

**NATIONAL CENTRAL COOLING  
COMPANY PJSC**

Review report and condensed consolidated  
interim financial information  
for the nine month period ended  
30 September 2016

**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Review report and condensed consolidated interim financial information  
for the nine month period ended 30 September 2016**

	<b>Pages</b>
<b>Report on review of condensed consolidated interim financial information</b>	<b>1</b>
<b>Condensed consolidated interim statement of profit or loss</b>	<b>2</b>
<b>Condensed consolidated interim statement of comprehensive income</b>	<b>3</b>
<b>Condensed consolidated interim statement of financial position</b>	<b>4</b>
<b>Condensed consolidated interim statement of changes in equity</b>	<b>5</b>
<b>Condensed consolidated interim statement of cash flows</b>	<b>6</b>
<b>Notes to the condensed consolidated interim financial information</b>	<b>7 – 20</b>

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
National Central Cooling Company PJSC  
Abu Dhabi, UAE

### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Central Cooling Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2016 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine 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 condensed consolidated 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.

### *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".

### *Other matter*

The comparative amounts in the condensed consolidated interim statement of financial position at 31 December 2015 and related explanatory information were audited by another auditor whose report dated 31 January 2016 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows and related explanatory information for the nine month period ended 30 September 2015, were reviewed by the another auditor who issued an unmodified conclusion dated 28 October 2015.

Deloitte & Touche (M.E.)



Rama Padmanabha Acharya  
Registration Number 701  
26 October 2016



**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Condensed consolidated interim statement of profit or loss  
for the nine month period ended 30 September 2016 (unaudited)**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Revenues	5	381,682	348,934	960,252	904,281
Operating costs	5	(223,347)	(195,208)	(518,650)	(482,076)
<b>GROSS PROFIT</b>		<b>158,335</b>	<b>153,726</b>	<b>441,602</b>	<b>422,205</b>
Administrative and other expenses		(40,550)	(40,911)	(137,809)	(130,974)
<b>OPERATING PROFIT</b>		<b>117,785</b>	<b>112,815</b>	<b>303,793</b>	<b>291,231</b>
Finance costs	5	(40,495)	(38,927)	(115,467)	(100,819)
Finance income	5	104	-	272	1,125
Other income	5	282	424	4,697	4,350
Share of results of associates and joint ventures	5	31,716	26,527	79,925	59,695
<b>PROFIT FOR THE PERIOD</b>		<b>109,392</b>	<b>100,839</b>	<b>273,220</b>	<b>255,582</b>
Attributable to:					
Ordinary equity holders of the parent		108,868	100,372	269,320	253,792
Non-controlling interests		524	467	3,900	1,790
		<b>109,392</b>	<b>100,839</b>	<b>273,220</b>	<b>255,582</b>
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	6	0.04	0.04	0.10	0.08

The accompanying notes are an integral part of these condensed consolidated interim financial information.

**NATIONAL CENTRAL COOLING COMPANY PJSC**
**Condensed consolidated interim statement of comprehensive income  
for the nine month period ended 30 September 2016 (unaudited)**

	Three months ended 30 September		Nine months ended 30 September	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
<b>Profit for the period</b>	<b>109,392</b>	<b>100,839</b>	<b>273,220</b>	<b>255,582</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Board remuneration (note 14)	-	-	-	(7,125)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement in fair value of derivatives in cash flow hedges	3,313	4,733	(8,222)	6,216
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	2,344	(11,623)	(17,966)	(10,451)
Exchange differences arising on translation of overseas operations	(25)	-	(58)	-
<b>Total comprehensive income for the period</b>	<b>115,024</b>	<b>93,949</b>	<b>246,974</b>	<b>244,222</b>
Attributable to:				
Ordinary equity holders of the parent	114,500	93,482	243,074	242,432
Non-controlling interest	524	467	3,900	1,790
	<b>115,024</b>	<b>93,949</b>	<b>246,974</b>	<b>244,222</b>


The accompanying notes are an integral part of these condensed consolidated interim financial information.

