

**NATIONAL CENTRAL COOLING
COMPANY PJSC**

Review report and condensed consolidated
interim financial information
for the six month period ended
30 June 2017

NATIONAL CENTRAL COOLING COMPANY PJSC

**Review report and condensed consolidated interim financial information
for the six month period ended 30 June 2017**

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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 June 2017 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this 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".

Deloitte & Touche (M.E.)



Signed by:
Rama Padmanabha Acharya
Registration No. 701
26 July 2017
Abu Dhabi
United Arab Emirates



NATIONAL CENTRAL COOLING COMPANY PJSC

**Condensed consolidated interim statement of profit or loss
for the six month period ended 30 June 2017 (unaudited)**

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 AED'000	2016 AED'000	2017 AED'000	2016 AED'000
Revenues	5	369,082	323,092	639,242	578,570
Operating costs	5	(199,224)	(170,790)	(326,729)	(295,303)
GROSS PROFIT		169,858	152,302	312,513	283,267
Administrative and other expenses		(51,489)	(44,081)	(101,175)	(97,259)
OPERATING PROFIT		118,369	108,221	211,338	186,008
Finance costs	5	(40,413)	(37,474)	(82,140)	(74,972)
Finance income	5	34	8	73	168
Other income	5	22	653	1,293	4,415
Share of results of associates and joint ventures	5	39,488	26,299	62,389	48,209
PROFIT FOR THE PERIOD		117,500	97,707	192,953	163,828
Attributable to:					
Ordinary equity holders of the parent		117,298	97,040	192,680	160,452
Non-controlling interests		202	667	273	3,376
		117,500	97,707	192,953	163,828
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	6	0.04	0.04	0.07	0.06

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 six month period ended 30 June 2017 (unaudited)**

	Three months ended 30 June		Six months ended 30 June	
	2017 AED'000	2016 AED'000	2017 AED'000	2016 AED'000
Profit for the period	117,500	97,707	192,953	163,828
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement in fair value of derivatives in cash flow hedges	(12,404)	6,732	(14,202)	(11,535)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	(9,489)	(7,468)	(6,255)	(20,310)
Exchange differences arising on translation of overseas operations	(21)	-	(30)	(34)
Total comprehensive income for the period	95,586	96,971	172,466	131,949
Attributable to:				
Ordinary equity holders of the parent	95,384	96,304	172,193	128,573
Non-controlling interest	202	667	273	3,376
	95,586	96,971	172,466	131,949

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 June 2017**

		30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
ASSETS	<i>Notes</i>		
Non-current assets			
Capital work in progress	7	141,465	117,775
Property, plant and equipment	7	3,810,261	3,845,225
Intangible assets		27,710	27,710
Investments in associates and joint ventures		831,059	826,096
Finance lease receivables		2,746,408	2,782,567
		<u>7,556,903</u>	<u>7,599,373</u>
Current assets			
Inventories		34,821	32,026
Accounts receivable and prepayments		522,864	409,115
Finance lease receivables		239,206	230,918
Cash and term deposits	8	500,153	389,961
		<u>1,297,044</u>	<u>1,062,020</u>
TOTAL ASSETS		<u><u>8,853,947</u></u>	<u><u>8,661,393</u></u>
EQUITY AND LIABILITIES			
Equity			
Issued capital		738,490	738,490
Treasury shares		(2,016)	(2,016)
Statutory reserve		234,092	234,092
Retained earnings		904,531	888,361
Foreign currency translation reserve		(2,745)	(2,715)
Cumulative changes in fair value of derivatives in cash flow hedges		(50,008)	(29,551)
Mandatory convertible bond – equity component	9	1,772,476	1,772,476
Other reserve		768,086	768,086
Equity attributable to the equity holders of the parent		<u>4,362,906</u>	<u>4,367,223</u>
Non – controlling interests		69,791	70,868
Total equity		<u>4,432,697</u>	<u>4,438,091</u>
Non-current liabilities			
Accounts payable, accruals and provisions		131,164	133,110
Interest bearing loans and borrowings	10	1,920,445	2,887,187
Islamic financing arrangements	10	1,125,899	-
Obligations under finance lease		576	3,979
Mandatory convertible bond– liability component	9	-	97,729
Employees' end of service benefits		24,474	22,649
		<u>3,202,558</u>	<u>3,144,654</u>
Current liabilities			
Accounts payable, accruals and provisions		655,319	643,663
Interest bearing loans and borrowings	10	320,815	342,712
Islamic financing arrangements	10	70,186	-
Mandatory convertible bond– liability component	9	165,008	84,909
Obligations under finance lease		7,364	7,364
		<u>1,218,692</u>	<u>1,078,648</u>
Total liabilities		<u>4,421,250</u>	<u>4,223,302</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,853,947</u></u>	<u><u>8,661,393</u></u>



