

**National Central Cooling Company
PJSC**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

30 SEPTEMBER 2012 (UNAUDITED)

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 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 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 then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard 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:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

30 October 2012
Abu Dhabi

National Central Cooling Company PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2012 (Unaudited)

		<i>Three month period ended 30 September 2012</i>	<i>Three month period ended 30 September 2011</i>	<i>Nine month period ended 30 September 2012</i>	<i>Nine month period ended 30 September 2011</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	326,392	309,757	842,047	841,997
Operating costs	3	(186,639)	(183,958)	(472,981)	(496,874)
GROSS PROFIT		139,753	125,799	369,066	345,123
Administrative and other expenses		(35,343)	(38,355)	(107,633)	(112,930)
OPERATING PROFIT		104,410	87,444	261,433	232,193
Finance costs	3	(43,766)	(45,745)	(137,015)	(177,353)
Interest income	3	2,347	629	8,423	2,699
Changes in fair value of derivative liability and other income	3	71	902	233	36,947
Share of results of associates	3	9,581	10,202	32,866	35,005
Share of results of joint ventures	3	169	155	(358)	389
PROFIT FOR THE PERIOD		72,812	53,587	165,582	129,880
Attributable to:					
Ordinary equity holders of the parent		72,956	54,113	167,645	129,794
Non-controlling interests		(144)	(526)	(2,063)	86
		72,812	53,587	165,582	129,880
Basic earnings per share attributable to ordinary equity holders of the parent (AED)	4	0.02	0.02	0.06	0.07
Diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	0.02	0.02	0.05	0.07

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2012 (Unaudited)

	<i>Three month period ended 30 September 2012 AED '000</i>	<i>Three month period ended 30 September 2011 AED '000</i>	<i>Nine month period ended 30 September 2012 AED '000</i>	<i>Nine month period ended 30 September 2011 AED '000</i>
PROFIT FOR THE PERIOD	72,812	53,587	165,582	129,880
Other comprehensive income				
Changes in fair value of derivatives in cash flow hedges	(8,485)	4,697	(17,063)	16,616
Share of changes in fair value of derivatives of associate in cash flow hedges	689	(4,339)	501	(4,899)
Exchange differences arising on translation of overseas operations	(773)	1,575	(748)	1,517
Other comprehensive (loss) income for the period	(8,569)	1,933	(17,310)	13,234
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	64,243	55,520	148,272	143,114
Attributable to:				
Ordinary equity holders of the parent	64,387	56,046	150,335	143,028
Non-controlling interests	(144)	(526)	(2,063)	86
	64,243	55,520	148,272	143,114

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012 (Unaudited)

		30 September 2012	(Audited) 31 December 2011
	Notes	AED '000	AED '000
ASSETS			
Non-current assets			
Capital work in progress	5	115,594	466,135
Property, plant and equipment		4,898,681	4,626,461
Intangible assets		37,596	37,596
Investments in associates	6	388,396	336,926
Investments in joint ventures		7,473	4,334
Loans to a joint venture		56,544	56,544
Finance lease receivables		1,616,614	1,619,815
		<u>7,120,898</u>	<u>7,147,811</u>
Current assets			
Inventories		34,668	33,909
Accounts receivable and prepayments		884,105	788,472
Loan to an associate		-	3,662
Finance lease receivables		121,887	106,300
Contract work in progress		62,071	48,305
Cash and short term deposits		553,212	511,997
		<u>1,655,943</u>	<u>1,492,645</u>
Assets classified as held for sale		<u>103,297</u>	<u>103,297</u>
TOTAL ASSETS		<u>8,880,138</u>	<u>8,743,753</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital		659,063	659,063
Treasury shares		(2,016)	(2,016)
Statutory reserve		79,386	79,386
Retained earnings		115,350	38,278
Foreign currency translation reserve		(3,051)	(2,303)
Cumulative changes in fair value of derivatives		(57,719)	(41,157)
Mandatory convertible bond and subordinated loan facility – equity component	7	2,038,518	1,945,245
Other reserve		1,145,196	1,145,196
		<u>3,974,727</u>	<u>3,821,692</u>
Non - controlling interests		<u>82,477</u>	<u>92,391</u>
Total equity		<u>4,057,204</u>	<u>3,914,083</u>
Non-current liabilities			
Accounts payable and accruals		38,518	41,462
Interest bearing loans and borrowings		2,047,199	2,110,921
Islamic financing arrangements		516,918	527,096
Obligations under finance lease		27,236	30,453
Mandatory convertible bond and subordinated loan facility– liability component	7	864,519	909,860
Employees' end of service benefits		17,541	17,090
		<u>3,511,931</u>	<u>3,636,882</u>
Current liabilities			
Accounts payable and accruals		672,859	701,503
Advances from a related party		400,000	400,000
Interest bearing loans and borrowings		136,384	72,811
Islamic financing arrangements		22,894	11,110
Mandatory convertible bond and subordinated loan facility – liability component	7	71,502	-
Obligations under finance lease		7,364	7,364
		<u>1,311,003</u>	<u>1,192,788</u>
Total liabilities		<u>4,822,934</u>	<u>4,829,670</u>
TOTAL EQUITY AND LIABILITIES		<u>8,880,138</u>	<u>8,743,753</u>

