

National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2015 (UNAUDITED)



Ernst & Young
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL CENTRAL COOLING COMPANY PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of National Central Cooling Company PJSC (the "Company") and its subsidiaries (the "Group") as at 31 March 2015, comprising of the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statements of income and comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with 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. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Ernst & Young

Signed by
Raed Ahmad
Partner
Ernst & Young
Registration No. 811

29 April 2015
Abu Dhabi

National Central Cooling Company PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2015 (Unaudited)

	<i>Notes</i>	<i>Three month period ended 31 March 2015 AED '000</i>	<i>Three month period ended 31 March 2014 AED '000</i>
Revenues	3	239,427	227,198
Operating costs	3	<u>(116,861)</u>	<u>(108,165)</u>
GROSS PROFIT		122,566	119,033
Administrative and other expenses		<u>(49,095)</u>	<u>(40,718)</u>
OPERATING PROFIT		73,471	78,315
Finance costs	3	(30,498)	(34,408)
Finance income	3	1,125	1,693
Other income	3	737	327
Share of results of associates and joint ventures	3	<u>17,334</u>	<u>12,811</u>
PROFIT FOR THE PERIOD		<u>62,169</u>	<u>58,738</u>
Attributable to:			
Ordinary equity holders of the parent		61,247	58,240
Non-controlling interests		<u>922</u>	<u>498</u>
		<u>62,169</u>	<u>58,738</u>
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	<u>0.02</u>	<u>0.02</u>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2015 (Unaudited)

	<i>Three month period ended</i>	<i>Three month period ended</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>AED '000</i>	<i>AED '000</i>
PROFIT FOR THE PERIOD	62,169	58,738
Other comprehensive income		
Board remuneration (note 11)	(7,125)	(4,500)
Net other comprehensive expense not to be reclassified to profit or loss in subsequent periods	(7,125)	(4,500)
Net movement in fair value of derivatives in cash flow hedges	(4,403)	5,178
Share of changes in fair value of derivatives of an associate in cash flow hedges	650	1,089
Share of changes in fair value of derivatives of a joint venture in cash flow hedges	(7,789)	-
Exchange differences arising on translation of overseas operations	-	(4)
Net other comprehensive (expense) income to be reclassified to profit or loss in subsequent periods	(11,542)	6,263
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	43,502	60,501
Attributable to:		
Ordinary equity holders of the parent	42,580	60,003
Non-controlling interests	922	498
	43,502	60,501

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.


National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 31 March 2015 (Unaudited)

		31 March 2015 AED '000	(Audited) 31 December 2014 AED '000
ASSETS			
Non-current assets			
Capital work in progress	5	199,714	157,117
Property, plant and equipment		3,617,458	3,540,000
Intangible assets		37,596	37,596
Investments in associates and joint ventures		588,982	578,663
Loan to a joint venture		72,276	72,276
Finance lease receivables		<u>2,746,135</u>	<u>2,761,334</u>
		<u>7,262,161</u>	<u>7,146,986</u>
Current assets			
Inventories		42,278	41,578
Accounts receivable and prepayments		392,194	466,842
Finance lease receivables		221,546	220,941
Contract work in progress		42,083	40,484
Cash and term deposits	6	<u>407,424</u>	<u>417,932</u>
		<u>1,105,526</u>	<u>1,187,777</u>
TOTAL ASSETS		<u>8,367,686</u>	<u>8,334,763</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital		738,490	738,490
Treasury shares		(2,016)	(2,016)
Statutory reserve		162,822	162,822
Retained earnings		471,103	590,665
Foreign currency translation reserve		(2,558)	(2,558)
Cumulative changes in fair value of derivatives in cash flow hedges		(65,927)	(54,385)
Mandatory convertible bond – equity component	8	2,450,238	2,450,238
Other reserve		<u>977,340</u>	<u>977,340</u>
Equity attributable to the equity holders of the parent		<u>4,729,492</u>	<u>4,860,596</u>
Non – controlling interests		<u>68,805</u>	<u>69,997</u>
Total equity		<u>4,798,297</u>	<u>4,930,593</u>
Non-current liabilities			
Accounts payable, accruals and provisions		119,250	125,692
Interest bearing loans and borrowings	7	2,022,044	2,020,872
Obligations under finance lease		14,694	16,082
Mandatory convertible bond– liability component	8	336,121	359,759
Employees' end of service benefits		<u>22,269</u>	<u>21,528</u>
		<u>2,514,378</u>	<u>2,543,933</u>
Current liabilities			
Accounts payable, accruals and provisions		792,278	521,381
Advances from a related party		-	73,869
Interest bearing loans and borrowings	7	152,098	152,734
Mandatory convertible bond– liability component	8	103,271	104,889
Obligations under finance lease		<u>7,364</u>	<u>7,364</u>
		<u>1,055,011</u>	<u>860,237</u>
Total liabilities		<u>3,569,389</u>	<u>3,404,170</u>
TOTAL EQUITY AND LIABILITIES		<u>8,367,686</u>	<u>8,334,763</u>


