

**National Central Cooling  
Company PJSC**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

30 JUNE 2015 (UNAUDITED)



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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 30 June 2015, comprising of the interim consolidated statement of financial position as at 30 June 2015 and the related interim consolidated statements of income and comprehensive income for the three month and six month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the six month period ended 30 June 2015 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

23 July 2015  
Abu Dhabi

## National Central Cooling Company PJSC

### INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2015 (Unaudited)

		<i>Three month period ended 30 June 2015</i>	<i>Three month period ended 30 June 2014</i>	<i>Six month period ended 30 June 2015</i>	<i>Six month period ended 30 June 2014</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	315,920	299,092	555,347	526,290
Operating costs	3	<u>(170,007)</u>	<u>(159,713)</u>	<u>(286,868)</u>	<u>(267,878)</u>
<b>GROSS PROFIT</b>		<b>145,913</b>	<b>139,379</b>	<b>268,479</b>	<b>258,412</b>
Administrative and other expenses		<u>(40,968)</u>	<u>(39,143)</u>	<u>(90,063)</u>	<u>(79,861)</u>
<b>OPERATING PROFIT</b>		<b>104,945</b>	<b>100,236</b>	<b>178,416</b>	<b>178,551</b>
Finance costs		<u>(31,394)</u>	<u>(33,665)</u>	<u>(61,892)</u>	<u>(68,073)</u>
Finance income		-	1,223	1,125	2,916
Other gains and losses		3,189	(2,474)	3,926	(2,147)
Share of results of associates and joint ventures		15,834	25,634	33,168	38,445
<b>PROFIT FOR THE PERIOD</b>		<u><b>92,574</b></u>	<u><b>90,954</b></u>	<u><b>154,743</b></u>	<u><b>149,692</b></u>
Attributable to:					
Ordinary equity holders of the parent		92,173	90,355	153,420	148,595
Non-controlling interests		<u>401</u>	<u>599</u>	<u>1,323</u>	<u>1,097</u>
		<u><b>92,574</b></u>	<u><b>90,954</b></u>	<u><b>154,743</b></u>	<u><b>149,692</b></u>
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	<u><b>0.03</b></u>	<u><b>0.03</b></u>	<u><b>0.04</b></u>	<u><b>0.04</b></u>

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

## National Central Cooling Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2015 (Unaudited)

	<i>Three month period ended 30 June 2015 AED '000</i>	<i>Three month period ended 30 June 2014 AED '000</i>	<i>Six month period ended 30 June 2015 AED '000</i>	<i>Six month period ended 30 June 2014 AED '000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>92,574</b>	<b>90,954</b>	<b>154,743</b>	<b>149,692</b>
<b>Other comprehensive income</b>				
Board remuneration (note 11)	-	-	(7,125)	(4,500)
<b>Net other comprehensive expense not to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>	<b>(7,125)</b>	<b>(4,500)</b>
Net movement in fair value of derivatives in cash flow hedges	5,886	(7,574)	1,483	(2,396)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	8,311	(1,104)	1,172	(15)
Exchange differences arising on translation of overseas operations	-	(27)	-	(31)
<b>Net other comprehensive income (expense) to be reclassified to profit or loss in subsequent periods</b>	<b>14,197</b>	<b>(8,705)</b>	<b>2,655</b>	<b>(2,442)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>106,771</b>	<b>82,249</b>	<b>150,273</b>	<b>142,750</b>
Attributable to:				
Ordinary equity holders of the parent	106,370	81,650	148,950	141,653
Non-controlling interests	401	599	1,323	1,097
	<b>106,771</b>	<b>82,249</b>	<b>150,273</b>	<b>142,750</b>