Waleed Al Mokarrab Al Muhairi
CHAIRMAN

Jasim H. Thabet
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 10 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 2012 (Unaudited)

	Attributable to equity holders of the parent										Non-controlling interests	Total equity
	Issued capital	Treasury shares	Statutory reserve	Retained earnings / (accumulated losses)	Foreign currency translation reserve	Cumulative changes in fair value of derivatives	Mandatory convertible bond and subordinated loan facility - equity component	Capital reduction reserve	Other reserve	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2011	243,380	(2,016)	61,115	(1,004,808)	(2,310)	(71,276)	1,301,679	961,966	-	1,487,730	94,505	1,582,235
Profit for the period	-	-	-	129,794	-	-	-	-	-	129,794	86	129,880
Other comprehensive income for the period	-	-	-	-	1,517	11,717	-	-	-	13,234	-	13,234
Total comprehensive income for the period	-	-	-	129,794	1,517	11,717	-	-	-	143,028	86	143,114
Conversion of mandatory convertible bonds into shares	415,683	-	-	-	-	-	(1,301,679)	-	1,145,196	259,200	-	259,200
Issuance of mandatory convertible bond – equity component	-	-	-	-	-	-	1,679,621	-	-	-	-	-
Mandatory Convertible bond – coupon settled in kind	-	-	-	(49,650)	-	-	49,650	-	-	-	-	-
Subordinated Loan Facility – coupon settled in kind (note 8)	-	-	-	(1,834)	-	-	1,834	-	-	-	-	-
Excess of consideration paid over share of net assets on acquisition of non-controlling interests in a subsidiary	-	-	-	(2,588)	-	-	-	-	-	(2,588)	2,588	-
Dividend paid to non-controlling interests	-	-	-	-	-	(59,559)	-	-	-	-	(2,774)	(2,774)
Balance at 30 September 2011	659,063	(2,016)	61,115	(929,086)	(793)	(59,559)	1,731,105	961,966	1,145,196	3,566,991	94,405	3,661,396
Balance at 1 January 2012	659,063	(2,016)	79,386	38,278	(2,303)	(41,157)	1,945,245	-	1,145,196	3,821,692	92,391	3,914,083
Profit (loss) for the period	-	-	-	167,645	-	-	-	-	-	167,645	(2,063)	165,582
Other comprehensive income (loss) for the period	-	-	-	-	(748)	(16,562)	-	-	-	(17,310)	-	(17,310)
Total comprehensive income for the period	-	-	-	-	-	(16,562)	-	-	-	-	-	-
Reallocation of mandatory convertible bonds from liability component	-	-	-	167,645	(748)	(16,562)	-	-	-	150,335	(2,063)	148,272
Mandatory convertible bonds – coupon settled in kind	-	-	-	(79,943)	-	-	79,943	-	-	2,700	-	2,700
Subordinated loan facility Tranche A – coupon settled in kind	-	-	-	(10,630)	-	-	10,630	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,758)	(9,758)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,907	1,907
Balance at 30 September 2012	659,063	(2,016)	79,386	115,350	(3,051)	(57,719)	2,038,518	-	1,145,196	3,974,727	82,477	4,057,204