Waleed Al Mokarrab Al Muhairi
CHAIRMAN


Jasim H. Thabet
CHIEF EXECUTIVE OFFICER


Stephen John Ridlington
CHIEF FINANCIAL OFFICER

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2015 (Unaudited)

	Attributable to equity holders of the parent										Non-controlling interests	Total equity
	Issued capital	Treasury shares	Statutory reserve	Retained earnings	Foreign currency translation reserve	Cumulative changes in fair value of derivatives	Mandatory convertible bonds - equity component	Other reserve	Total	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2014	659,063	(2,016)	130,256	335,030	(2,487)	(50,036)	2,487,017	1,019,988	4,576,815	74,258	4,651,073	
Profit for the period	-	-	-	58,240	-	-	-	-	58,240	498	58,738	
Other comprehensive (expense) income for the period	-	-	-	(4,500)	(4)	6,267	-	-	1,763	-	1,763	
Total comprehensive income (expense) for the period	-	-	-	53,740	(4)	6,267	-	-	60,003	498	60,501	
Transfer from other reserves	-	-	-	137,851	-	-	-	(137,851)	-	-	-	
Dividends declared to ordinary shareholders (note 11)	-	-	-	(32,953)	-	-	-	-	(32,953)	-	(32,953)	
Issuance of mandatory convertible bond 4 in lieu of cash dividend to existing MCB holders (note 11)	-	-	-	(137,851)	-	-	91,132	46,719	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,278)	(1,278)	
Balance at 31 March 2014	659,063	(2,016)	130,256	355,817	(2,491)	(43,769)	2,578,149	928,856	4,603,865	73,478	4,677,343	
Balance at 1 January 2015	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	-	-	-	61,247	-	-	-	-	61,247	922	62,169	
Other comprehensive expense for the period	-	-	-	(7,125)	-	(11,542)	-	-	(18,667)	-	(18,667)	
Total comprehensive income (expense) for the period	-	-	-	54,122	-	(11,542)	-	-	42,580	922	43,502	
Dividends payable to MCB holders (note 11)	-	-	-	(136,759)	-	-	-	-	(136,759)	-	(136,759)	
Dividends payable to ordinary shareholders (note 11)	-	-	-	(36,925)	-	-	-	-	(36,925)	-	(36,925)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,114)	(2,114)	
Balance at 31 March 2015	738,490	(2,016)	162,822	471,103	(2,558)	(65,927)	2,450,238	977,340	4,729,492	68,805	4,798,297	

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2015 (Unaudited)