Ahmed Saeed Al Cally
Vice 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 six month period ended 30 June 2017 (unaudited)

	Attributable to equity holders of the parent										
	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	Total equity AED '000
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	-	-	-	160,452	-	-	-	-	160,452	3,376	163,828
Other comprehensive loss for the period	-	-	-	-	(34)	(31,845)	-	-	(31,879)	-	(31,879)
Total comprehensive income/(loss) for the period	-	-	-	160,452	(34)	(31,845)	-	-	128,573	3,376	131,949
Dividends paid to ordinary shareholders (note 13)	-	-	-	(44,310)	-	-	-	-	(44,310)	-	(44,310)
Dividends paid to MCB holder (note 13)	-	-	-	(118,622)	-	-	-	-	(118,622)	-	(118,622)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,111)	(6,111)
Balance at 30 June 2016 (unaudited)	738,490	(2,016)	197,356	718,187	(2,607)	(63,964)	1,772,476	768,086	4,126,008	62,664	4,188,672
Balance at 1 January 2017 (audited)	738,490	(2,016)	234,092	888,361	(2,715)	(29,551)	1,772,476	768,086	4,367,223	70,868	4,438,091
Profit during the period	-	-	-	192,680	-	-	-	-	192,680	273	192,953
Other comprehensive loss for the period	-	-	-	-	(30)	(20,457)	-	-	(20,487)	-	(20,487)
Total comprehensive income/(loss) for the period	-	-	-	192,680	(30)	(20,457)	-	-	172,193	273	172,466
Dividends paid to ordinary shareholders (note 13)	-	-	-	(48,002)	-	-	-	-	(48,002)	-	(48,002)
Dividends paid to MCB holder (note 13)	-	-	-	(128,508)	-	-	-	-	(128,508)	-	(128,508)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,350)	(1,350)
Balance at 30 June 2017 (unaudited)	738,490	(2,016)	234,092	904,531	(2,745)	(50,008)	1,772,476	768,086	4,362,906	69,791	4,432,697

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 six month period ended 30 June 2017 (unaudited)

	Notes	Six months ended 30 June	
		2017 AED '000	2016 AED '000
OPERATING ACTIVITIES			
Profit for the period		192,953	163,828
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		68,835	61,594
Finance lease income		(94,079)	(93,085)
Share of results of associates and joint ventures		(62,389)	(48,209)
Net movement in employees' end of service benefits		1,825	824
Interest income		(73)	(168)
Finance costs		82,140	74,972
Other income		-	(1,608)
		<u>189,212</u>	<u>158,148</u>
Working capital adjustments:			
Inventories		(2,795)	(906)
Accounts receivable and prepayments		(113,763)	(47,122)
Accounts payable, accruals and provisions		95,378	34,246
Lease rentals received		121,950	120,871
Board of directors remuneration paid		(7,125)	(7,125)
		<u>282,857</u>	<u>258,112</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(108,796)	(11,378)
Payments for capital work in progress		(45,551)	(109,456)
Investment in a joint venture		-	(91,837)
Dividends from a joint venture		14,000	24,000
Dividends from associates		39,708	22,747
Proceeds against sale of land		-	11,224
Interest received		87	256
		<u>(100,552)</u>	<u>(154,444)</u>
FINANCING ACTIVITIES			
Interest bearing loans and borrowings received	10	113,525	289,439
Interest bearing loans and borrowings repaid	10	(1,115,976)	(101,222)
Islamic financing arrangement received	10	1,220,000	-
Cash coupon paid on mandatory convertible bonds	9	(21,611)	(43,222)
Payment for obligations under finance lease		(3,403)	(3,096)
Interest paid		(69,291)	(62,256)
Arrangement fees paid		(17,497)	(2,664)
Dividends paid to ordinary shareholders and Mandatory Convertible Bond holder		(176,510)	(162,933)
Dividends paid to non-controlling interests		(1,350)	(6,111)
		<u>(72,113)</u>	<u>(92,065)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>110,192</u>	<u>11,603</u>
Cash and cash equivalents at 1 January		389,961	193,446
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	<u><u>500,153</u></u>	<u><u>205,049</u></u>

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 six month period ended 30 June 2017

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 Investment Company (“MIC” 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.