**NATIONAL CENTRAL COOLING COMPANY PJSC**
**Condensed consolidated interim statement of financial position  
as at 30 September 2016**


		30 September 2016 (unaudited) AED '000	31 December 2015 (audited) AED '000
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Capital work in progress	7	241,651	304,723
Property, plant and equipment	7	3,669,340	3,498,466
Intangible assets		37,596	37,596
Investments in associates and joint ventures		799,572	641,178
Loan to a joint venture		-	72,276
Finance lease receivables		2,698,282	2,736,692
		<u>7,446,441</u>	<u>7,290,931</u>
<b>Current assets</b>			
Inventories		44,661	37,813
Accounts receivable and prepayments		606,926	409,506
Finance lease receivables		228,088	226,404
Cash and term deposits	8	233,783	176,969
		<u>1,113,458</u>	<u>850,692</u>
Disposal group and asset held for sale	9	-	91,201
		<u>1,113,458</u>	<u>941,893</u>
<b>TOTAL ASSETS</b>		<u><u>8,559,899</u></u>	<u><u>8,232,824</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		738,490	738,490
Treasury shares		(2,016)	(2,016)
Statutory reserve		197,356	197,356
Retained earnings		827,055	720,667
Foreign currency translation reserve		(2,631)	(2,573)
Cumulative changes in fair value of derivatives in cash flow hedges		(58,307)	(32,119)
Mandatory convertible bond – equity component	10	1,772,476	1,772,476
Other reserve		768,086	768,086
<b>Equity attributable to the equity holders of the parent</b>		<u>4,240,509</u>	<u>4,160,367</u>
Non – controlling interests		63,188	65,399
<b>Total equity</b>		<u>4,303,697</u>	<u>4,225,766</u>
<b>Non-current liabilities</b>			
Accounts payable, accruals and provisions		133,110	128,546
Interest bearing loans and borrowings	11	3,036,761	2,808,286
Obligations under finance lease		5,621	10,320
Mandatory convertible bond– liability component	10	117,059	173,908
Employees' end of service benefits		22,389	20,625
		<u>3,314,940</u>	<u>3,141,685</u>
<b>Current liabilities</b>			
Accounts payable, accruals and provisions		652,839	568,001
Interest bearing loans and borrowings	11	196,150	189,021
Mandatory convertible bond– liability component	10	84,909	84,909
Obligations under finance lease		7,364	7,364
		<u>941,262</u>	<u>849,295</u>
Liability directly associated with the assets held for sale		-	16,078
		<u>941,262</u>	<u>865,373</u>
<b>Total liabilities</b>		<u>4,256,202</u>	<u>4,007,058</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,559,899</u></u>	<u><u>8,232,824</u></u>



Wajeed Al Mokarrab Al Muhairi  
Chairman



Jasim H. Thabet  
Chief Executive Officer



Stephen John Ridlington  
Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial information.

## NATIONAL CENTRAL COOLING COMPANY PJSC

### Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2016 (unaudited)

	Attributable to equity holders of the parent										Total equity AED '000
	Issued capital AED '000	Treasury shares AED '000	Statutory reserve AED '000	Retained earnings AED '000	Foreign currency translation reserve AED '000	Cumulative changes in fair value of derivatives AED '000	Mandatory convertible bonds - equity component AED '000	Other reserve AED '000	Total AED '000	Non- controlling interests AED '000	
Balance at 1 January 2015 (audited)	738,490	(2,016)	162,822	590,665	(2,558)	(54,385)	2,450,238	977,340	4,860,596	69,997	4,930,593
Profit for the period	-	-	-	253,792	-	-	-	-	253,792	1,790	255,582
Other comprehensive loss for the period	-	-	-	(7,125)	-	(4,235)	-	-	(11,360)	-	(11,360)
Total comprehensive income/(loss) for the period	-	-	-	246,667	-	(4,235)	-	-	242,432	1,790	244,222
Repurchased of mandatory convertible bond 1B	-	-	-	-	-	-	(677,762)	(209,254)	(887,016)	-	(887,016)
Dividends payable to ordinary shareholders (note 14)	-	-	-	(36,925)	-	-	-	-	(36,925)	-	(36,925)
Dividends payable to MCB holders (note 14)	-	-	-	(136,759)	-	-	-	-	(136,759)	-	(136,759)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,514)	(6,514)
Balance at 30 September 2015 (unaudited)	738,490	(2,016)	162,822	663,648	(2,558)	(58,620)	1,772,476	768,086	4,042,328	65,273	4,107,601
Balance at 1 January 2016 (audited)	738,490	(2,016)	197,356	720,667	(2,573)	(32,119)	1,772,476	768,086	4,160,367	65,399	4,225,766
Profit during the period	-	-	-	269,320	-	-	-	-	269,320	3,900	273,220
Other comprehensive loss for the period	-	-	-	-	(58)	(26,188)	-	-	(26,246)	-	(26,246)
Total comprehensive income/(loss) for the period	-	-	-	269,320	(58)	(26,188)	-	-	243,074	3,900	246,974
Dividends paid to ordinary shareholders (note 14)	-	-	-	(44,310)	-	-	-	-	(44,310)	-	(44,310)
Dividends paid to MCB holder (note 14)	-	-	-	(118,622)	-	-	-	-	(118,622)	-	(118,622)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,111)	(6,111)
Balance at 30 September 2016 (unaudited)	738,490	(2,016)	197,356	827,055	(2,631)	(58,307)	1,772,476	768,086	4,240,509	63,188	4,303,697