	<i>Three month period ended 31 March 2015</i>	<i>Three month period ended 31 March 2014</i>
<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES		
Profit for the period	62,169	58,738
Non-cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation of property, plant and equipment	30,935	34,453
Finance income relating to finance lease receivable	(46,796)	(30,417)
Share of results of associates and joint ventures	(17,334)	(12,811)
Net movement in employees' end of service benefits	741	809
Interest income	(1,125)	(1,693)
Finance costs	30,498	34,408
	<u>59,088</u>	<u>83,487</u>
Working capital adjustments:		
Inventories	(700)	14
Accounts receivable and prepayments	75,451	20,996
Contract work in progress	(1,599)	(463)
Accounts payable and accruals	(82,120)	(11,008)
Lease rentals received	61,390	35,925
Board of directors remuneration	(7,125)	(4,500)
Net cash flows from operating activities	<u>104,385</u>	<u>124,451</u>
INVESTING ACTIVITIES		
Term deposits with original maturity of more than 3 months	(202,674)	-
Purchase of property, plant and equipment	(26,896)	-
Payments for capital work in progress	(32,886)	(10,636)
Interest received	322	570
Net cash flows used in investing activities	<u>(262,134)</u>	<u>(10,066)</u>
FINANCING ACTIVITIES		
Interest bearing loans and borrowings received	7 27,833	7,808
Interest bearing loans and borrowings repaid	7 (27,407)	(674)
Cash coupon paid on mandatory convertible bonds	8 (30,147)	(30,147)
Payment for obligations under finance lease	(1,388)	(1,265)
Interest paid	(22,210)	(26,561)
Dividends paid to non-controlling interests	(2,114)	(1,278)
Net cash flows used in financing activities	<u>(55,433)</u>	<u>(52,117)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(213,182)	62,268
Cash and cash equivalents at 1 January	<u>417,932</u>	<u>670,382</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	6 <u>204,750</u>	<u>732,650</u>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

1 ACTIVITIES

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 U.A.E. Commercial Companies Law No. 8 of 1984 (as amended) and is listed on the Dubai Financial Market. The Company is a subsidiary of Mubadala Development Company PJSC ("MDC" or the "Parent Company"). The principal activity of the Company is to supply chilled water.

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

The interim condensed consolidated financial statements of the Group were authorised for issuance by the Board of Directors on 29 April 2015.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2014. In addition, results for the three month period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new and amended standards.

However, the adoption of the new and amended standards does not impact the interim condensed consolidated financial statements of the Group. The nature of each new standard or amendment is described below:

Amendment to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment has no impact on the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2015 (Unaudited)**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES** continued**2.2 SIGNIFICANT ACCOUNTING POLICIES** continued**Annual Improvements 2010-2012 Cycle**

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payments

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

This amendment has no impact on the Group.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment has no impact on the Group.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment has no impact on the Group.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

2.2 SIGNIFICANT ACCOUNTING POLICIES continued

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment has no impact on the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment has no impact on the Group.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment has no impact on the Group.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

3 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.

	Three month period ended 31 March 2015				Three month period ended 31 March 2014			
	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
Revenue								
External revenue	214,409	25,018	-	239,427	208,218	18,980	-	227,198
Inter-segment revenue	-	2,496	(2,496)	-	-	1,524	(1,524)	-
Total revenue	214,409	27,514	(2,496)	239,427	208,218	20,504	(1,524)	227,198
Operating costs	(101,334)	(18,242)	2,715	(116,861)	(96,386)	(13,884)	2,105	(108,165)
Gross profit	113,075	9,272	219	122,566	111,832	6,620	581	119,033
Results								
Operating profit	70,955	2,208	308	73,471	76,568	1,080	667	78,315
Finance costs				(30,498)				(34,408)
Finance income				1,125				1,693
Other income				737				327
Share of results of associates and joint ventures				17,334				12,811
Profit for the period				62,169				58,738

Inter-segment revenues are eliminated on consolidation.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

4 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 8).

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:

	<i>Three month period ended 31 March 2015</i>	<i>Three month period ended 31 March 2014</i>
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	<u>61,247</u>	<u>58,240</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<u>736,474</u>	<u>657,047</u>
Effect of mandatory convertible bond ('000)	<u>2,735,190</u>	<u>2,761,817</u>
Total ('000)	<u>3,471,664</u>	<u>3,418,864</u>
Basic and dilutive earnings per share (AED)	<u>0.02</u>	<u>0.02</u>

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

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

5 CAPITAL WORK IN PROGRESS AND PROPERTY, PLANT AND EQUIPMENT

During the three month period ended 31 March 2015, the Group has incurred capital expenditure of AED 154.9 million (31 March 2014: 4.3 million) primarily relating to construction of district cooling plants and distribution network.

