ABU DHABI NATIONAL ENERGY COMPANY PJSC ("TAQA") MANAGEMENT'S DISCUSSION AND ANALYSIS

As at and for the period ended 30 June 2019

This Management's Discussion and Analysis (MD&A) should be read in conjunction with TAQA's unaudited consolidated financial statements as at and for the period ended 30 June 2019. Within the MD&A we use the terms "the Group", "we", and "our" to refer to TAQA.

1. Health and Safety, Security and Environment

		Six months ended 30 June					
		Power & Water[1]		*Oil & Gas*		*Group Total*	
HSSE Overview		**2019**	2018	**2019**	2018	**2019**	2018
Fatalities	*Number*	**0**	0	**0**	0	**0**	0
Recorded injury rate	*(incident/200k hrs)*	**0.19**	0.09	**0.64**	0.09	**0.51**	0.18
Lost time injury	*Number*	**0**	1	**10**	2	**10**	3
Reportable spills	*Number*	**2**	0	**15**	31	**17**	31

1) Refers to TAQA operated assets only

As of June 2019 the Group's year-to-date (YTD) Recordable injury rate (RIR) was 0.51, which was significantly higher than the 0.18 rate recorded for the same period of 2018. A number of recordable incidents occurred in January 2019 and was the primary driver of the increase in the RIR. However, we are pleased to have witnessed a declining number of incidents throughout Q2 2019. The Group also observed an encouraging reduction in the number of reportable spills, with 17 spills in the first half of 2019 compared to 31 spills in same period last year.

2. Summary of Results

Quarterly Results (AED million, except where indicated)	30-Jun 2019	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018
	Three months ended				
Technical Power Availability (%)[1]	**97.2%**	88.9%	91.4%	97.8%	97.9%
Oil & Gas Production (mboe/d)[2]	**122.9**	126.7	126.3	124.8	117.4
Gross Revenues	**4,662**	4,330	4,204	4,935	4,264
EBITDA[3]	**2,407**	2,371	2,301	2,593	2,418
Profit for the Period	**484**	181	179	432	437
Net Income (Loss)[4]	**208**	6	(33)	153	168
Profit (Loss) per Share (AED per Share)	**0.034**	0.001	(0.005)	0.025	0.028
Total Assets	**98,608**	98,771	99,337	99,782	101,564
Total Equity	**10,379**	10,413	10,559	10,689	10,201
Capital Expenditure[5]	**522**	435	457	428	401
Free Cash Flow[6]	**1,562**	1,476	1,483	2,251	1,795

1) Represents weighted average for all power producing assets based on plant capacity.
2) Includes working interest production from North America and Europe, and entitlement volume from Iraq.
3) Earnings Before Interest, Taxes, Depreciation and Amortization defined as IFRS earnings before income tax, finance charges and depreciation, depletion and amortization.
4) Net income (loss) above is portion attributable to common shareholders of TAQA shares.
5) Includes Purchase of property, plant and equipment and purchase of intangible assets only
6) Free cash flow is defined as operating cash flows less investing cash flows as per the IFRS cash flow statement.

2.1 Operational Highlights

Power & Water

In the first six months of 2019 technical availability across the fleet averaged 93.1%, a slight improvement on the 92.5% averaged in H1 2018. Strong performance by the UAE fleet in H1 2019 resulted in achieving technical availability of 94.3% which is a 2.0% improvement compared to the prior year. The International fleet's performance was affected by a prolonged period of maintenance at our power plant in Ghana, with technical availability decreasing from 93.4% in 2018 to 87.9% in 2019.

Global power generation for the first half of 2019 was 42,122 GWh, a slight reduction from the 42,662 GWh generated in H1 2018. International power generation was 13,271 GWh for the period, broadly in line with the first half of 2018 driven by increased generation at our Moroccan, North American and Indian plants which compensated for lower production from Ghana. UAE power generation was 28,850 GWh in H1 2019, a slight reduction compared to 29,265 GWh produced in the first six months of 2018.

