company makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salary. The Company's obligations are limited to those contributions, which are expensed when due.

Provision for pension payable to the UAE national employees is made in accordance with the Abu Dhabi Retirement Pension and Benefit Fund (Law No. 2 of 2000).

Termination benefits for other Group entities

For Group entities domiciled outside the UAE provision for staff terminal benefits are made in accordance with IAS 19.

An actuarial valuation is not performed on staff terminal and other benefits 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.

(r) Income tax

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

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3 Significant accounting policies *(continued)*

(r) Income tax (continued)

Deferred tax is not recognised for the following temporary differences:

The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(s) Zakat

Zakat is provided on accrual basis. The provision is charged to the consolidated statement of profit or loss. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalised.

(t) Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially ready for their intended use.

3 Significant accounting policies *(continued)*

(u) *New standards and interpretations issued not yet effective*

A number of new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements except for.

- *Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures*

Management has performed its assessment on the following standards and concluded that these standards does not have material impact on the Group's financial statements in the period of initial application.

(i) *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Sale of goods

Revenue, comprising income from sale of goods, is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is currently recognised at the point in time at which the customer accepts the goods and the transfer of the related risks and rewards of ownership. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.
Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under IFRS 15, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

Management of the Group is still in the process of assessing the impact as certain aspects of the impact analyses are still being refined. However, the potential impact of the transition is expected to be immaterial based on the work done to date.

3 Significant accounting policies *(continued)*

(u) *New standards and interpretations issued not yet effective (continued)*

(i) *IFRS 15 Revenue from Contracts with Customers (continued)*

Transition

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

(ii) *IFRS 9 'Financial instruments'*

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

a) Classification - Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Group had early adopted IFRS 9, 'Financial Instruments: Classification and measurement' in 2009 in advance of its effective date. Accordingly, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables and loans.

b) Impairment - Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- *12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and*
- *lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.*

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables without a significant financing component; the Group has chosen to apply this policy also for trade receivables with a significant financing component.

3 Significant accounting policies *(continued)*

***(u) New standards and interpretations issued not yet effective** (continued)*

***(ii) IFRS 9 'Financial instruments'** (continued)*

b) Impairment - Financial assets *(continued)*

Debt Securities

The Group does not have any debt securities.

Cash and cash equivalent

The cash and cash equivalents are held with bank and financial institution counterparties as at 31 December 2017.

c) Classification - Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.
However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

d) Hedge accounting

IFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. IFRS 9 includes an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting. The Group has decided to exercise this accounting policy choice.

e) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data. The Group will implement the revised hedge accounting disclosures that are required by the IFRS 9 related amendments to IFRS 7 "Financial Instruments: Disclosures" in its 2018 financial statements.

3 Significant accounting policies *(continued)*

(u) New standards and interpretations issued not yet effective (continued)

(ii) IFRS 9 'Financial instruments' (continued)

f) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.
- The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
- The determination of the business model within which a financial asset is held;

Management of the Group is still in the process of assessing the impact as certain aspects of the impact analyses are still being refined. However, the potential impact of the transition is expected to be immaterial based on the work done to date.

(iii) IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

3 Significant accounting policies *(continued)*

(u) New standards and interpretations issued not yet effective (continued)

(iii) IFRS 16 Leases (continued)

Transition

As a lessee, the Group can either apply the standard using a:
- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition.

Management of the Group is in the process of assessing the impact of using these practical expedients. The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

(iv) Other standards

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

- *Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28.*
- *Transfers of Investment Property (Amendments to IAS 40).*
- *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28).*
- *IFRIC 22 Foreign Currency Transactions and Advance Considerations*

4 Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

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 loans and receivables.

Trade receivables

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash and bank balances

The Group held cash and bank balances of AED 3,555,798 thousand at 31 December 2017 *(2016: AED 3,004,798 thousand)*, which represents its maximum credit exposure on these assets. The cash at bank is held with banks, which have reputable credit ratings.

4 Financial risk management *(continued)*

Liquidity risk

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 and liquid assets on demand 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 bank and in short term time deposits.

Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates and interest rates will affect the Group's income 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.

Currency risk
The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than respective functional currency of Group entities. In respect of the Group's transactions denominated in USD, the Group is not currently exposed to any significant currency risk since the AED is currently pegged to USD at a fixed rate of exchange.

Interest rate risk
Interest rate risk is the risk that arises from timing difference in the maturity and re-pricing of Group's interest bearing assets and liabilities. The effective rates of interest on the Group's bank facilities are linked to the prevailing bank rates.

5 Revenue

	2017 AED'000	2016 AED'000
Revenue from sale of goods	**10,046,679**	8,647,846
Revenue from construction contracts	**5,697,792**	4,702,193
	15,744,471	13,350,039

6 Direct costs

	2017 AED'000	2016 AED'000
Raw materials	**6,202,390**	5,378,679
Contract costs	**1,534,831**	830,009
Salaries and related expenses	**2,170,382**	2,283,069
Depreciation of property, plant and equipment	**965,027**	901,783
Power and utilities	**1,486,781**	852,889
Others	**847,468**	749,921
	13,206,879	10,996,350

7 General and administrative expenses

	2017 AED'000	2016 AED'000
Salaries and related expenses	**452,405**	440,154
Depreciation of property, plant and equipment	**31,632**	40,422
Depreciation of investment properties	**2,420**	2,369
Amortisation of intangible assets	**3,913**	2,823
Provision for impairment of receivables	**36,473**	76,826
Other expenses	**150,183**	162,862
	677,026	725,456

8 Selling and distribution expenses

	2017 AED'000	2016 AED'000
Salaries and related expenses	**247,279**	195,461
Transportation expenses	**55,764**	59,306
Depreciation of property, plant and equipment	**10,527**	9,972
Marketing expenses	**56,537**	71,780
Other expenses	**69,447**	60,592
	439,554	397,111

9 Other operating expenses

	2017 AED'000	2016 AED'000
Salaries and related expenses	**5,481**	4,394
Depreciation of property, plant and equipment	**516**	445
Other operating expenses	**385,163**	361,885
	391,160	366,724

10 Business interruption claim

Certain insurance claims related to the DRP-2 and DRP-3 plant incidents happened in 2014 were agreed with the insurance providers during the course of the year 2017 and accordingly an income of AED 71,845 thousand was recorded in consolidated statement of profit and loss and other comprehensive income during the year.

