

National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

30 SEPTEMBER 2013 (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 2013, comprising of the interim consolidated statement of financial position as at 30 September 2013 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 2013 and 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:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

31 October 2013
Abu Dhabi

National Central Cooling Company PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2013 (Unaudited)

		<i>Three month period ended 30 September 2013</i>	<i>Three month period ended 30 September 2012</i>	<i>Nine month period ended 30 September 2013</i>	<i>Nine month period ended 30 September 2012</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	329,231	326,392	826,452	842,047
Operating costs	3	(185,073)	(186,639)	(436,545)	(472,981)
GROSS PROFIT		144,158	139,753	389,907	369,066
Administrative and other expenses		(39,498)	(35,343)	(113,975)	(107,633)
OPERATING PROFIT		104,660	104,410	275,932	261,433
Finance costs	3	(36,975)	(43,766)	(114,535)	(137,015)
Finance income	3	1,263	2,347	3,540	8,423
Other income	3	841	71	2,160	233
Share of results of associates	3	5,410	9,581	34,968	32,866
Share of results of joint ventures	3	61	169	(180)	(358)
PROFIT FOR THE PERIOD		75,260	72,812	201,885	165,582
Attributable to:					
Ordinary equity holders of the parent		75,108	72,956	202,314	167,645
Non-controlling interests		152	(144)	(429)	(2,063)
		75,260	72,812	201,885	165,582
Basic earnings per share attributable to ordinary equity holders of the parent (AED)	4	0.02	0.02	0.06	0.06
Diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	0.02	0.02	0.06	0.05

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2013 (Unaudited)

	<i>Three month period ended 30 September 2013 AED '000</i>	<i>Three month period ended 30 September 2012 AED '000</i>	<i>Nine month period ended 30 September 2013 AED '000</i>	<i>Nine month period ended 30 September 2012 AED '000</i>
PROFIT FOR THE PERIOD	75,260	72,812	201,885	165,582
Other comprehensive income				
Net movement in fair value of derivatives in cash flow hedges	(11,125)	(8,485)	(9,116)	(17,063)
Share of changes in fair value of derivatives of an associate in cash flow hedges	1,404	689	6,212	501
Exchange differences arising on translation of overseas operations	-	(773)	(37)	(748)
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods	(9,721)	(8,569)	(2,941)	(17,310)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	65,539	64,243	198,944	148,272
Attributable to:				
Ordinary equity holders of the parent	65,387	64,387	199,373	150,335
Non-controlling interests	152	(144)	(429)	(2,063)
	65,539	64,243	198,944	148,272

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013 (Unaudited)

		30 September 2013	(Audited) 31 December 2012
	Notes	AED '000	AED '000
ASSETS			
Non-current assets			
Capital work in progress	5	130,314	110,829
Property, plant and equipment		4,853,124	4,939,095
Intangible assets		37,596	37,596
Investments in associates		423,735	401,487
Investments in joint ventures		1,692	1,427
Loans to a joint venture		56,544	56,544
Finance lease receivables		1,618,522	1,619,409
		<u>7,121,527</u>	<u>7,166,387</u>
Current assets			
Inventories		35,512	33,876
Accounts receivable and prepayments		528,665	558,266
Finance lease receivables		118,642	120,959
Contract work in progress		44,759	52,276
Cash and short term deposits		636,093	560,417
		<u>1,363,671</u>	<u>1,325,794</u>
TOTAL ASSETS		<u>8,485,198</u>	<u>8,492,181</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		103,021	103,021
Retained earnings		292,228	130,209
Foreign currency translation reserve		(2,461)	(2,424)
Cumulative changes in fair value of derivatives		(51,404)	(48,500)
Mandatory convertible bonds – equity component	7	2,487,017	2,353,138
Other reserve	11	1,019,988	1,153,867
		<u>4,505,436</u>	<u>4,346,358</u>
Non-controlling interests		<u>78,241</u>	<u>80,233</u>
Total equity		<u>4,583,677</u>	<u>4,426,591</u>
Non-current liabilities			
Accounts payable and accruals		29,658	29,658
Interest bearing loans and borrowings		1,917,141	1,980,526
Islamic financing arrangements		495,663	505,790
Obligations under finance lease		22,575	26,112
Mandatory convertible bonds – liability component	7	474,440	545,130
Employees' end of service benefits		19,160	17,549
		<u>2,958,637</u>	<u>3,104,765</u>
Current liabilities			
Accounts payable and accruals		590,577	608,518
Advances from a related party		73,869	73,869
Interest bearing loans and borrowings		135,381	135,381
Islamic financing arrangements		22,894	22,894
Mandatory convertible bonds – liability component	7	112,799	112,799
Obligations under finance lease		7,364	7,364
		<u>942,884</u>	<u>960,825</u>
Total liabilities		<u>3,901,521</u>	<u>4,065,590</u>
TOTAL EQUITY AND LIABILITIES		<u>8,485,198</u>	<u>8,492,181</u>

Waleed Al Mokarrab Al Muhairi
CHAIRMAN

Jasim H. Thabet
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 11 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 2013 (Unaudited)

	Attributable to equity holders of the parent							Non-controlling interests	Total equity
	Issued capital	Treasury shares	Statutory reserve	Retained earnings	Foreign currency translation reserve	Cumulative changes in fair value of derivatives	Mandatory convertible bond - equity component		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2012	659,063	(2,016)	79,386	38,278	(2,303)	(41,157)	1,945,245	92,391	3,914,083
Profit (loss) for the period	-	-	-	167,645	-	-	-	(2,063)	165,582
Other comprehensive income (loss) for the period	-	-	-	-	[748]	(16,562)	-	-	(17,310)
Total comprehensive income for the period	-	-	-	167,645	[748]	(16,562)	-	(2,063)	148,272
Reallocation of mandatory convertible bonds from liability component	-	-	-	-	-	-	-	-	-
Mandatory convertible bonds – coupon settled in kind	-	-	-	-	-	-	2,700	-	2,700
Subordinated loan facility Tranche A – coupon settled in kind	-	-	-	(79,943)	-	-	79,943	-	-
Dividend paid to non-controlling interests	-	-	-	(10,630)	-	-	10,630	1,907	1,907
Additional capital contribution by non-controlling interest	-	-	-	-	-	-	-	(9,758)	(9,758)
Balance at 30 September 2012	659,063	(2,016)	79,386	115,350	(3,051)	(57,719)	2,038,518	82,477	4,057,204
Balance at 1 January 2013	659,063	(2,016)	103,021	130,209	(2,424)	(48,500)	2,353,138	80,233	4,416,591
Profit (loss) for the period	-	-	-	202,314	-	-	-	(429)	201,885
Other comprehensive loss for the period	-	-	-	-	(37)	(2,904)	-	-	(2,941)
Total comprehensive income for the period	-	-	-	202,314	(37)	(2,904)	-	(429)	198,944
Dividends paid to ordinary shareholders (note 10)	-	-	-	(32,795)	-	-	-	-	(32,795)
Transfer from other reserves to retained earnings (note 11)	-	-	-	133,879	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(133,879)	(5,133)	(5,133)
Issuance of mandatory convertible bond 4 (note 10) in lieu of dividend payable to MCB 1A, MCB 1B and MCB 1C	-	-	-	(133,879)	-	-	133,879	-	-
Additional capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	-
Board remuneration for the year 2012	-	-	-	(7,500)	-	-	-	3,570	3,570
Balance at 30 September 2013	659,063	(2,016)	103,021	292,228	(2,461)	(51,404)	2,487,017	78,241	4,583,677

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2013 (Unaudited)

		<i>Nine month period ended 30 September 2013</i>	<i>Nine month period ended 30 September 2012</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		201,885	165,582
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		103,745	100,721
Finance income relating to finance lease receivable		(91,260)	(91,227)
Share of results of associates		(33,144)	(33,330)
Share of results of joint ventures		180	358
Net movement in employees' end of service benefits		1,611	451
Interest income		(3,540)	(8,423)
Finance costs		114,535	137,015
		<u>294,012</u>	<u>271,147</u>
Working capital adjustments:			
Inventories		(1,636)	(759)
Accounts receivable and prepayments		31,601	(93,801)
Contract work in progress		7,517	(13,766)
Accounts payable and accruals		6,936	47,446
Lease rentals received		94,464	78,841
Board of Directors' remuneration paid		(7,500)	-
Net cash flows from operating activities		<u>425,394</u>	<u>289,108</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(997)	(2,088)
Investments in associates		-	(18,639)
Dividends from associates		17,108	1,000
Payments for capital work in progress		(71,059)	(123,407)
Repayment of loan by an associate		-	3,662
Interest received		1,540	6,591
Net cash flows used in investing activities		<u>(53,408)</u>	<u>(132,881)</u>
FINANCING ACTIVITIES			
Interest bearing loans and borrowings received		-	1,431
Interest bearing loans and borrowings repaid		(69,843)	(6,926)
Cash coupon paid on mandatory convertible bonds	7	(90,441)	-
Islamic financing arrangement repaid		(11,795)	-
Payment for obligations under finance lease		(3,537)	(3,217)
Interest paid		(86,336)	(98,449)
Capital contribution by non-controlling interests		3,570	1,907
Dividends paid to ordinary shareholders	10	(32,795)	-
Dividends paid to non-controlling interests		(5,133)	(9,758)
Net cash flows used in financing activities		<u>(296,310)</u>	<u>(115,012)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		75,676	41,215
Cash and cash equivalents at 1 January		560,417	511,997
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	<u>636,093</u>	<u>553,212</u>

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (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 31 October 2013.

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 2012. In addition, results for the Nine month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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 2012, except for the adoption of the following new and amended standards as 1 January 2013.

The Group has applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of overseas operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (Unaudited)

2.2 SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

The application of this new standard had no impact on the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard had no impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

Other amendments

Several other amendments to IFRS apply for the first time in 2013. However, they do not impact the interim condensed consolidated financial statements of the Group. These new and amended standards are :

- IAS 1 Clarification of the requirement for comparative information (Amendment)
- IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)
- IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)
- IAS 19 Employee Benefits (Revised 2011) (IAS 19R)
- IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

The Group has not early adopted any other standard, interpretations or amendment that has been issued but is not yet effective.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (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.

	Nine month period ended 30 September 2013				Nine month period ended 30 September 2012			
	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	775,892	50,560	-	826,452	747,593	94,454	-	842,047
Inter-segment revenue	-	10,471	(10,471)	-	-	9,538	(9,538)	-
Total revenue	775,892	61,031	(10,471)	826,452	747,593	103,992	(9,538)	842,047
Operating costs	(408,631)	(40,160)	12,246	(436,545)	(399,516)	(84,817)	11,352	(472,981)
Gross profit	367,261	20,871	1,775	389,907	348,077	19,175	1,814	369,066
Profit from operations	266,421	7,501	2,010	275,932	255,858	3,314	2,261	261,433
Finance costs	-	-	-	(114,535)	-	-	-	(137,015)
Finance income	-	-	-	3,540	-	-	-	8,423
Other income	-	-	-	2,160	-	-	-	233
Share of results of associates	34,968	-	-	34,968	32,866	-	-	32,866
Share of results of joint ventures	(180)	-	-	(180)	(358)	-	-	(358)
Profit for the period				201,885				165,582

Inter-segment revenues are eliminated on consolidation.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (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 year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds (note 7).

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent (after adjusting for accretion on subordinated loan facility – liability component) 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 (note 7).

At 31 December 2012, the Subordinated Bridge Loan facility Tranche A was rolled over in to Mandatory Convertible Bond and Tranche B was settled through the issue of Mandatory Convertible Bond.

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

Basic earnings per share

	Three month period ended 30 September 2013 AED '000	Three month period ended 30 September 2012 AED '000	Nine month period ended 30 September 2013 AED '000	Nine month period ended 30 September 2012 AED '000
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	75,108	72,956	202,314	167,645
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	657,047	657,047	657,047	657,047
Effect of mandatory convertible bond ('000)	2,757,009	2,312,382	2,726,349	2,312,382
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of mandatory convertible bond ('000)	3,414,056	2,969,429	3,383,396	2,969,429
Basic earnings per share (AED)	0.02	0.02	0.06	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 (note 7).

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (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 2013 AED '000	Three month period ended 30 September 2012 AED '000	Nine month period ended 30 September 2013 AED '000	Nine month period ended 30 September 2012 AED '000
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	75,108	72,956	202,314	167,645
Accretion on subordinated loan facility – Tranche B (AED'000) (note 7)	-	3,735	-	11,094
Profit for the period attributable to ordinary equity holders of the parent for diluted earnings (AED '000)	75,108	76,691	202,314	178,739
Weighted average number of ordinary shares for basic earnings per share ('000)	3,414,056	2,969,429	3,383,396	2,969,429
Effect of dilution for subordinated loan facility Tranche B ('000)	-	365,202	-	365,202
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	3,414,056	3,334,631	3,386,396	3,334,631
Diluted earnings per share (AED)	0.02	0.02	0.06	0.05

5 CAPITAL WORK IN PROGRESS

During the nine month period ended 30 September 2013 the Group has incurred expenditure of AED 43 million (30 September 2012: AED 57 million) primarily relating to construction of district cooling plants.

6 CASH AND CASH EQUIVALENTS

Geographical concentration of cash and cash equivalents is as follows:

	At 30 September 2013 AED '000	At 30 September 2012 AED '000
Within UAE	615,323	524,750
Outside UAE	20,770	28,462
	636,093	553,212

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (Unaudited)

7 MANDATORY CONVERTIBLE BONDS

Mandatory convertible bond MCB-4

The mandatory convertible bond ("MCB-4") was issued on 22 May 2013 in the form of trust certificates for a total value of AED 133.879 million (note 10) maturing in April 2019.

MCB-4 does not carry a coupon. The instrument is convertible any time from now until maturity in 2019 into ordinary shares of the Company based on a fixed exchange ratio of 1.6856. The bond is subordinated in right of payment to the claims of creditors of the Company. MCB-4 has therefore been recognised as an equity instrument. Total number of shares upon conversion will be 79,426,201 shares at AED 1 each.

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

Mandatory convertible bond (MCB 1A)			
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2013	243,981	870,575	1,114,556
Accretion expense	7,010	-	7,010
Amortisation of transaction costs	245	-	245
Cash coupons paid	(33,437)	-	(33,437)
Balance at 30 September 2013	217,799	870,575	1,088,374

Mandatory convertible bond (MCB 1B)			
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2013	257,041	922,612	1,179,653
Accretion expense	7,420	-	7,420
Amortisation of transaction costs	412	-	412
Cash coupons paid	(35,391)	-	(35,391)
Balance at 30 September 2013	229,482	922,612	1,152,094

Mandatory convertible bond (MCB 1C)			
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2013	156,907	559,951	716,858
Accretion expense	4,531	-	4,531
Amortisation of transaction costs	133	-	133
Cash coupons paid	(21,613)	-	(21,613)
Balance at 30 September 2013	139,958	559,951	699,909

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (Unaudited)

7 MANDATORY CONVERTIBLE BONDS continued

	Mandatory convertible bond (MCB 4)		
	<i>Liability component</i> AED '000	<i>Equity component</i> AED '000	<i>Total</i> AED '000
Balance at inception and at 30 September 2013 (note 10)	-	133,879	133,879
Total balance of MCBs at 30 September 2013	587,239	2,487,017	3,074,256
Total balance of MCBs at 31 December 2012	657,929	2,353,138	3,011,067
Allocated to the bonds as follows:			
MCB 1A (representing 989,944,912 shares at AED 1 each)	217,799	870,575	1,088,374
MCB 1B (representing 1,047,776,962 shares at AED 1 each)	229,482	922,612	1,152,094
MCB 1C (representing 639,862,459 shares at AED 1 each)	139,958	559,951	699,909
MCB 4 (representing 79,426,201 shares at AED 1 each)	-	133,879	133,879
	587,239	2,487,017	3,074,256

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

	<i>At 30 September 2013</i> AED '000	<i>At 31 December 2012</i> AED '000
Current	112,799	112,799
Non current	474,440	545,130
	587,239	657,929

8 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted for at 30 September 2013 but not provided for amounted to AED 71 million (31 December 2012: AED 75 million).

Contingencies

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

	<i>At 30 September 2013</i> AED '000	<i>At 31 December 2012</i> AED '000
Performance guarantees	131,906	127,998
Advance payment guarantees	1,425	3,131
Financial guarantees	2,586	6,589
	135,917	137,718

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (Unaudited)

9 RELATED PARTY TRANSACTIONS

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, 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:

	Nine month period ended 30 September 2013				Nine month period ended 30 September 2012			
	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	-	67,395	-	3,210	-	67,190	-	3,166
Majority shareholder	183	-	18,961	-	8,399	-	27,470	-
Associate of majority shareholder	104,833	-	-	-	91,709	-	-	-
Government related departments and institutions	25,764	86,157	44,999	-	26,365	76,029	49,373	-

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

	30 September 2013				
	Loan receivable	Mandatory convertible bonds	Accounts Receivable	Accounts payables and advances	Interest bearing loans and Islamic financing arrangements
	AED'000	AED'000	AED'000	AED'000	AED'000
Associated companies	-	-	22,336	30,285	-
Joint venture	56,544	-	6,624	-	-
Majority shareholder	-	3,074,256	-	-	-
Associate of a majority shareholder	-	-	125,434	73,869	-
Government related departments and institutions	-	-	-	-	1,706,791
	56,544	3,074,256	154,394	104,154	1,706,791

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2013 (Unaudited)

9 RELATED PARTY TRANSACTIONS continued

	<i>Loan receivable</i>	<i>Mandatory convertible bonds</i>	<i>31 December 2012 Accounts Receivable</i>	<i>Accounts payables and advances</i>	<i>Interest bearing loans and Islamic financing arrangements</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Associated companies	-	-	28,105	30,707	-
Joint venture	56,544	-	5,538	-	-
Majority shareholder	-	3,011,067	-	-	-
Associate of a majority shareholder	-	-	24,480	73,869	-
Government related departments and institutions	-	-	13,467	4,142	1,757,439
	<u>56,544</u>	<u>3,011,067</u>	<u>71,590</u>	<u>108,718</u>	<u>1,757,439</u>

Compensation of key management personnel

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

	<i>Nine month period ended 30 September 2013 AED '000</i>	<i>Nine month period ended 30 September 2012 AED '000</i>
Short-term benefits	13,722	15,282
Employees' end of service benefits	493	499
	<u>14,215</u>	<u>15,781</u>
Number of key management personnel	<u>18</u>	<u>22</u>

10 DIVIDENDS AND BOARD REMUNERATION

At the Annual General Meeting of the Company held in April 2013, the Shareholders approved a cash dividend of AED 32.8 million (5 fils per share) to the ordinary equity holders of the Company. The cash dividend was paid on 14 May 2013.

In addition to the cash dividend, the Shareholders also approved issuance of new Mandatory Convertible Bond (MCB-4) of AED 133.9 million in settlement of dividend of 5 fils per share (79,426,201 shares to be issued (note 7)) accruing to the existing MCB holders 1A, 1B and 1C.

The Shareholders also approved the Board of Directors' remuneration of AED 7.5 million.

11 OTHER RESERVE

The Company's Board of Directors resolved to transfer an amount of AED 133.9 million from the other reserve to retained earnings during the period.