The accompanying notes are an integral part of these condensed consolidated interim financial information.

**NATIONAL CENTRAL COOLING COMPANY PJSC**
**Condensed consolidated interim statement of cash flows  
for the nine month period ended 30 September 2016 (unaudited)**

	Notes	Nine months ended 30 September	
		2016 AED '000	2015 AED '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		273,220	255,582
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		94,255	90,882
Finance lease income		(139,393)	(139,893)
Share of results of associates and joint ventures		(79,925)	(59,695)
Net movement in employees' end of service benefits		1,313	(410)
Other gain		(1,608)	(4,350)
Interest income		(272)	(1,125)
Finance costs		115,467	100,819
		<u>263,057</u>	<u>241,810</u>
Working capital adjustments:			
Inventories		(969)	(1,826)
Accounts receivable and prepayments		(187,165)	37,093
Accounts payable, accruals and provisions		83,100	7,081
Lease rentals received		176,119	171,816
Board of directors remuneration paid		(7,125)	(7,125)
		<u>327,017</u>	<u>448,849</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(19,342)	(26,537)
Payments for capital work in progress		(128,842)	(113,481)
Investment in a joint venture		(91,837)	-
Dividends from a joint venture		24,000	-
Dividends from associates		22,747	27,809
Proceeds from sale of land	9	11,224	-
Interest received		375	1,175
		<u>(181,675)</u>	<u>(111,034)</u>
<b>FINANCING ACTIVITIES</b>			
Interest bearing loans and borrowings received	11	359,826	1,032,794
Interest bearing loans and borrowings repaid	11	(132,017)	(109,241)
Repurchase of Mandatory Convertible Bond 1B		-	(1,000,000)
Cash coupon paid on mandatory convertible bonds	10	(64,833)	(81,905)
Payment for obligations under finance lease		(4,699)	(4,270)
Interest paid		(91,575)	(73,853)
Arrangement fees paid		(2,664)	(12,629)
Dividends paid to ordinary shareholders and Mandatory Convertible Bond holder		(162,932)	(173,684)
Dividends paid to non-controlling interests		(6,111)	(6,514)
		<u>(105,005)</u>	<u>(429,302)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>40,337</b>	<b>(91,487)</b>
Cash and cash equivalents at 1 January		193,446	417,932
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>		<b>233,783</b>	<b>326,445</b>

The accompanying notes are an integral part of these condensed consolidated interim financial information.



## NATIONAL CENTRAL COOLING COMPANY PJSC

### Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2016

#### 1 General information

National Central Cooling Company PJSC ("Tabreed" or the "Company") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (2) of 2015 and is listed on the Dubai Financial Market. The Company is a subsidiary of the Mubadala Development Company PJSC ("MDC" or the "Parent Company"). The principal activities of the Company and its subsidiaries (the "Group") are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy.

The Company's registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

The Company has amended its Articles of Association to comply with the requirements of the new UAE Federal Law No. 2 of 2015 ("Companies Law"). The amended Articles of Association were approved by the Shareholders in the Annual General Meeting held on 3 March 2016.

#### 2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

##### 2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in the condensed consolidated interim financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.
- Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.
- Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.
- Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.
- Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.
- Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in *Joint Operations*.

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 2016.