11 Other income

	2017 AED'000	2016 AED'000
Insurance claim	**-**	140
Miscellaneous income	**47,942**	51,076
	47,942	51,216

12 Property, plant and equipment

Details of property, plant and equipment are set out in Schedule I on pages 75, 76 and 77.

13 Intangible assets

Details of intangible assets are set out in Schedule II on page 77.

14 Investment in associates

Details of the Group's associates at the end of the reporting period are as follows:

	Place of incorporation (or registration)	Proportion of ownership interest 2017	2016
Vision Hotel Apartment LLC	UAE	**40%**	40%
Deco Vision LLC	UAE	**40%**	40%
Vision Furniture and Decoration Factory LLC	UAE	**40%**	40%
Deco Vision Properties LLC	UAE	**40%**	40%
Vision Links Hotel Apartment LLC	UAE	**40%**	40%
Abu Dhabi Industrial Zones Development Company (dormant)	UAE	**50%**	50%
Dubai Cable Company (Private) Limited	UAE	**50%**	50%
Ducab Aluminium Company LLC	UAE	**40%**	40%
Principia SAS ("Principia")	France	**33%**	33%

The contingencies and commitments of associates are as follows:

	2017 AED'000	2016 AED'000
Letter of credit and guarantees	**339,377**	350,955
Capital Commitments	**29,134**	11,417

The Group as lessee

At the reporting date, the Group had outstanding commitments under non-cancellable operating leases for land and buildings which fall due as follows:

	2017 AED'000	2016 AED'000
Less than one year	**4,132**	5,515
Between two and five years	**17,916**	18,120
More than five years	**79,450**	82,839
	101,498	106,474

The Group as lessor

The Group has leased land to its joint venture under non-cancellable operating lease for a period of 30 years. The non-cancellable operating lease receivable commitments under this lease is as follows:

	2017 AED'000	2016 AED'000
Less than one year	**2,866**	2,866
Between two and five years	**11,464**	11,464
More than five years	**53,312**	56,178
	67,642	70,508

14 Investment in associates *(continued)*

	2017 AED'000	2016 AED'000
At 1 January	**1,318,614**	1,257,462
Additions during the year	**-**	21,853
Share of profits for the year, net	**60,775**	86,698
Share of other comprehensive income	**(588)**	1,601
Dividends received	**(49,601)**	(49,000)
	1,329,200	1,318,614

Summarised financial information in respect of the Group's associate companies is set out below as at and for the year ended:

	2017 AED'000	2016 AED'000
Total assets	**3,708,229**	**3,685,217**
Total liabilities	**(1,194,390)**	**(1,158,268)**
Net assets	**2,513,839**	**2,526,949**
Group's share of net assets	**1,225,024**	**1,219,522**
Goodwill on acquisition	**118,561**	**118,561**
NCI share not considered	**(14,385)**	**(19,469)**
Carrying amount of interest in associates	**1,329,200**	**1,318,614**
Revenue	**5,018,423**	**4,546,593**
Net Profit	**117,924**	**176,585**
Other comprehensive income	**(479)**	**3,200**
Total comprehensive income (100%)	**117,445**	**179,785**
Group's share of total comprehensive income, net	**60,187**	**88,299**
Dividend received during the year	**49,601**	**49,000**

15 Investment in joint ventures / operations

Details of the Group's joint ventures and joint operations are as follows:

	Proportion of incorporation (or registration)	Ownership interest 31 December 2017	31 December 2016
Joint operations			
NPCC - CCC Qusahwira	UAE	**75%**	75%
Technip - NPCC - Satah Full Field	UAE	**50%**	50%
NPCC - CCC , Bab Thamama	UAE	**75%**	75%
NPCC - MEPI JV - GPF	UAE	**50%**	50%
NPCC - TECHNIP - UZ-750 (EPC-1)	UAE	**40%**	40%
NPCC - TECHNIP UL-2	UAE	**50%**	50%
NPCC - TECHNIP AGFA	UAE	**50%**	50%
Joint ventures			
Taweelah Aluminum Extrusion Company (TALEX) LLC	UAE	**50%**	50%
Al Gharbia Pipe Company LLC	UAE	**51%**	51%

The contingencies and commitments of joint ventures are as follows:

	2017 AED'000	2016 AED'000
Letter of credit and guarantees	**13,905**	22,662
Capital Commitments	**104,745**	560,204

The minimum lease payments under non-cancellable operating lease are payable as under:

	2017 AED'000	2016 AED'000
Less than one year	**5,619**	5,351
Between two and five years	**25,428**	24,217
More than five years	**140,541**	147,370
	171,588	176,938

The movement during the year in the carrying amount of investment in joint ventures is as follows:

	2017 AED'000	2016 AED'000
At 1 January	**46,469**	51,838
Additions during the year	**-**	10,200
Long term funding, net	**190,712**	-
Share of loss for the year, net	**(155,057)**	(28,211)
Excess of losses over investment in TALEX	**-**	23,516
Share of other comprehensive income	**11,647**	(10,874)
At 31 December	**93,771**	46,469

15 Investment in joint ventures / operations *(continued)*

Management has classified an amount of AED 214,228 thousand from due from related parties and AED 23,516 thousand from due to related parties based on the understanding that net of these amounts are not payable on demand and are subordinated to the other bank borrowing. Accordingly, the amount has been classified as a long term funding investment in TALEX.

