

**National Central Cooling Company PJSC**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2015 (UNAUDITED)**



Ernst & Young  
P.O. Box: 136  
27<sup>th</sup> Floor, Nation Tower 2  
Abu Dhabi Corniche  
Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400  
Fax: +971 2 627 3383  
abudhabi@ae.ey.com  
ey.com/mena

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

Signed by  
Andre Kasparian  
Partner  
Ernst & Young  
Registration No 365

28 October 2015  
Abu Dhabi

## National Central Cooling Company PJSC

### INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2015 (Unaudited)

		<i>Three month period ended 30 September 2015</i>	<i>Three month period ended 30 September 2014</i>	<i>Nine month period ended 30 September 2015</i>	<i>Nine month period ended 30 September 2014</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	335,643	344,406	890,990	870,696
Operating costs	3	<u>(181,917)</u>	<u>(190,962)</u>	<u>(468,785)</u>	<u>(458,840)</u>
<b>GROSS PROFIT</b>		<b>153,726</b>	153,444	<b>422,205</b>	411,856
Administrative and other expenses		<u>(40,911)</u>	<u>(40,393)</u>	<u>(130,974)</u>	<u>(120,254)</u>
<b>OPERATING PROFIT</b>		<b>112,815</b>	113,051	<b>291,231</b>	291,602
Finance costs		<u>(38,927)</u>	<u>(32,504)</u>	<u>(100,819)</u>	<u>(100,577)</u>
Finance income		-	863	1,125	3,779
Other gains and losses		424	(230)	4,350	(2,377)
Share of results of associates and joint ventures		<u>26,527</u>	<u>15,015</u>	<u>59,695</u>	<u>53,460</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>100,839</b></u>	<u>96,195</u>	<u><b>255,582</b></u>	<u>245,887</u>
Attributable to:					
Ordinary equity holders of the parent		<u>100,372</u>	95,863	<u>253,792</u>	244,458
Non-controlling interests		<u>467</u>	<u>332</u>	<u>1,790</u>	<u>1,429</u>
		<u><b>100,839</b></u>	<u>96,195</u>	<u><b>255,582</b></u>	<u>245,887</u>
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	<u><b>0.04</b></u>	<u>0.03</u>	<u><b>0.08</b></u>	<u>0.07</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 September 2015 (Unaudited)

	<i>Three month period ended 30 September 2015 AED '000</i>	<i>Three month period ended 30 September 2014 AED '000</i>	<i>Nine month period ended 30 September 2015 AED '000</i>	<i>Nine month period ended 30 September 2014 AED '000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>100,839</b>	96,195	<b>255,582</b>	245,887
<b>Other comprehensive income</b>				
Board remuneration (note 11)	-	-	<b>(7,125)</b>	(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>	(4,500)
Net movement in fair value of derivatives in cash flow hedges	<b>4,733</b>	1,773	<b>6,216</b>	(623)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	<b>(11,623)</b>	2,095	<b>(10,451)</b>	2,080
Exchange differences arising on translation of overseas operations	-	(26)	-	(57)
<b>Net other comprehensive (expense) income to be reclassified to profit or loss in subsequent periods</b>	<b>(6,890)</b>	3,842	<b>(4,235)</b>	1,400
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>93,949</b>	100,037	<b>244,222</b>	242,787
<b>Attributable to:</b>				
Ordinary equity holders of the parent	<b>93,482</b>	99,207	<b>242,432</b>	241,358
Non-controlling interests	<b>467</b>	830	<b>1,790</b>	1,429
	<b>93,949</b>	100,037	<b>244,222</b>	242,787

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 September 2015 (Unaudited)