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim consolidated statement of cash flows include the following interim consolidated statement of financial position amounts:

	<i>At 31 March 2015 AED '000</i>	<i>At 31 March 2014 AED '000</i>
Bank balances and cash	191,132	307,145
Bank deposits	<u>216,292</u>	<u>425,505</u>
	407,424	732,650
Less: Bank deposits with original maturity in excess of 3 months	<u>(202,674)</u>	-
Cash and cash equivalents as at 31 March	<u>204,750</u>	<u>732,650</u>

Geographical concentration of bank balances and cash is as follows:

	<i>At 31 March 2015 AED '000</i>	<i>At 31 March 2014 AED '000</i>
Within UAE	391,263	713,040
Outside UAE	<u>16,161</u>	<u>19,610</u>
	<u>407,424</u>	<u>732,650</u>

Non-cash transaction in the statement of Cash flows:

Capital expenditure incurred by an associate of the majority shareholder on behalf of the Group amounting to AED 108 million has been excluded from the cash flow statement (note 10).

7 INTEREST BEARING LOANS AND BORROWINGS

During the period, a subsidiary of the Group refinanced its existing loan of AED 27.4 million with a local commercial bank. In accordance with the refinancing arrangement, the refinanced loan is repayable in 35 quarterly instalments commencing three months after the drawdown date and carries fixed interest of 4% per annum. The loan is secured by pari passu charge over plant and machinery.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

8 MANDATORY CONVERTIBLE BONDS

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

	Mandatory convertible bond (MCB 1A)		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2015			
Balance at 1 January 2015	172,400	870,575	1,042,975
Accretion expense	1,711	-	1,711
Amortization of transaction costs	82	-	82
Cash coupons paid	(11,146)	-	(11,146)
Balance at 31 March 2015	163,047	870,575	1,033,622

	Mandatory convertible bond (MCB 1B)		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2015			
Balance at 1 January 2015	181,682	922,612	1,104,294
Accretion expense	1,811	-	1,811
Amortization of transaction costs	137	-	137
Cash coupons paid	(11,797)	-	(11,797)
Balance at 31 March 2015	171,833	922,612	1,094,445

	Mandatory convertible bond (MCB 1C)		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2015			
Balance at 1 January 2015	110,566	559,951	670,517
Accretion expense	1,104	-	1,104
Amortization of transaction costs	46	-	46
Cash coupons paid	(7,204)	-	(7,204)
Balance at 31 March 2015	104,512	559,951	664,463

	Mandatory convertible bond (MCB 4)		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2015			
Balance at 1 January 2015	-	97,100	97,100
Issued during the period	-	-	-
Balance at 31 March 2015	-	97,100	97,100
Total balance of MCBs at 31 March 2015	439,392	2,450,238	2,889,630
Total balance of MCBs at 31 December 2014	464,648	2,450,238	2,914,886

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

8 MANDATORY CONVERTIBLE BONDS continued

Allocated to the bonds as follows:

	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
MCB 1A (representing 989,944,912 shares at AED 1 each)	163,047	870,575	1,033,622
MCB 1B (representing 1,047,776,962 shares at AED 1 each)	171,833	922,612	1,094,445
MCB 1C (representing 639,862,459 shares at AED 1 each)	104,512	559,951	664,463
MCB 4 (representing 57,605,255 shares at AED 1 each)	-	97,100	97,100
Total 2,735,189,588 shares @ AED 1 each	<u>439,392</u>	<u>2,450,238</u>	<u>2,889,630</u>

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

	<i>At 31 March 2015</i>	<i>At 31 December 2014</i>
	<i>AED '000</i>	<i>AED '000</i>
Current	103,271	104,889
Non current	<u>336,121</u>	<u>359,759</u>
	<u>439,392</u>	<u>464,648</u>

9 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted for at 31 March 2015 but not provided for amounted to AED 254 million (31 December 2014: AED 302 million).