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2012 (Unaudited)

		<i>Nine month period ended 30 September 2012</i>	<i>Nine month period ended 30 September 2011</i>
	<i>Note</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		165,582	129,880
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		100,721	91,535
Finance income relating to finance lease receivable		(91,227)	(69,474)
Share of results of associates		(33,330)	(29,758)
Share of results of joint ventures		358	(389)
Net movement in employees' end of service benefits		451	1,032
Interest income		(8,423)	(2,699)
Finance costs		137,015	177,353
Changes in fair value of derivative liability		-	(5,900)
		<u>271,147</u>	<u>291,580</u>
Working capital adjustments:			
Inventories		(759)	3,479
Accounts receivable and prepayments		(93,801)	(169,439)
Contract work in progress		(13,766)	13,239
Accounts payable and accruals		47,446	14,411
Lease rentals received		<u>78,841</u>	<u>63,754</u>
Net cash flows from operating activities		<u>289,108</u>	<u>217,024</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,088)	(4,198)
Investment in associates	6	(18,639)	782
Dividends from associates		1,000	-
Payments for capital work in progress		(123,407)	(521,459)
Repayment of loan by an associate		3,662	14,902
Interest received		6,591	2,699
Net cash flows used in investing activities		<u>(132,881)</u>	<u>(507,274)</u>
FINANCING ACTIVITIES			
Interest bearing loans and borrowings received		1,431	446,710
Interest bearing loans and borrowings repaid		(6,926)	(4,822)
Subordinated loan received		-	825,000
Islamic financing arrangement received		-	52,801
Islamic financing arrangement repaid		-	(734,600)
Recapitalization program costs paid		-	(92,795)
Payment for obligations under finance lease		(3,217)	(2,927)
Interest paid		(98,449)	(232,294)
Capital contribution by non-controlling interests		1,907	-
Dividends paid to non-controlling interests		(9,758)	(2,774)
Net cash flows (used in) from financing activities		<u>(115,012)</u>	<u>254,299</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		41,215	(35,951)
Cash and cash equivalents at 1 January		<u>511,997</u>	<u>308,098</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	9	<u>553,212</u>	<u>272,147</u>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012 (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 October 30, 2012.

2.1 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 2011. In addition, results for the nine month period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

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 2011, except for the adoption of the following amended standards as of 1 January 2012, noted below:

- IAS 12 Income Taxes – Recovery of Underlying Assets
- IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The adoption of the above standards did not have a material effect on the financial performance and position of the Group.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012 (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 technologies.
- The 'Value chain business' segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

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

	Nine month period ended 30 September 2012				Nine month period ended 30 September 2011			
	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
Revenue								
External revenue	747,593	94,454	-	842,047	711,508	130,489	-	841,997
Inter-segment revenue	-	9,538	(9,538)	-	-	92,824	(92,824)	-
Total revenue	747,593	103,992	(9,538)	842,047	711,508	223,313	(92,824)	841,997
Operating costs	(399,516)	(84,817)	11,352	(472,981)	(407,035)	(183,878)	94,039	(496,874)
Gross profit	348,077	19,175	1,814	369,066	304,473	39,435	1,215	345,123
Results								
Segment results	255,858	3,314	2,261	261,433	211,983	17,204	3,006	232,193
Finance costs	-	-	-	(137,015)	-	-	-	(177,353)
Interest income	-	-	-	8,423	-	-	-	2,699
Changes in fair value of derivative liability and other income	-	-	-	233	-	-	-	36,947
Share of results of associates	32,866	-	-	32,866	35,005	-	-	35,005
Share of results of joint ventures	(358)	-	-	(358)	389	-	-	389
Profit for the period				165,582				129,880

Inter-segment revenues are eliminated on consolidation.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2012 (Unaudited)

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is calculated as follows:

- profit for the period attributable to ordinary equity holders of the parent; divided by the total of:
- weighted average number of ordinary shares (excluding treasury shares) outstanding during the period, and
- weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bond.