During 2017, the Company invested additional AED Nil *(2016: AED 10,200 thousand)* in Al Gharbia as 51% shareholder of the company. The 49% shareholding is owned by JFE Steel Corporation ("JFE") and Marubeni-Itochu Steel Inc. ("MISI"). The 51% shareholding in Al Gharbia is treated as a joint venture, rather than as a subsidiary company, since the contractual shareholder agreements provide for the joint control of the entity by the shareholders. Al Gharbia is establishing a factory in the Kizad Industrial Zone, Abu Dhabi, for the manufacture of pipes for applications in the oil and gas sector.

Joint Ventures

Following is the summarised financial information of joint ventures in the consolidated financial statements:

	2017 **AED'000**	2016 AED'000
Total assets	**1,330,693**	1,034,457
Total liabilities	**(1,145,302)**	(990,374)
Net (liabilities) / assets	**185,391**	44,083
Group's share of net (liabilities) / assets	**93,771**	22,953
Excess of losses over investment in TALEX	**-**	23,516
Carrying amount of interest in joint ventures	**93,771**	46,469
Revenue	**71,257**	6,646
Net loss	**(309,986)**	(56,338)
Other comprehensive income	**22,837**	(21,322)
Total comprehensive income	**(287,149)**	(77,660)
Group's share in other comprehensive income	**(143,410)**	(39,085)
Group's share in other comprehensive income, net	**(143,410)**	(39,085)

15 Investment in joint ventures / operations *(continued)*

Joint operations

These consolidated financial statements include the following amounts as a result of proportionate consolidation of its interests in joint operations:

	2017 AED'000	2016 AED'000
Total assets	**340,245**	623,091
Total liabilities	**(573,284)**	(744,040)
Net liabilities	**(233,039)**	(120,949)
Total revenue	**410,790**	629,219
Loss for the year	**(84,215)**	(118,162)

16 Goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's CGUs (operating business divisions) as follows:

	2017 AED'000	2016 AED'000
Consumer business division (UAE operations) - Ice Crystal	**10,805**	10,805
Consumer business division (Turkish operations) - Pelit Su	**2,486**	2,486
Consumer business division - Al Bayan	**92,864**	92,864
Consumer business division – Delta *(note 40)*	**87,597**	-
Oil and gas contracting division – ANEWA Engineering	**5,057**	5,057
	198,809	111,212

The recoverable amount of cash-generating units was calculated based on its value in use as determined by management. The carrying amount of the unit was determined to be lower than the recoverable amount.

The value in use was determined by discounting the future projected cash flows generated from the continuing use of the unit.

16 Goodwill *(continued)*

Cash flows were projected based on past experience and management's five year business plan and were based on the following key assumptions:

	Consumer business division (UAE operations)	Consumer business division (Turkish operations)	Consumer business division (Delta operations)	Consumer business division (Al Bayan operations)
Anticipated annual revenue growth (%)	9% - 11%	5% - 40%	3% - 18%	6% - 10%
Discount rate (%)	11.00%	15.00%	13.45%	11.00%

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

17 Biological assets

	2017 Number	**2017 AED'000**	2016 Number	2016 AED'000
Carrying amount at 1 January	**59,978**	**45,370**	59,895	45,784
Increase due to purchases	-	-	-	-
Fair value less costs to sell:	-	-	-	-
- attributable to price changes	-	-	-	-
- attributable to growth of assets	**186**	**237**	83	(414)
	60,164	**45,607**	59,978	45,370

18 Investment properties

	2017	2016
	AED'000	AED'000
Cost		
At 1 January	**68,463**	68,463
Additions	**1,022**	-
At 31 December	**69,485**	68,463
Accumulated depreciation		
At 1 January	**12,637**	10,268
Charge for the year	**2,420**	2,369
At 31 December	**15,057**	12,637
Net carrying amount	**54,428**	55,826

The Group owns a factory building leased to Bonar Emirates Technical Yarns Industries Factory ("BETYI") LLC amounting to AED 51,310 thousand located at the Abu Dhabi Polymers Park in Abu Dhabi, UAE. Based on internal assessment, management considers that the fair value of this investment property amounts to AED 64,148 thousand *(2016: AED 80,812 thousand)* using a discounted cash flow model. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate. The expected net cash flows are discounted using 8% discount rate. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

During 2015 land, buildings and plant and machinery amounting to AED 17,153 thousand were reclassified to investment properties as management intended to lease these assets for the purpose of earning a rental income. A lease agreement for the property and assets was signed in the year subject to review, the effective commencement date being 4 December 2016. Management consider the net carrying value to be a fair approximation of fair value i.e. AED 16,808 thousand *(2016: AED 16,295 thousand)*.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Investment property comprises a number of commercial properties that are leased to third parties. Lease related to BETYI building does not contain an initial non-cancellable period. The annual rental income related to such lease is AED 430 square / meter subject to 5% annual increase upon management discretion.