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these financial statements. The application of these revised 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 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

2.2 New and revised IFRS 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:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018

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**Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (continued)**

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
The interpretation addresses foreign currency transactions or parts of transactions where: <ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 <i>Financial Instruments: Disclosures</i> relating to the 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

NATIONAL CENTRAL COOLING COMPANY PJSC
**Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (continued)**
2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)
2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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IFRS 9 <i>Financial Instruments</i> (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018
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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.

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**Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (continued)**

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p>IFRS 15 <i>Revenue from Contracts with Customers</i></p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. <p>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.</p>	<p>1 January 2018</p>
<p>Amendments to IFRS 15 <i>Revenue from Contracts with Customers</i> 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.</p>	<p>1 January 2018</p>
<p>IFRS 16 <i>Leases</i></p> <p>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.</p>	<p>1 January 2019</p>

NATIONAL CENTRAL COOLING COMPANY PJSC

**Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (continued)**

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial information as and when they are applicable and adoption 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 information of the Group in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's condensed consolidated interim financial information for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Group's condensed consolidated interim financial information for the annual period beginning 1 January 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated interim financial information in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated interim financial information in respect of its leases.

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 six month period ended 30 June 2017 (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 2016. In addition, results for the six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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 2016, 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 2016.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2017 (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.

	Six month period ended 30 June 2017 (unaudited)				Six month period ended 30 June 2016 (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
Revenue								
External revenue	602,304	36,938		639,242	515,952	62,618	-	578,570
Inter-segment revenue	-	9,198	(9,198)	-	-	7,254	(7,254)	-
Total revenue	602,304	46,136	(9,198)	639,242	515,952	69,872	(7,254)	578,570
Operating costs	(308,866)	(26,239)	8,376	(326,729)	(255,845)	(47,113)	7,655	(295,303)
Gross profit	293,438	19,897	(822)	312,513	260,107	22,759	401	283,267
Administrative and other expenses	(85,367)	(17,344)	1,536	(101,175)	(78,809)	(18,947)	497	(97,259)
Operating profit	208,071	2,553	714	211,338	181,298	3,812	898	186,008
Finance costs	-	-	-	(82,140)	-	-	-	(74,972)
Finance income	-	-	-	73	-	-	-	168
Other income	-	-	-	1,293	-	-	-	4,415
Share of results of associates and joint ventures	62,389	-	-	62,389	48,209	-	-	48,209
Profit for the period				192,953				163,828

Inter-segment revenues are eliminated on consolidation.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2017 (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 9).

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 June		Six month period ended 30 June	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	117,298	97,040	192,680	160,452
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	736,474	736,474	736,474	736,474
Effect of mandatory convertible bond ('000)	1,977,039	1,977,039	1,977,039	1,977,039
Total ('000)	2,713,513	2,713,513	2,713,513	2,713,513
Basic and dilutive earnings per share (AED)	0.04	0.04	0.07	0.06

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

7 Capital work in progress and property, plant and equipment

During the six month period ended 30 June 2017, the Group has incurred capital expenditure of AED 42.1 million (30 June 2016: AED 122.0 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 six month period ended 30 June 2017 (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:

	30 June 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)	30 June 2016 AED'000 (unaudited)
Bank balances and cash	456,981	376,841	192,590
Bank deposits	43,172	13,120	12,459
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents	500,153	389,961	205,049
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)	30 June 2016 AED'000 (unaudited)
Within UAE	492,721	371,159	185,866
Outside UAE	7,432	18,802	19,183
	<hr/>	<hr/>	<hr/>
	500,153	389,961	205,049
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9 Mandatory convertible bonds

During the period, the major shareholder of the Company, Mubadala Investment Company, announced its intention to convert all of the mandatory convertible bonds and sell 40% of the Company's shareholding after conversion to a new shareholder. Subsequent to period end, Mubadala Investment Company has issued a notice to the Group requesting conversion of all of the mandatory convertible bonds into shares. A total of 1,977,039,475 shares will be issued upon conversion. The completion of conversion and transfer of the shares is expected to occur in third quarter of 2017, subject to regulatory approvals.