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

## National Central Cooling Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 (Unaudited)

		<i>(Audited)</i>
		31 December
		2014
		AED '000
	30 June	2015
	AED '000	AED '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Capital work in progress	5	257,910
Property, plant and equipment	5	3,591,034
Intangible assets		37,596
Investments in associates and joint ventures		588,459
Loan to a joint venture		72,276
Finance lease receivables		2,735,193
		<u>7,282,468</u>
<b>Current assets</b>		
Inventories		42,969
Accounts receivable and prepayments		398,665
Finance lease receivables		222,528
Contract work in progress		42,431
Cash and term deposits	6	1,252,760
		<u>1,959,353</u>
<b>TOTAL ASSETS</b>		<u>9,241,821</u>
		<u>8,334,763</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital		738,490
Treasury shares		(2,016)
Statutory reserve		162,822
Retained earnings		563,276
Foreign currency translation reserve		(2,558)
Cumulative changes in fair value of derivatives in cash flow hedges		(51,730)
Mandatory convertible bond – equity component	8	1,772,476
Other reserve		768,086
<b>Equity attributable to the equity holders of the parent</b>		<u>3,948,846</u>
Non – controlling interests		65,906
<b>Total equity</b>		<u>4,014,752</u>
		<u>4,930,593</u>
<b>Non-current liabilities</b>		
Accounts payable, accruals and provisions		116,359
Interest bearing loans and borrowings	7	2,910,631
Obligations under finance lease		13,270
Mandatory convertible bond– liability component	8	220,596
Employees' end of service benefits		23,145
		<u>3,284,001</u>
		<u>2,543,933</u>
<b>Current liabilities</b>		
Accounts payable, accruals and provisions		1,676,341
Advances from a related party		-
Interest bearing loans and borrowings	7	184,173
Mandatory convertible bond– liability component	8	75,190
Obligations under finance lease		7,364
		<u>1,943,068</u>
<b>Total liabilities</b>		<u>5,227,069</u>
		<u>3,404,170</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,241,821</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 13 form part of these interim condensed consolidated financial statements.

## National Central Cooling Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2015 (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 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	-	-	-	148,595	-	-	-	-	148,595	1,097	149,692
Other comprehensive (expense) income for the period	-	-	-	(4,500)	(31)	(2,411)	-	-	(6,942)	-	(6,942)
Total comprehensive income (expense) for the period	-	-	-	144,095	(31)	(2,411)	-	-	141,653	1,097	142,750
Transfer from other reserves	-	-	-	137,851	-	-	-	(137,851)	-	-	-
On disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Issuance of mandatory convertible bond 4 in lieu	-	-	-	-	-	-	97,100	40,751	-	-	-
of cash dividend to existing MCB (note 11)	-	-	-	(137,851)	-	-	-	-	-	-	-
Dividends paid to ordinary shareholders (note 11)	-	-	-	(32,953)	-	-	-	-	(32,953)	-	(32,953)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(5,597)	(5,597)
Balance at 30 June 2014	659,063	(2,016)	130,256	446,172	(2,518)	(52,447)	2,584,117	922,888	4,685,515	69,165	4,754,680
Balance at 1 January 2015	738,490	(2,016)	162,822	590,665	(2,558)	(54,385)	2,450,238	977,540	4,860,596	69,997	4,930,593
Profit for the period	-	-	-	153,420	-	-	-	-	153,420	1,323	154,743
Other comprehensive (expense) income for the period	-	-	-	(7,125)	-	2,655	-	-	(4,470)	-	(4,470)
Total comprehensive income for the period	-	-	-	146,295	-	2,655	-	-	148,950	1,323	150,273
Repurchase of Mandatory Convertible Bond 1B (note 8)	-	-	-	-	-	-	(677,762)	(209,254)	(887,016)	-	(887,016)
Dividends paid to Mandatory Convertible Bond holder (note 11)	-	-	-	(136,759)	-	-	-	-	(136,759)	-	(136,759)
Dividends paid to ordinary shareholders (note 11)	-	-	-	(36,925)	-	-	-	-	(36,925)	-	(36,925)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(5,414)	(5,414)
Balance at 30 June 2015	738,490	(2,016)	162,822	563,276	(2,558)	(51,730)	1,772,476	768,086	3,948,846	65,906	4,014,752

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

## National Central Cooling Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 June 2015 (Unaudited)

		<i>Six month period ended 30 June 2015 AED '000</i>	<i>Six month period ended 30 June 2014 AED '000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		154,743	149,692
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		61,436	65,577
Finance income relating to finance lease receivable		(93,394)	(77,768)
Share of results of associates and joint ventures		(33,168)	(38,445)
Net movement in employees' end of service benefits		1,617	1,179
Other gains and losses		(3,926)	2,147
Interest income		(1,125)	(2,916)
Finance costs		61,892	68,073
		<u>148,075</u>	<u>167,539</u>
Working capital adjustments:			
Inventories		(1,391)	(3,250)
Accounts receivable and prepayments		68,127	(57,507)
Contract work in progress		(1,947)	(463)
Accounts payable and accruals		(50,495)	27,648
Lease rentals received		117,948	93,575
Board remuneration	11	(7,125)	(4,500)
Net cash flows from operating activities		<u>273,192</u>	<u>223,042</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(26,897)	(44,756)
Dividends from associates		27,809	19,006
Proceeds from sale of an associate and a subsidiary		-	1,749
Payments for capital work in progress		(71,106)	(27,642)
Interest received		1,123	2,817
Net cash flows used in investing activities		<u>(69,071)</u>	<u>(48,826)</u>
<b>FINANCING ACTIVITIES</b>			
Interest bearing loans and borrowings received	7	1,032,794	11,212
Interest bearing loans and borrowings repaid	7	(108,446)	(70,890)
Cash coupon paid on mandatory convertible bonds	8	(60,294)	(60,294)
Islamic financing arrangement repaid		-	(192,345)
Payment for obligations under finance lease		(2,812)	(2,561)
Interest paid		(51,437)	(51,313)
Dividends paid to ordinary shareholders and Mandatory Convertible Bond holder	11	(173,684)	(32,953)
Dividends paid to non-controlling interests		(5,414)	(5,597)
Net cash flows from (used in) financing activities		<u>630,707</u>	<u>(404,741)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>834,828</b>	<b>(230,525)</b>
Cash and cash equivalents at 1 January		<u>417,932</u>	<u>670,382</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>6</b>	<b><u>1,252,760</u></b>	<b><u>439,857</u></b>