19 Investments at fair value through other comprehensive income

	2017 AED'000	2016 AED'000
Investments at fair value through other comprehensive income	-	146,920
Investment revaluation reserve	-	(70,942)
Capital distribution received	-	(2,185)
	-	73,793

The Group's financial assets measured at FVTOCI at the end of reporting date are detailed below:

	2017 AED'000	2016 AED'000
Balance at the beginning of the year	73,793	74,724
Changes in fair value during the year	-	(931)
Disposal during the year	(73,793)	-
	-	73,793

20 Inventories

	2017 AED'000	2016 AED'000
Finished goods	464,114	352,535
Work in progress	308,930	360,907
Raw materials	724,875	660,546
Spares parts and consumables	774,051	764,586
Goods in transit	170,224	191,708
Others	10,958	12,445
	2,453,152	2,342,727
Less: Allowance for slow moving and obsolete inventories	(168,674)	(150,505)
	2,284,478	2,192,222

20 Inventories *(continued)*

The movement in the allowance for slow moving and obsolete inventories comprises:

	2017 AED'000	2016 AED'000
At 1 January	**150,505**	111,404
Charge for the year	**23,509**	8,228
Acquired during the year	**210**	-
Write down	**-**	47,176
Reversal of allowance	**(4,624)**	(12,754)
Written off in the year	**(926)**	(3,549)
At 31 December	**168,674**	150,505

Allowance for slow moving and obsolete inventories comprise:

	2017	2016
Finished goods	**11,995**	5,675
Work in progress	**4,395**	2,656
Raw materials	**4,060**	13,601
Spares parts and consumables	**144,896**	125,145
Others	**3,328**	3,428
	168,674	150,505

21 Trade and other receivables

	2017 AED'000	2016 AED'000
Non-current portion		
Trade receivables	**152,934**	157,639
Less: Allowance for impairment on trade receivable	**(152,934)**	(124,297)
	-	33,342
Current portion		
Trade receivables	**2,073,301**	1,973,577
Less: Allowance for impairment on trade receivable	**(65,786)**	(78,747)
	2,007,515	1,894,830
Gross amount due from customers on construction contracts *(note 22)*	**748,845**	1,359,085
Advance payment to contractors	**372,625**	383,420
Cash margin against letter of credit	**37,880**	115,057
Prepayments and other receivables	**496,941**	428,930
Refundable withholding tax	**13,059**	-
Contract retentions	**67,322**	28,058
	3,744,187	4,209,380

21 Trade and other receivables *(continued)*

The average credit period on revenue is 26 – 196 days *(2016: 45 - 120 days)*. No interest is charged on trade receivables. The trade receivables impairment provision is determined based on the estimated irrecoverable amounts, determined by reference to past default experience.

Before accepting any new customer the Group assesses the potential credit quality of the customer. At the end of the reporting period, AED 390,885 thousand *(2016: AED 323,324 thousand)* is due from the Group's five largest customers. Management believes that the concentration of credit risk is mitigated by high credit worthiness and financial stability of its major trade customers and the fact that the remaining customer base is unrelated.

Included in the Group's trade receivable balance are debtors with a carrying amount of AED 703,167 thousand *(2016: AED 970,016 thousand)* which are past due at the end of the reporting year. The Group does not hold any collateral over these balances.

Ageing of trade receivables (including non-current portion)

	2017 AED'000	2016 AED'000
Neither impair nor past due	**1,523,068**	1,161,200
Past due		
Up to 90 days	**154,660**	345,331
91 to 180 days	**123,576**	155,517
181 to 365 days	**89,164**	125,227
More than 365 days	**335,767**	343,941
	703,167	970,016
Total trade receivables	**2,226,235**	2,131,216
Past due and impaired	**(218,720)**	(203,044)
Net trade receivables (including non-current portion)	**2,007,515**	1,928,172

The movement in the allowance for doubtful debts during the year is as follows:

	2017 AED'000	2016 AED'000
At 1 January	**203,044**	136,892
Charge for the year	**45,070**	67,182
Acquired during the year	**5,864**	-
Write off	**(35,258)**	(1,030)
At 31 December	**218,720**	203,044

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of reporting date. Accordingly, management believes that there is no further credit provision required in excess of the existing allowance for doubtful debts.

22 Construction contracts

	2017 AED'000	2016 AED'000
Contracts in progress at the reporting date:		
Contracts cost incurred plus recognised profit less recognised losses to date	**18,532,354**	12,471,929
Less: Progress billings	**(18,404,572)**	(11,405,316)
	127,782	1,066,613
Presented in these consolidated financial statements as:		
Amount due from contract customers included in current assets *(note 21)*	**748,845**	1,359,085
Amount due to contract customers included in trade and other payables *(note 34)*	**(621,063)**	(292,472)
	127,782	1,066,613

Included in amount due from contract customers is an amount of AED 479,000 thousand *(2016: AED 454,000 thousand)* due from related parties. Amount due to contract customers relating to such entities as of 31 December 2017 is AED 246,000 thousand *(2016: AED 416,000 thousand)*.

23 Impairment losses

During 2016, due to increase in gas and electricity prices, the Board had resolved to temporarily shut down the operations of Emirates Cement Factory ("ECF") to improve the Group's cost efficiencies within the cement segment of the Group. Accordingly, management reassessed the recoverable amount of the assets at ECF, assuming that the production would not recommence until the end of the useful life of the assets. Accordingly, impairment of AED 134,281 thousand was recorded in 2016 for ECF assets.

	2017 AED'000	2016 AED'000
a) Impairment loss on property, plant and equipment	**177**	49,449
b) Impairment loss on other intangible assets	**-**	1,050
c) Impairment loss on inventories	**-**	47,176
d) Impairment loss on trade receivables	**118**	36,221
e) Impairment of other receivables	**4,427**	385
	4,722	134,281

The recoverable amount of these assets were based on its value in use which the management has assessed as Nil due to the closure of ECF.
Impairment loss on property, plant and equipment includes impairment loss of AED 177 thousand *(2016: 950 thousand)* relating to Al Foah Company LLC.

24 Related party transactions and balances

(a) *Identity of related parties*

The Company, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Company has related party relationships with associated companies, shareholders, directors and key management personnel of the Group and entities jointly controlled or significantly influenced by such parties.

The Government of Abu Dhabi, represented by the Abu Dhabi Executive Council, is considered as the ultimate controlling party due to its ability to control the affairs of the Group. The Higher Corporation for Specialized Economic Zones previously owned 100% of the Company's share capital. However, pursuant to Law No. 3 of 2012, dated 26 September 2012, the ownership of the Company was changed from the Higher Corporation for Specialized Economic Zones to be directly owned by the Government of Abu Dhabi - which was the ultimate owner prior to the transfer.