Accordingly, the total liability component of mandatory convertible bonds has been classified as current on the financial statements.

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**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (continued)**

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

	Mandatory convertible bond (MCB 1A)		
	Liability	Equity	Total
	component	Component	Total
	AED'000	AED'000	AED'000
2017			
Balance at 1 January 2017 (audited)	94,925	870,575	965,500
Accretion expense	162	-	162
Amortisation of transaction costs	1,782	-	1,782
Cash coupons paid	(11,146)	-	(11,146)
Balance at 30 June 2017 (unaudited)	85,723	870,575	956,298
	Mandatory convertible bond (MCB 1B)		
	Liability	Equity	Total
	component	Component	Total
	AED'000	AED'000	AED'000
2017			
Balance at 1 January 2017 (audited)	27,298	244,850	272,148
Accretion expense	275	-	275
Amortisation of transaction costs	521	-	521
Cash coupons paid	(3,261)	-	(3,261)
Balance at 30 June 2017 (unaudited)	24,833	244,850	269,683
	Mandatory convertible bond (MCB 1C)		
	Liability	Equity	Total
	component	component	Total
	AED'000	AED'000	AED'000
2017			
Balance at 1 January 2017 (audited)	60,415	559,951	620,366
Accretion expense	88	-	88
Amortisation of transaction costs	1,153	-	1,153
Cash coupons paid	(7,204)	-	(7,204)
Balance at 30 June 2017 (unaudited)	54,452	559,951	614,403

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**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (continued)**
9 Mandatory convertible bonds (continued)

	Mandatory convertible bond (MCB 4)		
	Liability component AED'000	Equity component AED'000	Total AED'000
Balance at 1 January 2017 (audited) and 30 June 2017 (unaudited)	-	97,100	97,100
Total balance of MCBs as at 30 June 2017 (unaudited)	165,008	1,772,476	1,937,484
Total balance of MCBs as at 31 December 2016 (audited)	182,638	1,772,476	1,955,114

Allocation of the bonds as at 30 June 2017 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)	85,723	870,575	956,298
MCB 1B (representing 289,626,849 shares at AED 1 each)	24,833	244,850	269,683
MCB 1C (representing 639,862,459 shares at AED 1 each)	54,452	559,951	614,403
MCB 4 (representing 57,605,255 shares at AED 1 each)	-	97,100	97,100
Total 1,977,039,475 shares @ AED 1 each (unaudited)	165,008	1,772,476	1,937,484

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

	At 30 June 2017 AED'000 (unaudited)	At 31 December 2016 AED'000 (audited)
Current	165,008	84,909
Non-current	-	97,729
	165,008	182,638

NATIONAL CENTRAL COOLING COMPANY PJSC
**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (continued)**
10 Interest bearing loans and Islamic financing arrangement

During the period, the Group obtained a new syndicated Islamic financing facility with local banks amounting to AED 1,513.0 million in 3 tranches. The financing was obtained to refinance the existing term loan facility of AED 945.5 million and to fund capital expenditure. The facility carries rental rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against specified account receivables and property plant and equipment.

The facility is repayable in 20 semi-annual instalments commencing on December 2017 with a bullet payment of 43% of the facility amount payable in June 2027.

During the period, the Group has drawn Tranche 1 and Tranche 2 from the new Islamic facility amounting to AED 1,025.0 million and AED 195.0 million respectively. Tranche 1 of the Islamic facility was utilized to settle the existing term loan facility of AED 945.5 million.

During the period, the Group has also made drawdown amounting to AED 113.5 million and repayments amounting to AED 1,116.0 million for interest bearing loans and borrowings.

11 Commitments and contingencies
Capital commitments

The authorised capital expenditure contracted for at 30 June 2017 but not provided for amounted to AED 146.5 million (31 December 2016: AED 174.3 million).