		30 September 2015 AED '000	(Audited) 31 December 2014 AED '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capital work in progress	5	273,627	157,117
Property, plant and equipment	5	3,562,287	3,540,000
Intangible assets		37,596	37,596
Investments in associates and joint ventures		602,781	578,663
Loan to a joint venture		72,276	72,276
Finance lease receivables		2,726,707	2,761,334
		<u>7,275,274</u>	<u>7,146,986</u>
<b>Current assets</b>			
Inventories		37,525	41,578
Accounts receivable and prepayments		411,577	466,842
Finance lease receivables		223,645	220,941
Contract work in progress		40,082	40,484
Cash and term deposits	6	309,968	417,932
		<u>1,022,797</u>	<u>1,187,777</u>
Assets held for sale	12	70,146	-
<b>TOTAL ASSETS</b>		<u>8,368,217</u>	<u>8,334,763</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		738,490	738,490
Treasury shares		(2,016)	(2,016)
Statutory reserve		162,822	162,822
Retained earnings		663,648	590,665
Foreign currency translation reserve		(2,558)	(2,558)
Cumulative changes in fair value of derivatives in cash flow hedges		(58,620)	(54,385)
Mandatory convertible bond – equity component	8	1,772,476	2,450,238
Other reserve		768,086	977,340
<b>Equity attributable to the equity holders of the parent</b>		<u>4,042,328</u>	<u>4,860,596</u>
Non – controlling interests		65,273	69,997
<b>Total equity</b>		<u>4,107,601</u>	<u>4,930,593</u>
<b>Non-current liabilities</b>			
Accounts payable, accruals and provisions		116,359	125,692
Interest bearing loans and borrowings	7	2,907,545	2,020,872
Mandatory convertible bond– liability component	8	192,484	359,759
Obligations under finance lease		11,812	16,082
Employees' end of service benefits		20,667	21,528
		<u>3,248,867</u>	<u>2,543,933</u>
<b>Current liabilities</b>			
Accounts payable, accruals and provisions		716,840	521,381
Advances from a related party		-	73,869
Interest bearing loans and borrowings	7	186,558	152,734
Mandatory convertible bond– liability component	8	84,909	104,889
Obligations under finance lease		7,364	7,364
		<u>995,671</u>	<u>860,237</u>
Liabilities directly associated with the assets held for sale	12	16,078	-
<b>Total liabilities</b>		<u>4,260,616</u>	<u>3,404,170</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>8,368,217</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 September 2015 (Unaudited)

	Attributable to equity holders of the parent										
	Issued capital	Treasury shares	Statutory reserve	Retained earnings	Foreign currency translation reserve	Cumulative changes in fair value of derivatives	Mandatory convertible bond - equity component	Other reserve	Total	Non-controlling interests	Total equity
	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	-	-	-	244,458	-	-	-	-	244,458	1,429	245,887
Other comprehensive (expense) income for the period	-	-	-	(4,500)	(57)	1,457	-	-	(3,100)	-	(3,100)
Total comprehensive income (expense) for the period	-	-	-	239,958	(57)	1,457	-	-	241,358	1,429	242,787
Transfer from other reserves	-	-	-	137,851	-	-	-	(137,851)	-	-	-
On disposal of subsidiary	-	-	-	-	-	-	-	-	-	(593)	(593)
Issuance of Mandatory Convertible Bond 4 in lieu of cash dividend to existing MCB holder	-	-	-	(137,851)	-	-	97,100	40,751	-	-	-
Dividends paid to ordinary shareholders (note 11)	-	-	-	(32,953)	-	-	-	-	(32,953)	-	(32,953)
Conversion of mandatory convertible bond 4 into ordinary shares	79,427	-	-	-	-	-	(133,879)	54,452	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,196)	(6,196)
Balance at 30 September 2014	738,490	(2,016)	130,256	542,035	(2,544)	(48,579)	2,450,238	977,340	4,785,220	68,898	4,854,118
<b>Balance at 1 January 2015</b>	<b>738,490</b>	<b>(2,016)</b>	<b>162,822</b>	<b>590,665</b>	<b>(2,558)</b>	<b>(54,385)</b>	<b>2,450,238</b>	<b>977,340</b>	<b>4,860,596</b>	<b>69,997</b>	<b>4,930,593</b>
Profit for the period	-	-	-	253,792	-	-	-	-	253,792	1,790	255,582
Other comprehensive expense for the period	-	-	-	(7,125)	-	(4,235)	-	-	(11,360)	-	(11,360)
Total comprehensive income for the period	-	-	-	246,667	-	(4,235)	-	-	242,432	1,790	244,222
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	-	-	-	-	-	-	-	-	-	(6,514)	(6,514)
Balance at 30 September 2015	738,490	(2,016)	162,822	663,648	(2,558)	(58,620)	1,772,476	768,086	4,042,328	65,273	4,107,601