Balances with related parties are held by more than one member of the Group and there is no right of off-set, accordingly the balances have been presented separately in these consolidated financial statements.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances is secured. The Group has recognised expense of AED Nil *(2016: AED 44,411 thousand)* for doubtful debts in respect of amounts owed by related parties.

		2017	2016
		AED'000	AED'000
(b)	***Due from affiliates***		
	Taweelah Aluminium Extrusion Company LLC	-	142,583
	Others	**53**	4,027
		53	146,610
	Due from other related parties		
	Higher Corporation for Specialized Economic Zones	**59,283**	59,283
	Abu Dhabi National Oil Company (Group of entities)	**625,544**	580,766
	Others	**2,799**	4,166
		687,626	644,215
	Less: Provision for impairment	**(59,283)**	(59,283)
		628,343	584,932
	Total	**628,396**	731,542

24 Related party transactions and balances *(continued)*

* On 2 February 2015, the Economic Development Committee of the Executive Council of Abu Dhabi issued Resolution Number 2g 2/2015 with instructions to Al Foah Company LLC to offset the accumulated deficits from Al Foah's purchases of Dates from local farmers in excess of the approved budgets, against retained earnings. Hence, the Group as at 31 December 2017 has settled all amounts due from / due to Abu Dhabi Executive Council amounting to AED 156 million/ nil *(2016: AED 273 million / AED 37 million)* by declaring dividends to the parent Company for the net amount. Accordingly, in 2017 the Group declared dividends of AED 156 million *(2016: AED 236 million)* in settlement of the net balances.

		2017 AED'000	2016 AED'000
(c)	***Due to ultimate controlling party***		
	Government of Abu Dhabi	-	-
	Due to affiliates		
	Taweelah Aluminium Extrusion Company (TALEX) LLC	-	23,516
		-	23,516
	Due to other related parties		
	Abu Dhabi National Oil Company (group of entities)	**88,567**	485,501
	Others	**559**	2,284
		89,126	487,785
	Total	**89,126**	511,301

The above amounts due from related parties and due to related parties are unsecured, receivable/payable on demand and interest free.

		2017 AED'000	2016 AED'000
(d)	***Deposits with banks***		
	Entities under common control	**773,920**	400,570
(e)	***Interest bearing borrowings***		
	Entities under common control	**5,358,510**	5,827,736

The Group's significant transactions with the ultimate controlling party and other entities controlled, jointly controlled or significantly influenced by the ultimate controlling party, are disclosed below:

(f) ***Transactions with the ultimate controlling party and its affiliates***

	2017 AED'000	2016 AED'000
Revenue from		
Abu Dhabi Executive Council	**411,390**	412,918
Entities under common control	**4,138,338**	3,617,856
	4,549,728	4,030,774

24 Related party transactions and balances *(continued)*

	2017 AED'000	2016 AED'000
Interest income received		
Entities under common control	**9,252**	11,670
Interest expenses incurred		
Entities under common control	**123,233**	89,232

Other than above transactions, the Group has significant transactions with the ultimate controlling party and its affiliates which are related to government grants as disclosed in note 25 and note 32.

(g) ***Remuneration of key management employees and directors during the year was as follows:***

	2017 AED'000	2016 AED'000
Short term employment benefits	**7,522**	8,330
Board of Directors' remuneration	**750**	750

25 Government compensation receivable

	2017 AED'000	2016 AED'000
At 1 January	**95,357**	80,103
Compensation for the year	**146,752**	269,024
Received during the year	**(206,481)**	(253,770)
	35,628	95,357

26 Cash and bank balances

	2017 AED'000	2016 AED'000
Cash in hand	**3,723**	2,420
Cash at banks	**1,649,064**	1,152,810
Term deposits	**1,903,011**	1,849,568
Cash in hand and at bank	**3,555,798**	3,004,798
Less: Escrow accounts	**(26,948)**	(26,948)
Less: Term and margin deposits with original maturity over three months	**(718,016)**	(1,000,037)
Add: Bank overdrafts used for cash management	**(4,025)**	(18,317)
Cash and cash equivalents for cash flow purposes	**2,806,809**	1,959,496

Escrow accounts represent amounts set aside for the payment of dividends. An equivalent amount has been recorded as a liability in trade and other payables. These restricted cash balances have not been included in cash and cash equivalents for the purpose of the consolidated statement of cash flows.

27 Share capital

The authorised, issued and fully paid share capital of the Company is AED 2,000 thousand divided into 20,000 shares at AED 100 each. The Group has not purchased shares during the year ended 31 December 2017.

28 Statutory reserve and restricted reserve

In accordance with the Articles of Association of the Company and the UAE Federal Law Number 2 of 2015, concerning Commercial Companies, 10% of profit for the year are transferred to a statutory reserve until the reserve equals 50% of the share capital. This reserve is not available for distribution.

The statutory reserves of the subsidiaries have been transferred to the restricted reserve as these amounts are not available for distribution.