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

## National Central Cooling Company PJSC

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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 23 July 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 six months period ended 30 June 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 amendments to the standards.

However, the adoption of the amendments to the standards does not have significant impact on the interim condensed consolidated financial statements of the Group. The nature of each amendment is described below:

##### **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.



## National Central Cooling Company PJSC

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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

###### **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).

###### **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.

###### **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.

## National Central Cooling Company PJSC

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 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

##### 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).

##### 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.

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 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.

	<i>Six month period ended 30 June 2015</i>				<i>Six month period ended 30 June 2014</i>			
	<i>Chilled water</i>	<i>Value chain business</i>	<i>Eliminations</i>	<i>Total</i>	<i>Chilled water</i>	<i>Value chain business</i>	<i>Eliminations</i>	<i>Total</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>
<b>Revenue</b>								
External revenue	507,212	48,135	-	555,347	483,076	43,214	-	526,290
Inter-segment revenue	-	5,195	(5,195)	-	-	5,796	(5,796)	-
<b>Total revenue</b>	<b>507,212</b>	<b>53,330</b>	<b>(5,195)</b>	<b>555,347</b>	<b>483,076</b>	<b>49,010</b>	<b>(5,796)</b>	<b>526,290</b>
Operating costs	(254,859)	(37,634)	5,625	(286,868)	(238,109)	(36,722)	6,953	(267,878)
<b>Gross profit</b>	<b>252,353</b>	<b>15,696</b>	<b>430</b>	<b>268,479</b>	<b>244,967</b>	<b>12,288</b>	<b>1,157</b>	<b>258,412</b>
<b>Results</b>								
Operating profit	172,221	6,180	15	178,416	172,787	4,430	1,334	178,551
Finance costs	-	-	-	(61,892)	-	-	-	(68,073)
Finance income	-	-	-	1,125	-	-	-	2,916
Other gains and losses	-	-	-	3,926	-	-	-	(2,147)
Share of results of associates and joint ventures	33,168	-	-	33,168	38,445	-	-	38,445
<b>Profit for the period</b>				<b>154,743</b>				<b>149,692</b>

Inter-segment revenues are eliminated on consolidation.

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 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 30 June 2015</i>	<i>Three month period ended 30 June 2014</i>	<i>Six month period ended 30 June 2015</i>	<i>Six month period ended 30 June 2014</i>
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	<u>92,173</u>	<u>90,355</u>	<u>153,420</u>	<u>148,595</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<u>736,474</u>	657,047	<u>736,474</u>	657,047
Effect of mandatory convertible bond ('000)	<u>2,735,189</u>	<u>2,814,616</u>	<u>2,735,189</u>	<u>2,788,374</u>
Total ('000)	<u>3,471,663</u>	<u>3,471,663</u>	<u>3,471,663</u>	<u>3,445,421</u>
Basic and dilutive earnings per share (AED)	<u>0.03</u>	<u>0.03</u>	<u>0.04</u>	<u>0.04</u>

Basic earnings per share have 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). This did not have any significant impact on weighted average number of ordinary shares outstanding during the period (note 8)

#### 5 CAPITAL WORK IN PROGRESS AND PROPERTY, PLANT AND EQUIPMENT

During the six month period ended 30 June 2015, the Group has incurred capital expenditure of AED 216 million (30 June 2014: AED 10.7 million) primarily relating to construction of district cooling plants and distribution network.