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 September 2015 (Unaudited)

		<i>Nine month period ended 30 September 2015 AED '000</i>	<i>Nine month period ended 30 September 2014 AED '000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		255,582	245,887
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		90,882	95,704
Income from finance lease receivable		(139,893)	(124,655)
Share of results of associates and joint ventures		(59,695)	(53,460)
Net movement in employees' end of service benefits		(410)	1,471
Other gains and losses		(4,350)	2,377
Interest income		(1,125)	(3,779)
Finance costs		100,819	100,577
		<u>241,810</u>	<u>264,122</u>
Working capital adjustments:			
Inventories		(1,826)	(4,934)
Accounts receivable and prepayments		37,093	(165,414)
Contract work in progress		402	1,138
Accounts payable and accruals		6,679	57,154
Lease rentals received		171,816	149,081
Board remuneration paid	11	(7,125)	(4,500)
Net cash flows from operating activities		<u>448,849</u>	<u>296,647</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(26,537)	(48,232)
Proceeds from sale of an associate and a subsidiary		-	1,749
Investments in a joint venture		-	(58,395)
Dividends from associates		27,809	19,476
Payments for capital work in progress		(113,481)	(55,367)
Interest received		1,175	3,734
Net cash flows used in investing activities		<u>(111,034)</u>	<u>(137,035)</u>
<b>FINANCING ACTIVITIES</b>			
Interest bearing loans and borrowings received	7	1,032,794	11,212
Interest bearing loans and borrowings repaid	7	(109,241)	(71,622)
Repurchase of Mandatory Convertible Bond 1B	8	(1,000,000)	-
Cash coupon paid on mandatory convertible bonds		(81,905)	(90,441)
Islamic financing arrangement repaid		-	(192,345)
Payment for obligations under finance lease		(4,270)	(3,906)
Interest paid		(73,853)	(75,656)
Arrangement fees paid		(12,629)	-
Dividends paid to ordinary shareholders and Mandatory Convertible Bond holder	11	(173,684)	(32,953)
Dividends paid to non-controlling interests		(6,514)	(6,196)
Net cash flows used in financing activities		<u>(429,302)</u>	<u>(461,907)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(91,487)</b>	<b>(302,295)</b>
Cash and cash equivalents at 1 January		<u>417,932</u>	<u>670,382</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>6</b>	<b><u>326,445</u></b>	<b><u>368,087</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 September 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 28 October 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 nine month period ended 30 September 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 September 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****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 September 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. Inter-segment revenues are eliminated on consolidation.

	Nine month period ended 30 September 2015				Nine month period ended 30 September 2014			
	Chilled water	Value chain business	Eliminations	Total	Chilled water	Value chain business	Eliminations	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Revenue</b>								
External revenue	834,193	56,797	-	890,990	804,848	65,848	-	870,696
Inter-segment revenue	-	13,430	(13,430)	-	-	11,788	(11,788)	-
<b>Total revenue</b>	<b>834,193</b>	<b>70,227</b>	<b>(13,430)</b>	<b>890,990</b>	<b>804,848</b>	<b>77,636</b>	<b>(11,788)</b>	<b>870,696</b>
Operating costs	(435,737)	(47,104)	14,056	(468,785)	(416,026)	(55,872)	13,058	(458,840)
<b>Gross profit</b>	<b>398,456</b>	<b>23,123</b>	<b>626</b>	<b>422,205</b>	<b>388,822</b>	<b>21,764</b>	<b>1,270</b>	<b>411,856</b>
<b>Profit from operations</b>	<b>283,313</b>	<b>8,601</b>	<b>(683)</b>	<b>291,231</b>	<b>281,667</b>	<b>8,395</b>	<b>1,540</b>	<b>291,602</b>
Finance costs	-	-	-	(100,819)	-	-	-	(100,577)
Finance income	-	-	-	1,125	-	-	-	3,779
Other gains and losses	-	-	-	4,350	-	-	-	(2,377)
Share of results of associates and joint ventures	59,695	-	-	59,695	53,460	-	-	53,460
<b>Profit for the period</b>				<b>255,582</b>				<b>245,887</b>