UAE water desalination for H1 2019 was 117,183 million imperial gallons (MIG), versus 117,642 MIG in H1 2018, with TAQA continuing to supply the majority of Abu Dhabi's water requirements.

Oil & Gas

Average production for the first half of 2019 was 124,760 boepd representing a 3% increase compared to the 120,600 boepd in H1 2018. Strong well performances across our European business resulted in average production for H1 2019 increasing to 40,972 boepd, a 3% improvement versus the first half of 2018. The Atrush block in Kurdistan also contributed to the overall increase in volumes where entitlement production was 5,728 boepd compared to the H1 2018 production of 2,296 boepd. This increase was largely due to new wells coming on stream and the impact of the debottlenecking work which has increased the capacity of volumes which can be handled by the production facility. North American production remained broadly consistent compared to the same period of last year averaging 78,061 boepd in H1 2019.

In May 2019, the Group also completed the acquisition of an additional 7.5% working interest in the Atrush block from Marathon Oil Kurdistan B.V. With this acquisition, TAQA's working interest in the Atrush block increased from 39.9% to 47.4%.

2.2 Financial Highlights

H1 2019 Group revenues reached AED 9.0 billion, a 5% increase versus the same period of 2018. The Group's Oil & Gas business saw an 11% increase in revenues of AED 322 million, mainly due to increased production volumes as mentioned above, while P&W revenues remained relatively stable with a 1% increase of AED 73 million.

The Group generated EBITDA of AED 4.8 billion in H1 2019, which was in line with the first six months of 2018. A 15% increase in EBITDA from our Oil & Gas business provided an improvement of AED 193 million. This was mostly offset by an AED 99 million lower contribution from our investment in Sohar Aluminium in 2019, due to one-off insurance proceeds being recognized in the prior period. Similarly, EBITDA for the P&W business was 2% lower than 2018 with a decrease of AED 61 million.

The profit (TAQA-Share) for the first half of 2019 was AED 214 million versus AED 278 million in H1 2018. As detailed above, the Group maintained relatively steady operational results, however the bottom line was adversely impacted by a number of accounting and one-off items, being:

- an AED 89 million adverse movement on mark-to-market revaluations within our US-based power asset when compared with the first half of 2018 driven by lower regional energy prices; and
- an increased income tax expense of AED 32 million mostly due to a deferred tax charge of AED 138 million driven by a reduction in Alberta's provincial tax rates causing a write-down of our North American deferred tax assets. This more than offset the AED 91 million tax provision release following a positive outcome for the Group in a Dutch tax legal case.

The Group's total liquidity at the end of the H1 2019 remained strong at AED 12.8 billion including AED 2.6 billion in cash and cash equivalents, and AED 10.2 billion of undrawn credit facilities.

Similarly, the Group continues to make good progress on reducing debt levels, with total debt as of June 2019 standing at AED 64.5 billion, a reduction of AED 1.8 billion since the beginning of the year. This reduction has also helped the Group to reduce interest paid in H1 2019 by AED 25 million when compared to the same period in 2018.

3. Business Environment

3.1 Average Benchmarks

Average Benchmark Summary		**30-Jun 2019**	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018
		Three months ended				
Brent Crude Oil Price	*($US/bbl)*	**68.34**	63.27	67.36	75.48	74.49
West Texas Intermediate (WTI) Oil Price	*($US/bbl)*	**59.80**	54.87	58.79	69.68	67.94
AECO Natural Gas Price[1]	*($US/mmbtu)*	**0.82**	1.96	1.23	0.96	0.94
NBP - National Balancing Point	*($US/mmbtu)*	**4.10**	6.28	8.35	8.44	7.37
Closing foreign exchange rates						
USD/GBP Exchange Rate[2]	*($US)*	**1.27**	1.30	1.27	1.30	1.32
USD/CAD Exchange Rate[2]	*($US)*	**0.76**	0.75	0.74	0.78	0.76
USD/EUR Exchange Rate[2]	*($US)*	**1.14**	1.12	1.15	1.16	1.17
USD/MAD Exchange Rate[2]	*($US)*	**0.104**	0.103	0.105	0.106	0.106

1) Benchmark prices are converted from their local currency to $US using average exchange rates for the period.
2) Exchange rates reflect monthly closing rates. AED is pegged to the USD at a rate of 3.673:1.