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015 (Unaudited)

#### 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 30 June 2015 AED '000</i>	<i>At 30 June 2014 AED '000</i>
Bank balances and cash	1,238,212	141,479
Bank deposits	<u>14,548</u>	<u>298,378</u>
Cash and cash equivalents as at 30 June	<u>1,252,760</u>	<u>439,857</u>

Geographical concentration of bank balances and cash is as follows:

	<i>At 30 June 2015 AED '000</i>	<i>At 30 June 2014 AED '000</i>
Within UAE	1,236,397	431,862
Outside UAE	<u>16,363</u>	<u>7,995</u>
	<u>1,252,760</u>	<u>439,857</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 81.4 million has been excluded from the cash flow statement.

#### 7 INTEREST BEARING LOANS AND BORROWINGS

During the period, the Company obtained a new term loan facility – Facility C, under its existing financing arrangement with a syndicate of local commercial banks amounting to AED 1,000 million to finance the repurchase of Mandatory Convertible Bond 1B (note 8). The facility carries interest rate of EIBOR plus a margin.

Facility C is repayable in 11 equal semi-annual instalments of AED 18.18 million commencing from 31 December 2015 with a bullet payment of AED 800 million on 31 March 2021. All other terms of the new facility are the same as the existing facilities disclosed in the annual consolidated financial statements of the Group as at 31 December 2014.

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 30 June 2015 (Unaudited)

#### 8 MANDATORY CONVERTIBLE BONDS

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

	<b>Mandatory convertible bond (MCB 1A)</b>		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2015	172,400	870,575	1,042,975
Accretion expense	3,330	-	3,330
Amortization of transaction costs	162	-	162
Cash coupons paid	(22,292)	-	(22,292)
<b>Balance at 30 June 2015</b>	<b>153,600</b>	<b>870,575</b>	<b>1,024,175</b>

	<b>Mandatory convertible bond (MCB 1B)</b>		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2015	181,682	922,612	1,104,294
Accretion expense	3,524	-	3,524
Amortization of transaction costs	273	-	273
Repurchase of MCB 1B (note i)	(118,099)	(677,762)	(795,861)
Cash coupons paid	(23,594)	-	(23,594)
<b>Balance at 30 June 2015</b>	<b>43,786</b>	<b>244,850</b>	<b>288,636</b>

	<b>Mandatory convertible bond (MCB 1C)</b>		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2015	110,566	559,951	670,517
Accretion expense	2,152	-	2,152
Amortization of transaction costs	90	-	90
Cash coupons paid	(14,408)	-	(14,408)
<b>Balance at 30 June 2015</b>	<b>98,400</b>	<b>559,951</b>	<b>658,351</b>

	<b>Mandatory convertible bond (MCB 4)</b>		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2015	-	97,100	97,100
Issued during the period	-	-	-
<b>Balance at 30 June 2015</b>	<b>-</b>	<b>97,100</b>	<b>97,100</b>
<b>Total balance of MCBs at 30 June 2015</b>	<b>295,786</b>	<b>1,772,476</b>	<b>2,068,262</b>
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 30 June 2015 (Unaudited)

#### 8 MANDATORY CONVERTIBLE BONDS continued

The mandatory convertible bonds represent ordinary shares as follows:

	2015	2014
<b>At 30 June 2015</b>		
MCB 1A (shares at AED 1 each)	989,944,912	989,944,912
MCB 1B (shares at AED 1 each)	289,626,849	1,047,776,962
MCB 1C (shares at AED 1 each)	639,862,459	639,862,459
MCB 4 (shares at AED 1 each)	<u>57,605,255</u>	<u>57,605,255</u>
	<u><b>1,977,039,475</b></u>	<u><b>2,735,189,588</b></u>

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

	At 30 June 2015 AED '000	At 31 December 2014 AED '000
Current	75,190	104,889
Non-current	<u>220,596</u>	<u>359,759</u>
	<u><b>295,786</b></u>	<u><b>464,648</b></u>

- (i) On 7 June 2015, the Shareholders of the Company, at an Ordinary General Assembly, resolved to repurchase a portion of mandatory convertible bonds (MCB-1B) with a carrying amount of AED 795.9 million at a repurchase price of AED 1,000 million. The sale and repurchase agreement with the mandatory convertible bond holder was finalised on 30 June 2015. As of the period end, the repurchase price payable to the bond holder is recorded within the current portion of accounts payable, accruals and provisions in the consolidated statement of financial position.

In line with the requirement of the IFRSs, the repurchase price allocated to the liability component is determined as the fair value at the date of repurchase based on the present value of coupons payable till maturity discounted at current market rate of 6.3% per annum. The resulting gain of AED 5.1 million is recorded within other gains and losses in the consolidated income statement.