Diluted earnings per share is calculated as follows:

- profit for the period attributable to ordinary equity holders of the parent (after adjusting for accretion on subordinated loan facility – liability component); divided by the total of:
- weighted average number of ordinary shares used to calculate basic earnings per share; and
- weighted average number of ordinary shares that would be issued on conversion of mandatory convertible bond and subordinated loan facility.

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

Basic earnings per share

	<i>Three month period ended 30 September 2012 AED '000</i>	<i>Three month period ended 30 September 2011 AED '000</i>	<i>Nine month period ended 30 September 2012 AED '000</i>	<i>Nine month period ended 30 September 2011 AED '000</i>
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	<u>72,956</u>	<u>54,113</u>	<u>167,645</u>	<u>129,794</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<u>657,047</u>	<u>657,047</u>	<u>657,047</u>	<u>446,149</u>
Effect of mandatory convertible bond ('000)	<u>2,312,382</u>	<u>2,025,047</u>	<u>2,312,382</u>	<u>1,305,704</u>
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of mandatory convertible bond ('000)	<u>2,969,429</u>	<u>2,682,094</u>	<u>2,969,429</u>	<u>1,751,853</u>
Basic earnings per share (AED)	<u>0.02</u>	<u>0.02</u>	<u>0.06</u>	<u>0.07</u>

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

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012 (Unaudited)

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

Diluted earnings per share

	Three month period ended 30 September 2012 AED '000	Three month period ended 30 September 2011 AED '000	Nine month period ended 30 September 2012 AED '000	Nine month period ended 30 September 2011 AED '000
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	72,956	54,113	167,645	129,794
Accretion on subordinated loan facility – Tranche B (AED'000) (note 7)	3,735	2,161	11,094	2,161
Profit for the period attributable to ordinary equity holders of the parent for diluted earnings (AED '000)	76,691	56,274	178,739	131,955
Weighted average number of ordinary shares for basic earnings per share ('000)	2,969,429	2,682,094	2,969,429	1,751,853
Effect of dilution for subordinated loan facility Tranche B ('000)	365,202	223,340	365,202	74,721
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	3,334,631	2,905,434	3,334,631	1,826,574
Diluted earnings per share (AED)	0.02	0.02	0.05	0.07

5 CAPITAL WORK IN PROGRESS

During the nine month period ended 30 September 2012 the Group has incurred expenditure of AED 57 million (30 September 2011: AED 487 million) primarily relating to construction of district cooling plants. During the nine month period ended 30 September 2012, no finance costs were capitalised as part of capital work in progress (30 September 2011: AED 5 million).

6 INVESTMENTS IN ASSOCIATES

During the year, the Company made an additional investment of AED 18.6 million in Tabreed District Cooling Company (Saudi), to contribute to its share in increase in share capital required for a specific project.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012 (Unaudited)

7 MANDATORY CONVERTIBLE BOND AND SUBORDINATED LOAN FACILITY

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

	Mandatory convertible bond (MCB 1)		
	<i>Liability</i>	<i>Equity</i>	<i>Total</i>
	<i>component</i>	<i>component</i>	
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2012	393,447	1,366,135	1,759,582
Accretion expense	11,926	-	11,926
Amortisation of transaction costs	658	-	658
Coupon settled in kind	-	79,943	79,943
Balance at 30 September 2012	<u>406,031</u>	<u>1,446,078</u>	<u>1,852,109</u>

	Subordinated loan facility – Tranche A		
	<i>Liability</i>	<i>Equity</i>	<i>Total</i>
	<i>component</i>	<i>component</i>	
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2012	150,482	545,756	696,238
Accretion expense	4,450	-	4,450
Reallocation of Mandatory convertible bonds from liability component	(2,700)	2,700	-
Amortisation of transaction costs	232	-	232
Coupon settled in kind	-	10,630	10,630
Balance at 30 September 2012	<u>152,464</u>	<u>559,086</u>	<u>711,550</u>