**NATIONAL CENTRAL COOLING COMPANY PJSC**
**Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (continued)**
**2 Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)**
**2.2 New and revised IFRSs in issue but not yet effective**

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	Effective date deferred indefinitely
2015 Amendments to the IFRS for SMEs	1 January 2017
Amendments to IAS 12 <i>Income Taxes</i> relating to the recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 <i>Revenue</i> , IAS 11 <i>Construction Contracts</i> and the related interpretations when it becomes effective.	
The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:	
<ul style="list-style-type: none"> <li>▪ Step 1: Identify the contract(s) with a customer.</li> <li>▪ Step 2: Identify the performance obligations in the contract.</li> <li>▪ Step 3: Determine the transaction price.</li> <li>▪ Step 4: Allocate the transaction price to the performance obligations in the contract.</li> <li>▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ul>	
Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	

**NATIONAL CENTRAL COOLING COMPANY PJSC**
**Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (continued)**
**2 Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)**
**2.2 New and revised IFRSs in issue but not yet effective (continued)**
**New and revised IFRSs**
**Effective for  
annual periods  
beginning on or after**

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

1 January 2018

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (continued)**

**2 Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)**

**2.2 New and revised IFRSs in issue but not yet effective (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 7 <i>Financial Instruments</i> : Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 <i>Financial Instruments</i> : Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 16 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.	

Management anticipates that these new and revised standards, interpretations and amendments will be applied in the Group's condensed consolidated interim financial statements for the year beginning 1 January 2016 or as and when they are applicable and application of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

Management anticipates that IFRS 9, IFRS 15 and IFRS 16 will be applied in the Group's financial statements for the annual periods beginning 1 January 2018 and 1 January 2019, respectively. The application of IFRS 9, IFRS 15 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated interim financial statements. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

## **NATIONAL CENTRAL COOLING COMPANY PJSC**

### **Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2016 (continued)**

#### **3 Summary of significant accounting policies**

##### **Basis of preparation**

The condensed consolidated interim financial information of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The condensed consolidated interim financial information have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Group. All values are rounded to the nearest thousand (AED '000) except otherwise indicated.

The condensed consolidated interim financial information do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015. In addition, results for the nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

##### **Significant accounting policies**

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the new and amended standards.

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2015.

## NATIONAL CENTRAL COOLING COMPANY PJSC

### Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2016 (continued)

#### 5 Segment information

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The 'Chilled Water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling systems.
- The 'Value chain business' support segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

Segment performance is evaluated based on operating profit or loss and is measured consistently with the Group's operating profit or loss in the consolidated financial statements. However, Group financing (finance costs and interest income) are managed on a group basis and are not allocated to operating segments.

	Nine month period ended 30 September 2016 (unaudited)				Nine month period ended 30 September 2015 (unaudited)			
	Chilled water AED'000	Value chain business AED'000	Eliminations AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Eliminations AED'000	Total AED'000
<b>Revenue</b>								
External revenue	870,626	89,626	-	960,252	834,193	70,088	-	904,281
Inter-segment revenue	-	16,176	(16,176)	-	-	13,430	(13,430)	-
<b>Total revenue</b>	<b>870,626</b>	<b>105,802</b>	<b>(16,176)</b>	<b>960,252</b>	<b>834,193</b>	<b>83,518</b>	<b>(13,430)</b>	<b>904,281</b>
Operating costs	(462,770)	(70,659)	14,779	(518,650)	(435,737)	(60,395)	14,056	(482,076)
<b>Gross profit</b>	<b>407,856</b>	<b>35,143</b>	<b>(1,397)</b>	<b>441,602</b>	<b>398,456</b>	<b>23,123</b>	<b>626</b>	<b>422,205</b>
Administrative and other expenses	(118,922)	(21,580)	2,693	(137,809)	(115,143)	(14,522)	(1,309)	(130,974)
<b>Operating profit</b>	<b>288,934</b>	<b>13,563</b>	<b>1,296</b>	<b>303,793</b>	<b>283,313</b>	<b>8,601</b>	<b>(683)</b>	<b>291,231</b>
Finance costs	-	-	-	(115,467)	-	-	-	(100,819)
Finance income	-	-	-	272	-	-	-	1,125
Other income	-	-	-	4,697	-	-	-	4,350
Share of results of associates and joint ventures	79,925	-	-	79,925	59,695	-	-	59,695
<b>Profit for the period</b>				<b>273,220</b>				<b>255,582</b>

Inter-segment revenues are eliminated on consolidation.