3.2 Crude Oil

Approximately 42% of the Group's hydrocarbon production is crude oil. TAQA produces crude oil in Europe, Iraq, and North America. Europe and Iraq production is sold based on Brent-linked pricing while North American production is sold based on WTI, Edmonton, and Western Canadian Select (WCS) prices. TAQA also produces NGLs which make up approximately 9% of hydrocarbon production, primarily in North America and these are also linked to WTI prices, with relevant discounts for propane, butane, and condensate.

During Q2 2019, Brent prices were strong, rising to a high of $73/bbl in May but then weakened in June, ending the quarter at $64/bbl. The market weakened due to reduced global oil demand and weak economic growth in China. The OPEC meeting at the end of June was relatively uneventful and did little to impact oil prices.

3.3 Natural Gas

Approximately 88% of the Group's natural gas is produced in North America, substantially all of which is in Western Canada. Most of this gas is sold into the local market based on AECO benchmark prices, which was very volatile and averaged approximately $0.82/MMBtu for Q2 2019. AECO is the local natural gas benchmark, which trades at a substantial discount to NYMEX or Henry Hub benchmarks in the U.S. due to regional oversupply and lack of pipeline egress. Presently, there is no direct access for Canadian producers to liquefied natural gas export terminals, although producers and governments continue to promote and explore opportunities to develop the necessary facilities and infrastructure to reach international markets.

In Europe, TAQA sells most of its natural gas production at spot rates based on NBP (UK) and TTF (Netherlands) price benchmarks. NBP price weakened during the most recent quarter, averaging $4.10/mmbtu. Gas production in Europe accounts for 12% of total Group gas production.

3.4 Interest Rates

In June 2019, the U.S. Federal Reserve held its Fed Funds Reserve Rate steady at a target range of 2%- 2.5%. The market expects that the Fed will cut rates in the near future as a result of recent reports of softer jobs data and consumer price inflation leading economists to predict that the Fed may cut rates as a preventative measure.

3.5 Foreign Exchange

In Q2 2019, the Canadian dollar held steady against the U.S. Dollar at approximately 0.75 for most of the quarter and strengthened to 0.76 at the end of June. The pound remained weak against the U.S. Dollar averaging approximately 1.28 as continued Brexit uncertainty weighed on the markets. The Euro held mostly steady against the U.S. Dollar at approximately 1.12 throughout the quarter, before strengthening to 1.14 at the end of the period.

4. Results of Operations

4.1 Group Consolidated Results

	Six months ended							
	Power & Water		*Oil & Gas*		*Corp. & Elimination*		*Group Total*	
Group Income Statement Summary	**30-Jun**	30-Jun	**30-Jun**	30-Jun	**30-Jun**	30-Jun	**30-Jun**	30-Jun
(AED millions)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Total Revenues	**5,714**	5,641	**3,278**	2,956	-	4	**8,992**	8,601
Operating Expenses	**(2,295)**	(2,160)	**(1,698)**	(1,554)	-	-	**(3,993)**	(3,714)
Shared Results of Associates	**4**	3	-	-	**41**	141	**45**	144
Shared Results of Joint Venture	-	-	-	-	**17**	17	**17**	17
General and Administrative Expenses	**(119)**	(119)	**(96)**	(111)	**(68)**	(60)	**(283)**	(290)
Depletion, Depreciation and Amortization	**(972)**	(952)	**(882)**	(840)	-	-	**(1,854)**	(1,792)
Finance Costs	**(954)**	(1,002)	**(270)**	(316)	**(800)**	(792)	**(2,024)**	(2,110)
Foreign Exchange Gain (Loss)	**(2)**	39	**3**	17	**(16)**	(97)	**(15)**	(41)
Changes in Fair Value of Derivatives	**16**	105	-	-	-	-	**16**	105
Gain for Sale of Land and O&G Asset	-	-	**10**	46	-	-	**10**	46
Interest Income	-	-	-	-	**42**	39	**42**	39
Other Gains (Losses)	**15**	10	-	(1)	**2**	-	**17**	9
Profit (Loss) Before Taxes and NCI	**1,407**	1,565	**345**	197	**(782)**	(748)	970	1,014