The remainder of the repurchase price of AED 887 million is allocated to the equity component resulting in an adjustment of AED 209.3 million in equity under other reserves.

	Carrying amount AED '000	Price allocation AED '000	Difference AED '000
MCB 1B – Liability component	118,099	112,984	5,115
MCB 1B – Equity Component	<u>677,762</u>	<u>887,016</u>	<u>(209,254)</u>
	<u><b>795,861</b></u>	<u><b>1,000,000</b></u>	<u><b>(204,139)</b></u>

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2015 (Unaudited)

#### 9 COMMITMENTS AND CONTINGENCIES

##### Capital commitments

The authorised capital expenditure contracted for at 30 June 2015 but not provided for amounted to AED 318 million (31 December 2014: AED 302 million).

##### Contingencies

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

	<i>At 30 June 2015 AED '000</i>	<i>At 31 December 2014 AED '000</i>
Performance guarantees	126,836	127,420
Advance payment guarantees	1,923	2,030
Financial guarantees	2,586	2,586
	<u>131,345</u>	<u>132,036</u>

#### 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>Six month period ended 30 June 2015</i>				<i>Six month period ended 30 June 2014</i>			
	<i>Revenue AED'000</i>	<i>Operating costs AED'000</i>	<i>Interest expense AED'000</i>	<i>Other income AED'000</i>	<i>Revenue AED'000</i>	<i>Operating costs AED'000</i>	<i>Interest expense AED'000</i>	<i>Other income AED'000</i>
Associated companies	-	46,579	-	2,206	-	44,319	-	2,166
Majority shareholder	-	-	9,003	-	-	-	10,978	-
Associate of majority shareholder	52,211	-	-	-	57,750	-	-	-
Government related departments and institutions	20,597	57,896	12,252	-	14,837	44,957	13,996	-
	<u>72,808</u>	<u>104,475</u>	<u>21,255</u>	<u>2,206</u>	<u>72,587</u>	<u>89,276</u>	<u>24,974</u>	<u>2,166</u>



## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2015 (Unaudited)

#### 10 RELATED PARTY TRANSACTIONS AND BALANCES continued

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

	<i>30 June 2015</i>				
	<i>Loan receivable AED'000</i>	<i>Mandatory convertible bonds AED'000</i>	<i>Accounts receivable AED'000</i>	<i>Accounts payables and advances AED'000</i>	<i>Interest bearing loans AED'000</i>
Associated companies	-	-	15,854	50,665	-
Joint venture	72,276	-	12,295	-	-
Majority shareholder	-	2,068,262	-	1,000,000	-
Associate of a majority shareholder	-	-	42,044	81,376	-
Government related departments and institutions	-	-	14,036	3,755	1,195,708
	<u>72,276</u>	<u>2,068,262</u>	<u>84,229</u>	<u>1,135,796</u>	<u>1,195,708</u>
	<i>31 December 2014</i>				
	<i>Loan receivable AED'000</i>	<i>Mandatory convertible bond AED'000</i>	<i>Accounts receivable AED'000</i>	<i>Accounts payables and advances AED'000</i>	<i>Interest bearing loans 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>

Other transactions:

- (i) 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.
- (ii) During the period, the Company entered into a sale and repurchase agreement with MDC for the repurchase of a portion of mandatory convertible bonds (MCB-1B) with a carrying amount of AED 795.9 million at a repurchase price of AED 1,000 million (note 8).

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2015 (Unaudited)

#### 10 RELATED PARTY TRANSACTIONS AND BALANCES continued

##### Compensation of key management personnel

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

	<i>Six month period ended 30 June 2015 AED '000</i>	<i>Six month period ended 30 June 2014 AED '000</i>
Short-term benefits	10,496	10,350
Employees' end of service benefits	280	466
	<u>10,776</u>	<u>10,816</u>
Number of key management personnel	<u>19</u>	<u>20</u>

#### 11 DIVIDENDS AND BOARD REMUNERATION

Cash dividend of 5 fils per share pertaining to both common shareholders (AED 36.9 million) and mandatory convertible bond holders (AED 136.8 million) in respect of the fiscal year ended 31 December 2014 was approved by the shareholders at the Annual General Meeting held on 11 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 30 June 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 30 June 2015 was AED 287.6 million and AED 295.8 million respectively.

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

#### 13 EVENTS AFTER REPORTING DATE

On 1 July 2015, the Company settled an amount of AED 1,000 million on the repurchase of a portion of mandatory convertible bonds (MCB-1B) (note 8).