**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)**

**6 Basic and diluted earnings per share attributable to ordinary equity holders of the parent**

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds (note 10).

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	<b>108,868</b>	100,372	<b>269,320</b>	253,792
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<b>736,474</b>	736,474	<b>736,474</b>	736,474
Effect of mandatory convertible bond ('000)	<b>1,977,039</b>	1,977,039	<b>1,977,039</b>	2,479,696
Total ('000)	<b>2,713,513</b>	2,713,513	<b>2,713,513</b>	3,216,170
Basic and dilutive earnings per share (AED)	<b>0.04</b>	0.04	<b>0.10</b>	0.08

Basic earnings per share has been calculated on the basis of maximum number of shares that may be issued for mandatory convertible bonds.

On 30 June 2015, 758,150,113 potential ordinary shares were retired as a result of repurchase of a portion of mandatory convertible bond (MCB-1B).

**7 Capital work in progress and property, plant and equipment**

During the nine month period ended 30 September 2016, the Group has incurred capital expenditure of AED 145 million (30 September 2015: AED 262 million) primarily relating to construction of district cooling plants and distribution network.

**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)**

**8 Cash and cash equivalents**

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the condensed consolidated interim statement of cash flows can be reconciled to the related items in the condensed consolidated interim statement of financial position as follows:

	<b>30 September 2016 AED'000 (unaudited)</b>	<b>31 December 2015 AED'000 (audited)</b>	<b>30 September 2015 AED'000 (unaudited)</b>
Bank balances and cash	221,279	154,969	202,968
Bank deposits	12,504	22,000	107,000
Bank balances and cash attributable to disposal group (note 9)	-	-	16,477
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents	<b>233,783</b>	<b>176,969</b>	<b>326,445</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Geographical concentration of bank balances and cash and bank deposits is as follows:

	<b>30 September 2016 AED'000 (unaudited)</b>	<b>31 December 2015 AED'000 (audited)</b>	<b>30 September 2015 AED'000 (unaudited)</b>
Within UAE	219,221	163,336	307,831
Outside UAE	14,562	13,633	18,614
	<hr/>	<hr/>	<hr/>
	<b>233,783</b>	<b>176,969</b>	<b>326,445</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**9 Disposal group and asset held for sale**

(i) Disposal group held for sale

During the period, due to a change in market conditions, the Group has changed its intention to sell one of its subsidiaries. Accordingly, the assets and liabilities that were previously classified as 'disposal group held for sale' has been represented under the applicable assets and liabilities captions as at 30 September 2016 and are measured at their carrying value in accordance with requirements of IFRS 5 *Non-current assets held for sale and discontinued operations*. Similarly, comparative amounts for disposal group and assets held for sale in the condensed consolidated interim statement of profit or loss for prior period are represented to reflect the classification in the condensed consolidated interim statement of profit or loss for the current period presented.



**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)**

**9 Disposal group and asset held for sale (continued)**

(ii) Asset held for sale

During the period, the Group sold a plot of land which was previously classified as held for sale. The carrying amount of the land was AED 21 million and the Group recognised a gain of AED 1.6 million on sale and is recognised in the condensed consolidated interim statement of profit or loss during the period.

**10 Mandatory convertible bonds**

Reconciliation between the amounts presented in the condensed consolidated interim statement of financial position is as follows:

	<b>Mandatory convertible bond (MCB 1A)</b>		
	<b>Liability component</b>	<b>Equity Component</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>2016</b>			
Balance at 1 January 2016 (audited)	134,428	870,575	1,005,003
Accretion expense	3,712	-	3,712
Amortisation of transaction costs	245	-	245
Cash coupons paid	(33,437)	-	(33,437)
<b>Balance at 30 September 2016 (unaudited)</b>	<b>104,948</b>	<b>870,575</b>	<b>975,523</b>
	<b>Mandatory convertible bond (MCB 1B)</b>		
	<b>Liability component</b>	<b>Equity Component</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>2016</b>			
Balance at 1 January 2016 (audited)	38,403	244,850	283,253
Accretion expense	1,086	-	1,086
Amortisation of transaction costs	412	-	412
Cash coupons paid	(9,783)	-	(9,783)
<b>Balance at 30 September 2016 (unaudited)</b>	<b>30,118</b>	<b>244,850</b>	<b>274,968</b>