Profit before taxes and NCI

Profit before taxes and NCI for the first half of 2019 was AED 970 million compared to AED 1,014 million for the same period in 2018. The Group's financial results were relatively stable year on year, with most of the larger variances already discussed in *Section 2.2 Financial Highlights*.

Corporate & Eliminations

Losses before tax with respect to the Corporate & Eliminations segment for H1 2019 was AED 782 million compared to AED 748 million in the prior year. The increase in losses of AED 34 million was mainly due to higher share of results of associates in H1 2018 driven by Sohar Aluminium one-off insurance claim in Q2 2018, which was partially offset by lower foreign exchange losses recorded in the period.

4.2 Power & Water Business

P&W Net Income (Loss) Summary (AED millions)	Six months ended					
	UAE Power & Water		*International Power*		*Power & Water Total*	
	30-Jun 2019	30-Jun 2018	**30-Jun 2019**	30-Jun 2018	**30-Jun 2019**	**30-Jun 2018**
Total Revenues	**3,515**	3,478	**2,199**	2,163	**5,714**	5,641
Operating Expenses	**(810)**	(751)	**(1,485)**	(1,409)	**(2,295)**	(2,160)
Shared Results of Associates	-	-	**4**	3	**4**	3
General and Administrative Expenses	**(62)**	(72)	**(57)**	(47)	**(119)**	(119)
Depletion, Depreciation and Amortization	**(926)**	(920)	**(46)**	(32)	**(972)**	(952)
Finance Costs	**(825)**	(859)	**(129)**	(143)	**(954)**	(1,002)
Foreign Exchange Gain (Loss)	**1**	12	**(3)**	27	**(2)**	39
Changes in Fair Value of Derivatives	-	-	**16**	105	**16**	105
Other Gains	**6**	1	**9**	9	**15**	10
Profit (Loss) Before Taxes and NCI	**899**	889	**508**	676	**1,407**	1,565

Profit before taxes and NCI

Profit before tax and NCI for the Power & Water business for the six month period ending June 2019 was AED 1.4 billion compared to AED 1.6 billion for the same period in 2018. This decrease in earnings was mostly due to unfavorable changes in fair value of derivatives at Red Oak in the USA affecting the International Power business, in addition to the increased operating expenses (opex) in both UAE and International assets.

Revenues

Total Power & Water revenues for H1 2019 was AED 5.7 billion, a slight 1% increase versus the same period of 2018 with revenues from both the UAE Power & Water and International Power businesses improving marginally in comparison to the prior period. The International Power business also experienced higher fuel revenue (offset by higher fuel costs detailed in the *opex* section below).

Operating Expenses (opex), General & Administrative Expenses (G&A)

Opex increased by 6% to AED 2.3 billion in H1 2019. The increase of AED 135 million was mainly due to higher operational costs in the UAE Power & Water business due to the prior year comparative being reduced by a release of an AED 35 million provision following the renegotiation of an operating and maintenance contract. The International Power business also saw a 5% increase in opex mostly due to increased maintenance costs of AED 54 million in our asset in Ghana following maintenance outages in addition to AED 97 million increased fuel costs in the Moroccan assets (offset by higher fuel revenue as commented on in *Revenue* section above).