	Subordinated loan facility – Tranche B		
	<i>Liability</i>	<i>Equity</i>	<i>Total</i>
	<i>component</i>	<i>component</i>	
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2012	365,931	33,354	399,285
Accretion expense	11,094	-	11,094
Amortisation of transaction costs	501	-	501
Balance at 30 September 2012	<u>377,526</u>	<u>33,354</u>	<u>410,880</u>
Total balance of MCB1 and SBL at 30 September 2012	<u>936,021</u>	<u>2,038,518</u>	<u>2,974,539</u>
Total balance of MCB1 and SBL at 31 December 2011	<u>909,860</u>	<u>1,945,245</u>	<u>2,855,105</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2012 (Unaudited)

7 MANDATORY CONVERTIBLE BOND AND SUBORDINATED LOAN FACILITY - continued

Liability component of mandatory convertible bond and subordinated loan facility is analysed in the consolidated statement of financial position as follows:

	<i>At 30 September 2012 AED '000</i>	<i>At 31 December 2011 AED '000</i>
Current	71,502	-
Non - current	864,519	909,860
	<u>936,021</u>	<u>909,860</u>

8 COMMITMENTS AND CONTINGENCIES

Commitments

The authorised capital expenditure contracted for at 30 September 2012 but not provided for amounted to AED 67 million (31 December 2011: AED 157 million).

Contingencies

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

	<i>At 30 September 2012 AED '000</i>	<i>At 31 December 2011 AED '000</i>
Performance guarantees	135,442	103,686
Advance payment guarantees	4,239	11,351
Financial guarantees	23,886	8,925
	<u>163,567</u>	<u>123,962</u>

9 CASH AND CASH EQUIVALENTS

Geographical concentration of bank balances and cash is as follows:

	<i>At 30 September 2012 AED '000</i>	<i>At 30 September 2011 AED '000</i>
Within UAE	524,750	236,203
Outside UAE	28,462	35,944
	<u>553,212</u>	<u>272,147</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2012 (Unaudited)

10 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, joint ventures, majority shareholder, directors and key management personnel of 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 consolidated income statement are as follows:

	Nine month period ended 30 September 2012				Nine month period ended 30 September 2011			
	Revenue	Operating costs	Interest expense	Other income	Revenue	Operating costs	Interest expense	Other income
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Associated companies	-	67,190	-	3,166	-	66,966	-	3,204
Joint venture	-	-	-	-	610	-	-	-
Majority shareholder	8,399	-	27,470	-	31,864	-	29,922	-
Associate of majority shareholder	91,709	-	-	-	84,048	-	-	-

Compensation of key management personnel

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

	Nine month period ended 30 September 2012 AED '000	Nine month period ended 30 September 2011 AED '000
Short-term benefits	15,282	12,930
Employees' end of service benefits	499	744
	<u>15,781</u>	<u>13,674</u>
Number of key management personnel	<u>22</u>	<u>16</u>

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

	At 30 September 2012				At 31 December 2011			
	Loan Receivable	Mandatory convertible bond and subordinated loan facility	Accounts receivable	Accounts payables and advances	Loan receivable	Mandatory convertible bond and subordinated loan facility	Accounts receivable	Accounts payables and advances
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Associated companies	-	-	27,398	30,483	3,662	-	19,724	33,241
Joint venture	56,544	-	5,165	-	56,544	-	5,058	-
Majority shareholder	-	2,974,539	9,591	-	-	2,855,105	-	-
Associate of a majority shareholder	-	-	325,009	400,000	-	-	257,338	400,000
	<u>56,544</u>	<u>2,974,539</u>	<u>367,163</u>	<u>430,483</u>	<u>60,206</u>	<u>2,855,105</u>	<u>282,120</u>	<u>433,241</u>