29 Shareholder's contributions

	2017 AED'000	2016 AED'000
Transfer of net assets of Anabeed (a)	**5,162**	5,162
Transfer of net assets of other factories (b)	**6,574**	6,574
Capital restructuring (c)	**667,121**	667,121
Ownership transfer of NPCC (d)	**297,665**	297,665
Reclassification - Hedging reserve	**(1,176)**	(1,176)
Ownership transfer of Al Khaznah Tannery (e)	**39,123**	39,123
Ownership transfer of Al Foah Company LLC (f)	**352,328**	352,328
Ownership transfer of DUCAB Cables (g)	**142,000**	142,000
Share in Arkan's additional paid up capital from issuance of shares during 2006	**1,929**	1,929
Additional capital contribution (h)	**14,419**	14,419
Reclassification - Retained earnings (i)	**(14,418)**	(14,418)
Capital contribution from Government of Abu Dhabi (j)	**2,600**	2,600
	1,513,327	1,513,327

a) Based on a decision of the Supreme Petroleum Council of Abu Dhabi, the ownerships rights in Abu Dhabi National Pipes and Bags Factory were transferred to General Industry Corporation, which was later renamed General Holding Corporation. This transfer was agreed between Abu Dhabi National Oil Corporation and CO2 Corporation Limited, being the previous shareholders, and the General Industry Corporation with effect from 31 December 1988. The net asset value booked by General Industry Corporation was less than the net book value of the factory's assets on the date of transfer by an amount of AED 5,162 thousand, as per the agreement between the parties dated 13 December 1988. The Company transferred this balance to shareholder's contributions.

b) The net book value of the transferred assets represents the retained profits for certain factories as at 1 July 1979.

c) Based on resolution No. 5 of 2004, issued by HH Crown Prince of Abu Dhabi, the ownership of the General Industry Corporation was transferred to the Company, where the capital of the Company was AED 2,000 thousand. Based on that, all assets and liabilities were consolidated in the Group's consolidated financial statements and net equity was recorded as the shareholders contribution.

d) Based on resolution No. 9 of 2004, issued by HH Sheikh Khalifa Bin Zayed Al Nahyan, 70% of NPCC's shareholders' capital was transferred from ADNOC to the Company on 20 October 2005. There was no consideration paid by the Company for the transfer of this 70% interest in NPCC and the net equity of NPCC on that date was recorded as a shareholder's contribution.

e) According to the instruction from the Minister of Presidential Affairs No. 56/2288 dated 13 April 2005, the ownership of the Al Khaznah Tannery ("the Tannery") was transferred from the Ministry of Presidential Affairs to SENAAT effective 23 July 2005. The Tannery's equity of AED 39,123 thousand at the date of the transfer was recorded as shareholder's contributions.

29 Shareholder's contributions *(continued)*

f) Al Foah was established on 20 July 2005 according to Resolution No. 15, session 19/2005 of the Abu Dhabi Executive Council and the ownership was transferred to the Company. The value of the net assets transferred, amounting to AED 352,328 thousand included land, plant and equipment and biological assets, was recorded as a shareholder's contribution.

g) Based on the Resolution of HH Sheikh Muhammad Bin Zayed No. 15 of 2005, 50% of Dubai Cables ownership was transferred to the Company. The net book value of assets and liabilities were recorded as a shareholder's contribution.

h) During 2012 the Abu Dhabi Municipality, as controlled by Abu Dhabi Government, waived its debts amounting to AED 14,419 thousand due from Al Foah. As the transaction was between two entities controlled by the same shareholder, SENAAT resolved to consider this debt waiver as an additional contribution in Al Foah.

i) As per a resolution of the Al Foah's Board of Directors, passed in 2012, Al Foah waived an amount of AED 14,419 thousand due to Abu Dhabi Municipality. This amount was recognized as an additional contribution from the Government of Abu Dhabi. Subsequently, in 2015, it was determined that the amount should in fact have been treated as income and not as a capital contribution, accordingly, the amount was reversed to retained earnings.

j) In 2015, Al Foah recognized an increase of AED 2,600 thousand in capital contributions for the value for land owned by Al Foah but not previously recorded.

30 Other financial assets / liabilities

The Group uses financial derivatives for foreign currency, commodity swaps and interest rate forward contracts to hedge for future transactions and cash flows.

	Notional principal amount AED'000	Fair value AED'000
2017		
Other financial assets		
Interest rate instruments	**642,775**	**14,352**
Commodity Swap	**2,055,431**	**13,541**
	2,698,206	**27,893**
Other financial liabilities		
Forward foreign exchange contracts	**(895,294)**	**(20,917)**
Commodity swap instruments	-	-
Interest rate instruments	-	-
	(895,294)	**(20,917)**
2016		
Other financial assets		
Interest rate instruments	826,445	13,237
Other financial liabilities		
Forward foreign exchange contracts	(335,494)	(37,833)
Commodity swap instruments	(53,664)	(7,176)
Interest rate instruments	(2,445,980)	(15,714)
	(2,835,138)	(60,723)

Derivative instruments contracted by associates

An associate, DUCAB, uses derivatives instruments to manage fluctuations in commodity prices, foreign currency rates and interest rates. The total fair value change of the contracts in the year amounted to *nil (2016: gain of AED 234 thousand)* of which the Group's 50% share of *nil (2016: AED 117 thousand)* is included in the carrying value of Investment in associates.

31 Loans and borrowings

	2017 AED'000	2016 AED'000
Unsecured, at amortised cost		
Bank loans	**3,033,466**	3,174,140
Secured, at amortised cost		
Bank loans	**5,339,202**	6,492,863
	8,372,668	9,667,003
Disclosed as:		
Current portion	**2,905,469**	3,237,089
Non-current portion	**5,467,199**	6,429,914
	8,372,668	9,667,003