Overall G&A expenses were in line with the same period of 2018, slightly decreasing across the UAE fleet with an offsetting increase across the International fleet.

Depletion, Depreciation and Amortization (DD&A)

DD&A remains substantially unchanged for the first six months of 2019 versus 2018, due to the unchanged life of the PWPA's and PPA's. The slight increase of 2% is due to the impact of IFRS 16 'Leases' accounting standard and capitalization and subsequent depreciation of 'right of use' assets mainly within the International Power business.

Finance Costs

A reduction in finance costs of AED 48 million for the first six months of 2019 was consistent with lower debt balances as a result of continued principal repayments made on project debt throughout the year.

4.3 Oil & Gas Business

	Six months ended							
	O&G North America		*O&G Europe*		*O&G Atrush*		*O&G Total*	
Oil & Gas Net Income (Loss) Summary	**30-Jun**	30-Jun	**30-Jun**	30-Jun	**30-Jun**	30-Jun	**30-Jun**	30-Jun
(AED millions)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Total Revenues	**969**	930	**2,097**	1,941	**212**	85	**3,278**	2,956
Operating Expenses	**(507)**	(494)	**(1,123)**	(1,031)	**(68)**	(29)	**(1,698)**	(1,554)
General and Administrative Expenses	**(55)**	(66)	**(23)**	(28)	**(18)**	(17)	**(96)**	(111)
Provision for Impairment - PPE and Dry Hole	**-**	-	**-**		**-**	-	**-**	-
Depletion, Depreciation and Amortization	**(489)**	(486)	**(322)**	(323)	**(71)**	(31)	**(882)**	(840)
Finance Costs	**(56)**	(54)	**(214)**	(262)	**-**	-	**(270)**	(316)
Foreign Exchange Gain (Loss)	**(7)**	2	**10**	15	**-**	-	**3**	17
Gain for Sale of Land and O&G Asset	**10**	46	**-**	-	**-**	-	**10**	46
Other Gains	**-**	(1)	**-**	-	**-**	-	**-**	(1)
Profit (Loss) Before Taxes and NCI	**(135)**	(123)	**425**	312	**55**	8	**345**	197

Profit before taxes and NCI

Profit before tax and NCI for the Oil & Gas business for the first half of 2019 was AED 345 million compared to AED 197 million for the same period in 2018. The AED 148 million increase in earnings was mainly driven by higher revenues, lower G&A, lower accretion recognized within finance costs, partially offset by higher operating expenses and DD&A.

Revenues

The Oil & Gas business generated revenues of AED 3.3 billion in H1 2019, an 11% increase on the prior year. This AED 322 million increase was mainly driven by higher volumes which had an AED 526 million impact, partially offset by lower commodity prices which had an AED 188 million impact.

Operating Expenses (opex), General & Administrative Expenses (G&A)

Higher opex of AED 144 million was mainly due to the adverse impact of being in an overlift position in Europe in 2019, versus an underlift position in 2018. This was partially offset by lower midstream trading expenses (offset with lower trading income), and lower opex across Oil & Gas as a result of the adoption of the IFRS 16 'Leases' accounting standard and the impact on various leased operational assets (see offset in DD&A).

Overall G&A expenses have been reduced by AED 15 million in comparison to the prior year. This is again mainly due to the adoption of the IFRS 16 'Leases' accounting standard and the impact on mainly office rental costs (see offset in DD&A).

Depletion, Depreciation and Amortization (DD&A)

An increase in DD&A of AED 42 million within the Oil & Gas business has been mainly driven by higher production volumes primarily in Iraq in addition to the adoption of IFRS 16 which has shifted rental costs associated with 'operating leases' in Opex and G&A to DD&A and accretion expense lines.