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 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 September 2015 AED '000</i>	<i>Three month period ended 30 September 2014 AED '000</i>	<i>Nine month period ended 30 September 2015 AED '000</i>	<i>Nine month period ended 30 September 2014 AED '000</i>
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	<u>100,372</u>	<u>95,863</u>	<u>253,792</u>	<u>244,458</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<u>736,474</u>	<u>716,617</u>	<u>736,474</u>	<u>677,123</u>
Effect of mandatory convertible bond ('000)	<u>1,977,039</u>	<u>2,755,046</u>	<u>2,479,696</u>	<u>2,777,046</u>
Total ('000)	<u>2,713,513</u>	<u>3,471,663</u>	<u>3,216,170</u>	<u>3,454,169</u>
Basic and dilutive earnings per share (AED)	<u>0.04</u>	<u>0.03</u>	<u>0.08</u>	<u>0.07</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) (note 8). The weighted average number of ordinary shares outstanding during the period are adjusted for this transaction.

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

During the nine month period ended 30 September 2015, the Group has incurred expenditure of AED 262 million (30 September 2014: AED 36.7 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 September 2015 (Unaudited)

#### 6 CASH AND CASH EQUIVALENTS

	<i>At 30 September 2015 AED '000</i>	<i>At 30 September 2014 AED '000</i>
Bank balances and cash	202,968	70,583
Bank deposits	107,000	297,504
	<u>309,968</u>	<u>368,087</u>
Cash and cash equivalents as at 30 September	<u>309,968</u>	<u>368,087</u>

For the purpose of interim consolidated statement of cash flows, cash and cash equivalents comprise the following at 30 September:

	<i>At 30 September 2015 AED '000</i>	<i>At 30 September 2014 AED '000</i>
Bank balances and cash	202,968	70,583
Bank deposits	107,000	297,504
Bank balance and cash attributable to disposal group (note 12)	16,477	-
	<u>326,445</u>	<u>368,087</u>
Cash and cash equivalents as at 30 September	<u>326,445</u>	<u>368,087</u>

Geographical concentration of bank balances and cash is as follows:

	<i>At 30 September 2015 AED '000</i>	<i>At 30 September 2014 AED '000</i>
Within UAE	307,831	351,374
Outside UAE	18,614	16,713
	<u>326,445</u>	<u>368,087</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.

## National Central Cooling Company PJSC

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

#### **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 September 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	4,854	-	4,854
Amortisation of transaction costs	245	-	245
Cash coupons paid	(33,437)	-	(33,437)
<b>Balance at 30 September 2015</b>	<b>144,062</b>	<b>870,575</b>	<b>1,014,637</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	3,970	-	3,970
Amortisation of transaction costs	412	-	412
Repurchase of MCB 1B (note i)	(118,099)	(677,762)	(795,861)
Cash coupons paid	(26,855)	-	(26,855)
<b>Balance at 30 September 2015</b>	<b>41,110</b>	<b>244,850</b>	<b>285,960</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	3,135	-	3,135
Amortisation of transaction costs	133	-	133
Cash coupons paid	(21,613)	-	(21,613)
<b>Balance at 30 September 2015</b>	<b>92,221</b>	<b>559,951</b>	<b>652,172</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 and 30 September 2015	-	97,100	97,100
<b>Total balance of MCBs at 30 September 2015</b>	<b>277,393</b>	<b>1,772,476</b>	<b>2,049,869</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 September 2015 (Unaudited)

#### 8 MANDATORY CONVERTIBLE BONDS continued

The mandatory convertible bonds represent ordinary shares as follows:

	2015	2014
<b>At 30 September</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:

	<i>At 30 September</i> 2015 AED '000	<i>At 31 December</i> 2014 AED '000
Current	84,909	104,889
Non-current	<u>192,484</u>	<u>359,759</u>
	<u><b>277,393</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 and consideration was subsequently transferred on 1 July 2015.

In line with the requirement of the IFRS, 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.

	<i>Carrying amount</i> AED '000	<i>Price allocation</i> AED '000	<i>Difference</i> 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 September 2015 (Unaudited)

#### 9 COMMITMENTS AND CONTINGENCIES

##### Capital commitments

The authorised capital expenditure contracted for at 30 September 2015 but not provided for amounted to AED 355 million (31 December 2014: AED 302 million).