Contingencies

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

	At 30 June 2017 AED'000 (unaudited)	At 31 December 2016 AED'000 (audited)
Performance guarantees	112,107	108,418
Advance payment guarantees	484	673
Financial guarantees	2,586	2,586
	115,177	111,677

NATIONAL CENTRAL COOLING COMPANY PJSC

**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (continued)**

12 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:

	Six month period ended 30 June 2017 (unaudited)				Six month period ended 30 June 2016 (unaudited)			
	Revenue AED'000	Operating costs AED'000	Interest expense AED'000	Other income AED'000	Revenue AED'000	Operating costs AED'000	Interest expense AED'000	Other income AED'000
Associated companies	-	49,781	-	2,431	-	48,962	-	2,429
Joint ventures	-	-	-	2,794	-	-	-	2,560
Major shareholder	-	-	3,456	-	-	-	4,984	-
Associate of major shareholder	59,984	-	-	-	56,227	-	-	-
Government related departments and institutions	23,239	59,025	38,335	-	20,653	54,955	19,881	-

NATIONAL CENTRAL COOLING COMPANY PJSC
**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (continued)**
12 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 June 2017 (unaudited)				
	Mandatory convertible bonds AED'000	Accounts receivable AED'000	Bank balances AED'000	Accounts payables and advances AED'000	Interest bearing loans AED'000
Associated companies	-	16,751	-	40,252	-
Joint venture	-	3,619	-	-	-
Majority shareholder (note 9)	1,937,484	-	-	-	-
Associate of a majority shareholder	-	26,157	-	-	-
Government related departments and institutions	-	9,418	369,446	24,294	1,780,170
	<u>1,937,484</u>	<u>55,945</u>	<u>369,446</u>	<u>64,546</u>	<u>1,780,170</u>

	At 31 December 2016 (audited)				
	Mandatory convertible bonds AED'000	Accounts receivable AED'000	Bank balances AED'000	Accounts payables and advances AED'000	Interest bearing loans AED'000
Associated companies	-	23,315	-	32,360	-
Joint venture	-	5,329	-	-	-
Majority shareholder (note 9)	1,955,114	-	-	-	-
Associate of a majority shareholder	-	13,815	-	-	-
Other related party	-	-	-	100,000	-
Government related departments and institutions	-	3,968	141,003	7,953	1,136,426
	<u>1,955,114</u>	<u>46,427</u>	<u>141,003</u>	<u>140,313</u>	<u>1,136,426</u>

NATIONAL CENTRAL COOLING COMPANY PJSC

**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (continued)**

12 Related party transactions and balances (continued)

Compensation of key management personnel

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

	Six month period ended 30 June	
	2017 AED'000 (unaudited)	2016 AED'000 (unaudited)
Short-term benefits	3,294	3,123
Employees' end of service benefits	62	77
	3,356	3,200
	4	4

13 Dividends and Board Remuneration

The Board of Directors proposed a cash dividend of 6.5 fils per share pertaining to both common shareholders and mandatory convertible bond holder in respect of the fiscal year ended 31 December 2016. The dividend was approved by the shareholders at the Annual General Meeting held on 6 March 2017.

The dividend comprised of AED 48.0 million to the common shareholders and AED 128.5 million to the mandatory convertible bond holder and was paid in April 2017.

In 2016, the Board of Directors proposed a dividend of 6.0 fils per share in respect of the fiscal year ended 31 December 2015. This dividend was approved by the shareholders at the Annual General Meeting held on 3 March 2016 and was paid in April 2016.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2016 was also approved at the Annual General Meeting held on 6 March 2017. Board remuneration of AED 7.1 million for the year ended 31 December 2015 was approved at the previous Annual General Meeting on 3 March 2016.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2017 (continued)

14 Seasonality of operations

Interim results fluctuate due to the seasonal demands for chilled water, in line with the average temperatures in the region. Tabreed's operations generally produce higher revenues in the summer due to increased customer consumption, while certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result, interim net profits are not indicative of net profits on an annual basis.

15 Fair value measurement

The fair values of the Group's financial assets and liabilities as at 30 June 2017 are not materially different from the fair values as at 31 December 2016.

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 July 2017.