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)

10 Mandatory convertible bonds (continued)

	Mandatory convertible bond (MCB 1C)		
	Liability component AED'000	Equity component AED'000	Total AED'000
<b>2016</b>			
Balance at 1 January 2016 (audited)	85,986	559,951	645,937
Accretion expense	2,398	-	2,398
Amortisation of transaction costs	131	-	131
Cash coupons paid	(21,613)	-	(21,613)
<b>Balance at 30 September 2016 (unaudited)</b>	<b>66,902</b>	<b>559,951</b>	<b>626,853</b>
	Mandatory convertible bond (MCB 4)		
	Liability component AED'000	Equity component AED'000	Total AED'000
<b>Balance at 30 September 2016 (unaudited) and 31 December 2015 (audited)</b>	-	97,100	97,100
<b>Total balance of MCBs as at 30 September 2016 (unaudited)</b>	<b>201,968</b>	<b>1,772,476</b>	<b>1,974,444</b>
Total balance of MCBs as at 31 December 2015 (audited)	258,817	1,772,476	2,031,293

Allocation of the bonds as at 30 September 2016 is as follows:

	Liability component AED'000	Equity component AED'000	Total AED'000
MCB 1A (representing 989,944,912 shares at AED 1 each)	104,948	870,575	975,523
MCB 1B (representing 1,047,776,962 shares at AED 1 each)	30,118	244,850	274,968
MCB 1C (representing 639,862,459 shares at AED 1 each)	66,902	559,951	626,853
MCB 4 (representing 57,605,255 shares at AED 1 each)	-	97,100	97,100
<b>Total 2,735,189,588 shares @ AED 1 each (unaudited)</b>	<b>201,968</b>	<b>1,772,476</b>	<b>1,974,444</b>

**NATIONAL CENTRAL COOLING COMPANY PJSC**
**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)**
**10 Mandatory convertible bonds (continued)**

Liability component of mandatory convertible bonds is analysed in the condensed consolidated interim statement of financial position as follows:

	<b>At 30 September 2016 AED'000 (unaudited)</b>	<b>At 31 December 2015 AED'000 (audited)</b>
Current	<b>84,909</b>	84,909
Non-current	<b>117,059</b>	173,908
	<b>201,968</b>	258,817

**11 Interest bearing loans and borrowings**

During 2015, the Group obtained a new term loan facility from a local commercial bank amounting to AED 192.5 million which was obtained to finance the construction of a new plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility is obtained. The facility is repayable in 23 semi-annual instalments commencing on March 2017 with a bullet payment of AED 48.1 million in March 2028.

During the period, the Group has made drawdown amounting to AED 359.8 million (31 December 2015: AED 1,035.3 million) and repayments amounting to AED 132.1 million (31 December 2015: AED 209.7 million).

**12 Commitments and contingencies**
**Capital commitments**

The authorised capital expenditure contracted for at 30 September 2016 but not provided for amounted to AED 178.5 million (31 December 2015: AED 334.8 million).

**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)**

**12 Commitments and contingencies (continued)**

**Contingencies**

The bankers have issued guarantees on behalf of the Group as follows:

	<b>At 30 September 2016 AED'000 (unaudited)</b>	<b>At 31 December 2015 AED'000 (audited)</b>
Performance guarantees	<b>114,948</b>	125,850
Advance payment guarantees	<b>673</b>	1,923
Financial guarantees	<b>2,586</b>	2,586
	<b>118,207</b>	130,359

**13 Related party transactions and balances**

Related parties represent the Government of Abu Dhabi and related departments and institutions (owner of the majority shareholder), associated companies, joint ventures, majority shareholder, directors, key management personnel of the Company, management entities engaged by the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the condensed consolidated interim statement of profit or loss are as follows:

	<b>Nine month period ended 30 September 2016 (unaudited)</b>				<b>Nine month period ended 30 September 2015 (unaudited)</b>			
	<b>Revenue AED'000</b>	<b>Operating costs AED'000</b>	<b>Interest expense AED'000</b>	<b>Other income AED'000</b>	<b>Revenue AED'000</b>	<b>Operating costs AED'000</b>	<b>Interest expense AED'000</b>	<b>Other income AED'000</b>
Associated companies	-	<b>74,651</b>	-	<b>3,622</b>	-	70,104	-	3,309
Major shareholder	-	-	<b>7,196</b>	-	-	-	11,961	-
Associate of major shareholder	<b>90,491</b>	-	-	-	85,083	-	-	-
Government related departments and institutions	<b>34,542</b>	<b>111,595</b>	<b>31,160</b>	-	34,192	111,921	27,978	-

During the period, capital expenditure incurred by an associate of the major shareholder on behalf of the Group was transferred to the Group amounting to AED 39.1 million.

**NATIONAL CENTRAL COOLING COMPANY PJSC**

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2016 (continued)**

**13 Related party transactions and balances (continued)**

Balances with related parties included in the condensed consolidated interim statement of financial position are as follows:

	At 30 September 2016 (unaudited)				
	Loans receivable AED'000	Mandatory convertible bonds AED'000	Accounts receivable AED'000	Accounts payables AED'000	Interest bearing loans AED'000
Associated companies	-	-	21,318	40,969	-
Joint venture	-	-	20,575	-	-
Major shareholder (note 10)	-	1,974,444	-	-	-
Associate of a major shareholder	-	-	36,687	-	-
Government related departments and institutions	-	-	11,373	28,457	1,182,120
	-	1,974,444	89,953	69,426	1,182,120
	At 31 December 2015 (audited)				
	Loans receivable AED'000	Mandatory convertible bonds AED'000	Accounts receivable AED'000	Accounts payables AED'000	Interest bearing loans AED'000
Associated companies	-	-	22,266	36,673	-
Joint venture	72,276	-	15,548	-	-
Majority shareholder (note 10)	-	2,031,293	-	-	-
Associate of a majority shareholder	-	-	8,004	-	-
Government related departments and institutions	-	-	8,051	15,690	1,158,027
	72,276	2,031,293	53,869	52,363	1,158,027

**Compensation of key management personnel**

The remuneration of key management personnel during the period was as follows:

	Nine month period ended 30 September	
	2016 AED'000 (unaudited)	2015 AED'000 (unaudited)
Short-term benefits	4,743	4,687
Employees' end of service benefits	104	79
	4,847	4,766
Number of key management personnel	4	4

## NATIONAL CENTRAL COOLING COMPANY PJSC

### Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2016 (continued)

#### 14 Dividends and Board Remuneration

The Board of Directors proposed a cash dividend of 6 fils per share pertaining to both common shareholders and mandatory convertible bond holder in respect of the fiscal year ended 31 December 2015. The dividend was approved by the shareholders at the Annual General Meeting held on 3 March 2016.

The dividend comprised of AED 44.3 million to the common shareholders and AED 118.6 million to the mandatory convertible bond holder and was paid in April 2016.

In 2015, the Board of Directors proposed a dividend of 5 fils per share in respect of the fiscal year ended 31 December 2014. This dividend was approved by the shareholders at the Annual General Meeting held on 11 March 2015.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2015 was also approved at the Annual General Meeting held on 3 March 2016. Board remuneration of AED 7.1 million for the year ended 31 December 2014 was approved at the previous Annual General Meeting on 11 March 2015.

During the period, management reassessed the accounting policy on Board of Director's remuneration and determined that it should be reflected in the statement of profit or loss. Accordingly, an amount of AED 6.5 million is accrued and expensed in the current period. The opening balance of the retained earning has not been restated to reflect the Board of Director's remuneration for 2015 of AED 7.1 million as the amount is considered immaterial.

#### 15 Fair value measurement

The fair values of the Group's financial assets and liabilities as at 30 September 2016 are not materially different from the fair values as at 31 December 2015 except for mandatory convertible bond. The fair value and carrying amount of mandatory convertible bond – liability component as at 30 September 2016 was AED 206.3 million and AED 201.9 million (31 December 2015: AED 262.3 million and AED 258.8 million), respectively.

Fair value of mandatory convertible bond – liability component have been categorised as level 3 within the fair value hierarchy.

#### 16 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information of the Group were authorised for issuance by the Board of Directors on 26 October 2016.