Contingencies

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

	<i>At 31 March 2015</i>	<i>At 31 December 2014</i>
	<i>AED '000</i>	<i>AED '000</i>
Performance guarantees	124,397	127,420
Advance payment guarantees	2,806	2,030
Financial guarantees	<u>2,586</u>	<u>2,586</u>
	<u>129,789</u>	<u>132,036</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

10 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 interim consolidated income statement are as follows:

	<i>Three month period ended 31 March 2015</i>				<i>Three month period ended 31 March 2014</i>			
	<i>Revenue</i>	<i>Operating costs</i>	<i>Interest expense</i>	<i>Other income</i>	<i>Revenue</i>	<i>Operating costs</i>	<i>Interest expense</i>	<i>Other income</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Associated companies	-	23,413	-	1,103	-	21,801	-	1,083
Majority shareholder	-	-	4,626	-	-	-	5,610	-
Associate of majority shareholder	23,291	-	-	-	13,973	-	-	-
Government related departments and institutions	8,618	16,758	9,125	-	6,721	12,687	7,218	-

During the period, capital expenditure incurred by an associate of the majority shareholder on behalf of the Group was transferred to the Group amounting to AED 108 million.

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

	<i>At 31 March 2015</i>				
	<i>Loans receivable</i>	<i>Mandatory convertible bonds</i>	<i>Accounts receivable</i>	<i>Accounts Payables</i>	<i>Interest bearing Loans</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Associated companies	-	-	14,811	30,647	-
Joint venture	72,276	-	13,943	-	-
Majority shareholder (note 8)	-	2,889,630	-	136,759	-
Associate of a majority shareholder	-	-	29,401	86,606	-
Government related departments and institutions	-	-	7,156	3,451	861,549
	<u>72,276</u>	<u>2,889,630</u>	<u>65,311</u>	<u>257,463</u>	<u>861,549</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

10 RELATED PARTY TRANSACTIONS AND BALANCES continued

	<i>31 December 2014</i>				
	<i>Loan receivable</i>	<i>Mandatory convertible bond</i>	<i>Accounts Receivable</i>	<i>Accounts payables and advances</i>	<i>Interest bearing loans</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Associated companies	-	-	20,057	25,940	-
Joint venture	72,276	-	11,771	-	-
Majority shareholder	-	2,914,886	-	-	-
Associate of a majority shareholder	-	-	120,946	73,869	-
Government related departments and institutions	-	-	3,468	3,693	1,641,026
	<u>72,276</u>	<u>2,914,886</u>	<u>156,242</u>	<u>103,502</u>	<u>1,641,026</u>

Compensation of key management personnel

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

	<i>Three month period ended 31 March 2015 AED '000</i>	<i>Three month period ended 31 March 2014 AED '000</i>
Short-term benefits	4,873	4,685
Employees' end of service benefits	135	139
	<u>5,008</u>	<u>4,824</u>
Number of key management personnel	<u>18</u>	<u>18</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2015 (Unaudited)

11 DIVIDENDS AND BOARD REMUNERATION

The Board of Directors proposed a cash dividend of 5 fils per share pertaining to both common shareholders and mandatory convertible bond holders in respect of the fiscal year ended 31 December 2014. The dividend was approved by the shareholders at the Annual General Meeting held on 11 March 2015.

The dividend comprised of AED 36.9 million to the common shareholders and AED 136.8 million to the mandatory convertible bond holders. The dividend was recorded under 'Accounts payable, accruals and provisions' as at 31 March 2015.

In 2014, the Board of Directors proposed a dividend of 5 fils per share in respect of the fiscal year ended 31 December 2013. This dividend was approved by the shareholders at the Annual General Meeting held on 24 March 2014.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2014 was also approved at the Annual General Meeting held on 11 March 2015. Board remuneration of AED 4.5 million for the year ended 31 December 2013 was approved at the previous Annual General Meeting on 24 March 2014.

12 FAIR VALUE MEASUREMENT

The fair values of the Group's financial assets and liabilities as at 31 March 2015 are not materially different from the fair values as at 31 December 2014 except for mandatory convertible bond. The fair value and carrying amount of mandatory convertible bond – liability component as at 31 March 2015 was AED 393.4 million and AED 439.4 million respectively.

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