31 Loans and borrowings *(continued)*

Summary of borrowing facilities

	31 December 2017			31 December 2016		
	Current AED'000	**Non-current AED'000**	**Total AED'000**	Current AED'000	Non-current AED'000	Total AED'000
Agthia term loan 1 (a)	**48,106**	-	**48,106**	73,418	-	73,418
Agthia term loan 2 (a)	**265,917**	-	**265,917**	231,541	-	231,541
Agthia term loan 3 (a)	-	**165,303**	**165,303**	-	165,303	165,303
Agthia term loan 4 (a)	-	**113,625**	**113,625**	-	-	-
ARKAN term loan 1 (b)	-	-	-	90,000	-	90,000
ARKAN term loan 2 (c)	**1,644**	**7,811**	**9,455**	1,644	9,456	11,100
ARKAN term loan 3 (d)	**133,200**	**800,400**	**933,600**	133,200	933,600	1,066,800
ARKAN term loan 4 (e)	-	-	-	15,000	-	15,000
ARKAN term loan 5 (f)	**10,000**	-	**10,000**	-	-	-
ESI term loan 1 (g)	**1,301,994**	-	**1,301,994**	1,446,897	-	1,446,897
ESI term loan 2 (h)	**529,917**	**1,589,743**	**2,119,660**	530,218	2,120,872	2,651,090
ESI term loan 3 (h)	**121,511**	**364,533**	**486,044**	121,587	486,347	607,934
NPCC loan (i)	**275,453**	**1,514,989**	**1,790,442**	275,499	1,790,441	2,065,940
SENAAT loan (j)	-	-	-	103,840	51	103,891
SENAAT loan (k)	-	-	-	214,411	5,969	220,380
SENAAT loan (l)	-	**367,300**	**367,300**	-	367,300	367,300
SENAAT loan (m)	**(165)**	**550,741**	**550,576**	(166)	550,575	550,409
SENAAT loan (n)	**217,892**	**(7,246)**	**210,646**	-	-	-
Total	**2,905,469**	**5,467,199**	**8,372,668**	3,237,089	6,429,914	9,667,003

Note: the debit balances recorded above on SENAAT loans (m) and (n) reflect the unamortised element of the up-front fees paid on these undrawn revolving facilities as of 31 December 2017.

31 Loans and borrowings *(continued)*

Summary of borrowing facilities

a) Agthia held four loans during the year ended 31 December 2017. The first short term loan bears an interest rate of LIBOR + 0.40%-1.35% with repayment due within 6 months, the second is a credit facility that bears an interest rate of EIBOR + 0.70%-1.25% with repayment due within 6 months, the third is a credit facility that bears an interest rate of EIBOR + 0.70%-1.25% with repayment due within 6 months, and the fourth is a term loan that bears an interest rate of EUROBOR + 0.70%-1.25% for a tenure of 5 years.

b) Term loan 1 of AED 90,000 thousand was obtained from an Islamic bank to fund Arkan's share in a real estate fund investment. The original maturity of the loan was 2012, Arkan however renegotiated the terms of the loan in 2011 and agreed settlement via a bullet payment in 2017. The loan was secured by the Group's share in the real estate fund and bears a fixed rate of profit. During the period this loan was settled against the Group's share in the real estate fund amounting to AED 73,793 thousand and the remaining balance amounting to AED 16,207 thousand was fully paid.

c) Term loan 2 of AED 14,800 thousand was obtained from a commercial bank for financing the cost of the new offices of Arkan. The loan is repayable in 36 equal quarterly installments from November 2014 at prevailing market rate.

d) Term loan 3 was obtained by Arkan to finance the construction of Arkan's new cement factory. During 2014, Arkan restructured the existing loan of AED 1,400,000 thousand into a 10 year term loan of AED 1,200,000 thousand and a three year revolving facility of AED 200,000 thousand. The term loan is payable semi-annually over 9 years commencing in March 2016. The restructured loan carries interest at prevailing market rates. The unutilised portion of the revolving facility amounted to 200,000 thousand as at 31 December 2017 *(31 December 2016: 200,000 thousand)*.

e) Term loan 4 was obtained by Arkan from First Gulf Bank PJSC in December 2016 for financing the working capital of the Company. In January 2017 loan was fully repaid.

f) Term loan 5 was obtained by Arkan from a commercial bank for financing the working capital of the Company. The loan is repayable in 30 days at prevailing market rate.

g) Emirates Steel Industries PJSC finances the purchases of certain raw materials, consumables and spare parts using unsecured bank facilities from local financial institutions. These facilities mature within one year and carry effective interest rates of 60-65 bps over LIBOR / EIBOR.

h) On 7 May 2014 the Company established a secured term loan and Islamic facility with a consortium of local, regional and international banks with a total facility value of AED 4,774,831 thousand (USD 1,300 million), as follows:

- **Conventional Term Facility Agreement** with a total facility value of AED 3,884,141 thousand (USD 1,057,500 thousand); and
- **Islamic Term Facility Agreement** with a total facility value of AED 890,690 thousand (USD 242,500 thousand. The legal form of the Islamic facility is a traditional Islamic Ijara structure (effectively a sale and leaseback transaction), the facility has however been treated as a bank loan and the associated property, plant and equipment have been retained within these financial statements to reflect the substance of the transaction

31 Loans and borrowings *(continued)*

Summary of borrowing facilities

Each of the facilities is structured in a traditional project finance format which includes legal charges over the operating assets of the Company together with limited parent company guarantees, as issued by SENAAT. The guarantee structure in place relates to the Company's ability to service the facilities in the event of issues concerning the availability or price of natural gas and certain guarantees relating to the Company's working capital facilities.

These facilities were established to repay existing multi-currency term loan facilities, both conventional and Islamic, as established in August 2010 for the financing of the Company's expansion programmes.

As of 31 December 2017, both the conventional and the Islamic facility have been fully drawn.

As of 31 December 2017, after scheduled repayments, an amount of AED 2,119,660 thousand (USD 577,092 thousand) *(31 December 2016: AED 2,651,090 thousand (USD 721,778 thousand))* are outstanding under the conventional facility, and an amount of AED 486,044 thousand (USD 132,329 thousand) *(31 December 2016: AED 607,934 (USD 165,515 thousand))* under the Islamic facility.

The facilities carry interest at 160 bps over the 3-month USD based London Interbank Offered Rate (LIBOR).

The up-front fees paid on the facilities are being amortised over the associated repayment terms; the amortisation charge being included in finance charges.