##### Other commitments

The Company has given an undertaking against a loan received by a joint venture.

##### Contingencies

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

	<i>At 30 September 2015</i>	<i>At 31 December 2014</i>
	<i>AED '000</i>	<i>AED '000</i>
Performance guarantees	125,850	127,420
Advance payment guarantees	1,923	2,030
Financial guarantees	2,586	2,586
	<u>130,359</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 and 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>Nine month period ended 30 September 2015</i>				<i>Nine month period ended 30 September 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	-	70,104	-	3,309	-	67,104	-	3,269
Majority shareholder	-	-	11,961	-	-	-	16,100	-
Associate of majority shareholder	85,083	-	-	-	120,286	-	-	-
Government related departments and institutions	34,192	117,467	27,978	-	25,494	91,968	27,388	-
	<u>119,275</u>	<u>187,571</u>	<u>39,939</u>	<u>3,309</u>	<u>145,780</u>	<u>159,072</u>	<u>43,488</u>	<u>3,269</u>

## National Central Cooling Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 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 September 2015</i>				
	<i>Loan receivable</i>	<i>Mandatory convertible bonds</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	-	-	23,203	39,032	-
Joint venture	72,276	-	16,165	-	-
Majority shareholder	-	2,049,869	-	-	-
Associate of a majority shareholder	-	-	69,530	81,376	-
Government related departments and institutions	-	-	10,093	21,918	1,249,220
	<u>72,276</u>	<u>2,049,869</u>	<u>118,991</u>	<u>142,326</u>	<u>1,249,220</u>
			<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>

#### 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 September 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>Nine month period ended 30 September 2015 AED '000</i>	<i>Nine month period ended 30 September 2014 AED '000</i>
Short-term benefits	15,838	15,567
Employees' end of service benefits	409	610
	<u>16,247</u>	<u>16,177</u>
Number of key management personnel	<u>17</u>	<u>18</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.

## National Central Cooling Company PJSC

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

#### 12 DISPOSAL GROUP HELD FOR SALE

During the period, the Board of Directors approved the management to engage with a potential buyer to sell a subsidiary, included in the value chain business segment. The negotiations with the potential buyer have reached an advanced stage with expected completion within 12 months from the reporting date. The assets and liabilities of the subsidiary are classified as a 'disposal group held for sale' and measured at the lower of their carrying amount and fair value less cost to sell as at 30 September 2015 in accordance with the requirements of IFRS 5.

The major classes of assets and liabilities of the subsidiary classified as 'disposal group held for sale' as at 30 September 2015 are as follows:

	<i>At 30 September 2015 AED '000</i>
<b>Assets</b>	
Property, plant and equipment	29,668
Trade and other receivables	18,122
Inventories	5,879
Bank balances and cash associated with assets held for sale (note 6)	<u>16,477</u>
<b>Assets held for sale</b>	<b>70,146</b>
<b>Liabilities</b>	
Employees' end of service benefits	(451)
Accounts payables, advances and accruals	<u>(15,627)</u>
Liabilities directly associated with assets held for sale	<b>(16,078)</b>
<b>Net assets held for sale</b>	<b><u>54,068</u></b>

#### 13 FINANCIAL INSTRUMENTS

##### 13.1 Fair value of Financial Instruments

The fair values of the Company's financial assets and liabilities as at 30 September 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 September 2015 was AED 266.3 million and AED 277.4 million respectively.

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

##### 13.2 Hedging Activities

###### *Cash flow hedges*

The Company is exposed to variability in future interest cash flows on interest bearing loans and borrowings which bear interest at a variable rate.

In order to reduce its exposure to interest rate fluctuations on the interest bearing loans and borrowings the Company has entered into interest rate swaps with counter-party banks designated as effective cash flow hedges for notional amounts that mirror the drawdown and repayment schedule of the loans. During the period, The Company entered into new interest rate swaps with a notional amount of AED 500 million. The aggregate notional amount of the interest rate swaps was AED 1,977 million as at 30 September 2015 (2014: AED 1,732 million).