5. Taxes for the Period

The Group's tax expense for the six month period ending June 2019 was AED 305 million compared to AED 273 million for the same period in 2018. This increase in income tax expense of AED 32 million is mostly due to a deferred tax charge of AED 138 million driven by a reduction in Alberta's provincial tax rates causing a write-down of our North American deferred tax assets. This more than offset the AED 91 million tax provision release following a positive outcome for the Group in a Dutch tax legal case.

6. Capital Structure and Liquidity

Capital Structure

(AED million)	**30-Jun 2019**	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018
Total Assets	**98,608**	98,771	99,337	99,782	101,564
Total Equity	**10,379**	10,413	10,559	10,689	10,201
Total Debt	**64,496**	65,364	66,271	66,516	68,578
Net Debt	**61,921**	62,306	62,879	63,530	64,525
Net Debt/Net Capital[1]	**83%**	83%	83%	84%	84%
Unused Portion of Credit Facilities	**10,203**	9,979	9,719	10,188	10,580
Cash and Cash Equivalents	**2,575**	3,058	3,392	2,986	4,053
Total Available Liquidity	**12,778**	13,037	13,111	13,174	14,633

1) Equity has been adjusted for exclusion of losses on cumulative changes in fair value of derivatives in cash flow hedges.

6.1 Interest Rate Risk

TAQA's capital structure is comprised of 83% debt, including project debt, corporate bonds and loans, revolving credit facilities, and working capital loans. Interest rates for the Group's project debt, bonds and loans are largely fixed, either contractually or through interest rate hedging arrangements. TAQA's revolving credit facilities are based on floating market rates and therefore are exposed to prevailing short term borrowing rates under LIBOR. As our medium and long-term bonds and loans mature, we may be required to refinance this debt at market rates, or utilize our other available liquidity. Accordingly, TAQA is exposed to interest rate risk in both short term and long term.

The Group's results are exposed to the risk of changes in market interest rates, primarily for the Group's long-term debt obligations and short-term deposits with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

6.2 Foreign Currency Risk

TAQA has assets and operations in 11 countries and reports under the Group's functional currency of AED. Although the AED is pegged to the USD, in which a substantial amount of the Group's revenues and expenses are incurred. However, a significant portion of the Group's transactions are in local currencies in which TAQA operates, which adds volatility to our results in AED terms.

Within our financial results, foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to risk of changes in foreign exchange rates relates primarily to the operating activities (when revenue or expense are denominated in a difference currency from the functional currencies of the subsidiaries), carrying values of assets and liabilities in Canadian Dollars, Euros, Moroccan Dirhams and Indian rupees and the Group's net investment in foreign subsidiaries. The Group hedges part of its net exposure to fluctuations on the translation into AED of its foreign operations by holding certain borrowings in foreign currencies, primarily in Euros.

6.3 Commodity Price Risk

The Group's oil and gas business is heavily reliant on market prices for its hydrocarbon production: oil, natural gas and natural gas liquids. Market prices for these commodities have proven to be historically volatile, and this has been particularly demonstrated over the past 5 years. Oil prices are subject to global supply and demand pressures, but also geopolitical, environmental and other forces. Gas prices are based more on domestic markets, but are increasingly affected by LNG export and import capabilities.

Currently, TAQA does not have any hedges in place for its production volumes, although we may choose to enter into such arrangements in the future in the normal course of business.

In the power business, our toll arrangement with the Red Oak power plant in New Jersey, USA is affected by the volatility of gas prices (plant input) and electricity prices (plant output). The management of the toll arrangement has developed and enacted a risk management strategy regarding commodity price risk and its mitigation, which uses forward commodity contracts.

6.4 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance. The requirement for impairment is analyzed at each reporting date on an individual basis for major costumers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. All impairment considerations for trade and other receivables are performed using the expected credit loss model.

Other financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury in accordance with the Group's policy. Investments of surplus funds are made only with reputable banks and financial institutions.

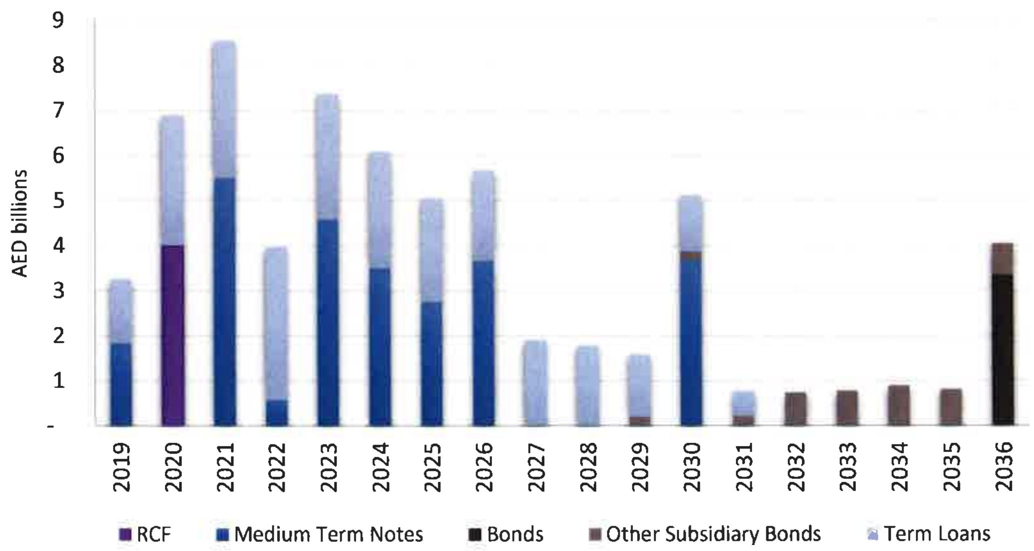
6.5 Liquidity Risk

The Group monitors its risk to a shortage of funds.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash, bank overdrafts, bank loans and other borrowings. As of June 2019, 7% of the Group's total debt is classified as current (December 2018: 8%), based on the carrying value of borrowings reflected in the consolidated financial statements.

6.6 Maturity Profile

The Group's financial liabilities repayable schedule at 30 June 2019 based on contractual undiscounted payments is as follows:



During the first half of 2019, overall debt was reduced by AED 1.8 billion versus December 2018, mostly due to repayment of project related debt in the UAE Power and Water business.

On 17 April 2019, the Group secured an AED 735 million, three-year term loan facility from a UAE bank which carries interest of LIBOR plus a margin. The facility was used to refinance the AED 735 million (USD $200 million equivalent) Japanese Yen term loan which matured in April 2019,

7. Capital Expenditure (capex)

Capex	Six months ended 30 June							
(AED million)	North America	Europe	Atrush	**Total O&G**	UAE	Other	**Total P&W**	**Group Total[1]**
2019	**269**	**257**	**170**	**696**	**236**	**24**	**261**	**957**
2018	227	375	29	**631**	183	15	**198**	**829**

1) Figures above include purchase of property, plant and equipment and purchase of intangibles

The Group's overall capital investment increased to AED 957 million in the first six months of 2019, a 15% increase when compared to same period in 2018.

The increase in Oil & Gas capex was largely driven by the AED 116 million acquisition of an additional 7.5% working interest in the Atrush block, increasing TAQA working interest from 39.9% to 47.4%. Higher project related spend also contributed to an AED 42 million increase in North America. These increases were partially offset by lower spend in Europe, as more abandonment activities were being carried out. Power & Water capex was focused on regular maintenance work predominantly across the UAE fleet.

8. Accounting Standards issued but not yet effective

There are no new standards issued but not yet effective that are expected to have a material impact on the preparation of consolidated financial statements.

Saeed Hamad Al Dhaheri	**Mohammed Abdulla Al Ahbabi**
Chief Executive Officer	Chief Financial Officer

Approved: 8 August 2019