The final repayment date for both the conventional and Islamic facilities is in December 2021.

i) During 2015, National Petroleum Construction Company obtained a syndicated loan amounting to USD 600,000 thousand, carrying an effective interest rate of LIBOR plus 1.25 % from a consortium of local banks. The total syndicated loan comprises two portions; the Conventional tranche amounting to USD 400,000 thousand and the Islamic tranche amounting to USD 200,000 thousand. The outstanding amount of this loan as at 31 December 2017 is USD 487,500 thousand (*2016: USD 562,500* thousand*)* which is equivalent to AED 1,790,442 thousand *(2016: AED 2,065,940)*. In accordance with the terms of the facility documents the loan is repayable in quarterly instalments starting from August 2016 and is expected to be fully repaid by July 2024. The loan is secured by a mortgage over five (5) of the company's barges.

j) SENAAT obtained a USD 500,000 thousand (AED 1,836,500 thousand) unsecured term loan facility from an international bank in 2010. The facility was drawn down to repay a previous Bridge Facility established for the Phase II expansion of Emirates Steel of the same amount. The loan is fully repaid during 2017.

k) SENAAT obtained a revolving loan facility of USD 750,000 thousand (AED 2,754,750 thousand) in 2013. The original maturity of this facility was in November 2018 but the Company has fully settled this revolver during 2017. The outstanding balance at 31 December 2016 was AED 220,380 thousand.

31 Loans and borrowings *(continued)*

Summary of borrowing facilities *(continued)*

l) SENAAT obtained a USD 100,000 thousand (AED 367,300 thousand) bank loan in 2015. Interest is payable at LIBOR + 0.95% per annum. The outstanding balance at 31 December 2017 was AED 367,300 thousand *(2016: AED 367,300 thousand)*. However, the loan contains a covenant stating that at the end of each period the ratio of the total liabilities to its consolidated tangible net worth should not be more than the maximum ratio of 3:1 and the consolidated tangible net worth is not less than the minimum level of AED 7,000,000 thousand.

m) SENAAT obtained a USD 150,000 thousand (AED 550,950 thousand) bank loan in 2015. Interest is payable at LIBOR + 0.95% per annum. The outstanding balance at 31 December 2017 was AED 550,576 thousand *(2016: AED 550,409 thousand)*.

n) SENAAT obtained a revolving loan facility of USD 400,000 thousand (AED 1,469,200 thousand) in 2017. The facility matures in December 2021. The outstanding balance at 31 December 2017 was AED 210,646 thousand *(2016: AED Nil)*. However, the loan contains a covenant stating that at the end of each period the ratio of the total liabilities to its consolidated tangible net worth should not be more than the maximum ratio of 3:1 and the consolidated tangible net worth is not less than the minimum level of AED 7,400,000 thousand.

32 Government grants

	2017 AED'000	2016 AED'000
Current portion:		
Unamortised Government grant relating to Property, plant and equipment	**17,778**	24,519
Unamortised Government grant relating to Dates inventory	**36,090**	46,966
	53,868	71,485
Non-current portion:		
Unamortized Government grant relating to Property, plant and equipment	**58,994**	57,906

33 Provision for end of service benefits

	2017 AED'000	2016 AED'000
At 1 January	**579,852**	573,723
Charge for the year	**65,329**	94,713
Acquired from subsidiaries during the year	**9,015**	-
Payments during the year	**(107,881)**	(88,421)
Loss/ (gain) on re-measurement	**26,202**	(163)
At 31 December	**572,517**	579,852

34 Trade and other payables

	2017 AED'000	2016 AED'000
Trade payables	**2,003,110**	1,240,322
Advances received from customers	**238,085**	154,247
Gross amount due to customers on construction contracts *(note 22)*	**621,063**	292,472
Accrued short term employee benefits	**153,793**	128,480
Warranty provision	**15,939**	22,733
Other payables and accrued expenses	**1,308,272**	1,596,609
Accrued interest	**9,896**	19,940
	4,350,158	3,454,803

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that suppliers are paid within agreed credit timeframes.

Movement in warranty provision is as follows:

	2017 AED'000	2016 AED'000
At 1 January	**22,733**	68,535
Reversal during the year	**(6,794)**	(45,802)
At 31 December	**15,939**	22,733

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties related to projects, mainly, in Qatar and Abu Dhabi. The estimate has been made on the basis of historical warranty trends and other factors relating to the unique specifications of each project and may vary as a result of new materials, altered processes or other events affecting the project quality. Warranty provisions which are no longer required upon completion of the related projects are reversed to profit or loss at year end.

35 Income tax / deferred tax payable

a) Income tax payable

	2017 AED'000	2016 AED'000
At 1 January	**47,804**	52,792
Charge for the year	**18,071**	4,415
Reversal in respect of prior years	**-**	(3,783)
Payments during the year	**(6,428)**	(5,620)
At 31 December	**59,447**	47,804

35 Income tax / deferred tax payable *(continued)*

b) Deferred tax payable

	2017 AED'000	2016 AED'000
At 1 January	**325**	920
Charge for the year	**342**	349
Currency retranslation	**(667)**	(944)
At 31 December	**-**	325

The Group is liable to pay tax in Egypt, Qatar, India and Saudi Arabia. The income tax assessments for certain periods are pending finalisation in some countries in which the Group operates. The Group had no significant deferred tax assets or liabilities at the end of the reporting period.

Charge for the year is accrued based on the management best estimate of expected future tax liabilities.

36 Contingencies and commitments

	2017 AED'000	2016 AED'000
Capital commitments	**134,386**	386,586
Letters of credit and guarantees	**3,660,513**	3,604,049
Raw material purchase commitment	**998,235**	1,071,561
Contractual commitment	**1,475**	6,133
Operating lease commitment	**379,422**	430,663

The Group also has leasehold and leased vehicles under operating leases. The lease terms are with option to renew the lease at the time of expiry. Total lease obligations, including the land leases noted above, were: