

**NATIONAL CENTRAL COOLING
COMPANY PJSC**

Review report and condensed consolidated
interim financial information
for the six month period ended
30 June 2016

NATIONAL CENTRAL COOLING COMPANY PJSC

**Review report and condensed consolidated interim financial information
for the six month period ended 30 June 2016**

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of
National Central Cooling Company PJSC
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Central Cooling Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2016 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34, "Interim Financial Reporting".

Other matter

The comparative amounts in the condensed consolidated interim statement of financial position at 31 December 2015 and related explanatory information were audited by another auditor whose report dated 31 January 2016 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows and related explanatory information for the six month period ended 30 June 2015, were reviewed by the another auditor who issued an unmodified conclusion dated 23 July 2015.

Deloitte & Touche (M.E.)

Rama Padmanabha Acharya
Registration Number 701
27 July 2016

Anis Sadek (521), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

NATIONAL CENTRAL COOLING COMPANY PJSC
**Condensed consolidated interim statement of profit or loss
for the six month period ended 30 June 2016 (unaudited)**

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Revenues	5	323,092	315,920	578,570	555,347
Operating costs	5	(170,790)	(170,007)	(295,303)	(286,868)
GROSS PROFIT		152,302	145,913	283,267	268,479
Administrative and other expenses		(44,081)	(40,968)	(97,259)	(90,063)
OPERATING PROFIT		108,221	104,945	186,008	178,416
Finance costs	5	(37,474)	(31,394)	(74,972)	(61,892)
Finance income	5	8	-	168	1,125
Other income	5	653	3,189	4,415	3,926
Share of results of associates and joint ventures	5	26,299	15,834	48,209	33,168
PROFIT FOR THE PERIOD		97,707	92,574	163,828	154,743
Attributable to:					
Ordinary equity holders of the parent		97,040	92,173	160,452	153,420
Non-controlling interests		667	401	3,376	1,323
		97,707	92,574	163,828	154,743
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	6	0.04	0.03	0.06	0.04

The accompanying notes are an integral part of these condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC
**Condensed consolidated interim statement of comprehensive income
for the six month period ended 30 June 2016 (unaudited)**

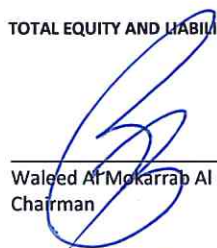
	Three months ended 30 June		Six months ended 30 June	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Profit for the period	97,707	92,574	163,828	154,743
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Board remuneration (note 14)	-	-	-	(7,125)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement in fair value of derivatives in cash flow hedges	6,732	5,886	(11,535)	1,483
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	(7,468)	8,311	(20,310)	1,172
Exchange differences arising on translation of overseas operations	-	-	(34)	-
Total comprehensive income for the period	96,971	106,771	131,949	150,273
Attributable to:				
Ordinary equity holders of the parent	96,304	106,370	128,573	148,950
Non-controlling interest	667	401	3,376	1,323
	96,971	106,771	131,949	150,273

The accompanying notes are an integral part of these condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC

Condensed consolidated interim statement of financial position as at 30 June 2016

		30 June 2016 (unaudited) AED '000	31 December 2015 (audited) AED '000
ASSETS	Notes		
Non-current assets			
Capital work in progress	7	216,461	304,723
Property, plant and equipment	7	3,682,398	3,498,466
Intangible assets		37,596	37,596
Investments in associates and joint ventures		713,031	641,178
Loan to a joint venture		72,276	72,276
Finance lease receivables		2,708,024	2,736,692
		7,429,786	7,290,931
Current assets			
Inventories		44,598	37,813
Accounts receivable and prepayments		466,902	409,506
Finance lease receivables		227,286	226,404
Cash and term deposits	8	205,049	176,969
		943,835	850,692
Disposal group and asset held for sale	9	-	91,201
		943,835	941,893
TOTAL ASSETS		8,373,621	8,232,824
EQUITY AND LIABILITIES			
Equity			
Issued capital		738,490	738,490
Treasury shares		(2,016)	(2,016)
Statutory reserve		197,356	197,356
Retained earnings		718,187	720,667
Foreign currency translation reserve		(2,607)	(2,573)
Cumulative changes in fair value of derivatives in cash flow hedges		(63,964)	(32,119)
Mandatory convertible bond – equity component	10	1,772,476	1,772,476
Other reserve		768,086	768,086
Equity attributable to the equity holders of the parent		4,126,008	4,160,367
Non – controlling interests		62,664	65,399
Total equity		4,188,672	4,225,766
Non-current liabilities			
Accounts payable, accruals and provisions		129,087	128,546
Interest bearing loans and borrowings	11	2,999,823	2,808,286
Obligations under finance lease		7,224	10,320
Mandatory convertible bond – liability component	10	136,197	173,908
Employees' end of service benefits		21,900	20,625
		3,294,231	3,141,685
Current liabilities			
Accounts payable, accruals and provisions		608,572	568,001
Interest bearing loans and borrowings	11	189,873	189,021
Mandatory convertible bond – liability component	10	84,909	84,909
Obligations under finance lease		7,364	7,364
		890,718	849,295
Liability directly associated with the assets held for sale		-	16,078
		890,718	865,373
Total liabilities		4,184,949	4,007,058
TOTAL EQUITY AND LIABILITIES		8,373,621	8,232,824


 Walied Al Mokarrab Al Muhairi
 Chairman


 Jasim H. Thabet
 Chief Executive Officer


 Stephen John Ridlington
 Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC

Condensed consolidated interim statement of changes in equity for the six month period ended 30 June 2016 (unaudited)

	Attributable to equity holders of the parent								Non-controlling interests AED '000	Total equity AED '000
	Issued capital AED '000	Treasury shares AED '000	Statutory reserve AED '000	Retained earnings AED '000	Foreign currency translation reserve AED '000	Cumulative changes in fair value of derivatives AED '000	Mandatory convertible bonds - equity component AED '000	Other reserve AED '000		
Balance at 1 January 2015 (audited)	738,490	(2,016)	162,822	590,665	(2,558)	(54,385)	2,450,238	977,340	69,997	4,930,593
Profit for the period	-	-	-	153,420	-	-	-	-	1,323	154,743
Other comprehensive income/(loss) for the period	-	-	-	(7,125)	-	2,655	-	-	-	(4,470)
Total comprehensive income for the period	-	-	-	146,295	-	2,655	-	-	1,323	150,273
Repurchased of mandatory convertible bond 1B	-	-	-	-	-	-	(677,762)	(209,254)	-	(887,016)
Dividends payable to ordinary shareholders (note 14)	-	-	-	(36,925)	-	-	-	-	-	(36,925)
Dividends payable to MCB holders (note 14)	-	-	-	(136,759)	-	-	-	-	-	(136,759)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(5,414)	(5,414)
Balance at 30 June 2015 (unaudited)	738,490	(2,016)	162,822	563,276	(2,558)	(51,730)	1,772,476	768,086	65,906	4,014,752
Balance at 1 January 2016 (audited)	738,490	(2,016)	197,356	720,667	(2,573)	(32,119)	1,772,476	768,086	65,399	4,225,766
Profit during the period	-	-	-	160,452	-	-	-	-	3,376	163,828
Other comprehensive loss for the period	-	-	-	-	(34)	(31,845)	-	-	-	(31,879)
Total comprehensive income/(loss) for the period	-	-	-	160,452	(34)	(31,845)	-	-	3,376	131,949
Dividends paid to ordinary shareholders (note 14)	-	-	-	(44,310)	-	-	-	-	-	(44,310)
Dividends paid to MCB holder (note 14)	-	-	-	(118,622)	-	-	-	-	-	(118,622)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(6,111)	(6,111)
Balance at 30 June 2016 (unaudited)	738,490	(2,016)	197,356	718,187	(2,607)	(63,964)	1,772,476	768,086	62,664	4,188,672

The accompanying notes are an integral part of these condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC
**Condensed consolidated interim statement of cash flows
for the six month period ended 30 June 2016 (unaudited)**

	Notes	Six month ended 30 June	
		2016 AED '000	2015 AED '000
OPERATING ACTIVITIES			
Profit for the period		163,828	154,743
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Depreciation of property, plant and equipment		61,594	61,436
Finance lease income		(93,085)	(93,394)
Share of results of associates and joint ventures		(48,209)	(33,168)
Net movement in employees' end of service benefits		824	1,617
Interest income		(168)	(1,125)
Finance costs		74,972	61,892
Other gain		(1,608)	(3,926)
		158,148	148,075
Working capital adjustments:			
Inventories		(906)	(1,391)
Accounts receivable and prepayments		(47,122)	66,180
Accounts payable, accruals and provisions		34,246	(50,495)
Lease rentals received		120,871	117,948
Board of directors remuneration paid		(7,125)	(7,125)
Net cash flows from operating activities		258,112	273,192
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,378)	(26,897)
Payments for capital work in progress		(109,456)	(71,106)
Investment in a joint venture		(91,837)	-
Dividends from a joint venture		24,000	-
Dividends from associates		22,747	27,809
Proceeds against sale of land	9	11,224	-
Interest received		256	1,123
Net cash flows used in investing activities		(154,444)	(69,071)
FINANCING ACTIVITIES			
Interest bearing loans and borrowings received	11	289,439	1,032,794
Interest bearing loans and borrowings repaid	11	(101,222)	(108,446)
Cash coupon paid on mandatory convertible bonds	10	(43,222)	(60,294)
Payment for obligations under finance lease		(3,096)	(2,812)
Interest paid		(62,256)	(51,437)
Arrangement fees paid		(2,664)	-
Dividends paid to ordinary shareholders and Mandatory Convertible Bond holder		(162,933)	(173,684)
Dividends paid to non-controlling interests		(6,111)	(5,414)
Net cash flows (used in)/generated from financing activities		(92,065)	630,707
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,603	834,828
Cash and cash equivalents at 1 January		193,446	417,932
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	205,049	1,252,760

The accompanying notes are an integral part of these condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016

1 General information

National Central Cooling Company PJSC ("Tabreed" or the "Company") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (2) of 2015 and is listed on the Dubai Financial Market. The Company is a subsidiary of the Mubadala Development Company PJSC ("MDC" or the "Parent Company"). The principal activities of the Company and its subsidiaries (the "Group") are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy.

The Company's registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

The Company has amended its Articles of Association to comply with the requirements of the new UAE Federal Law No. 2 of 2015 ("Companies Law"). The amended Articles of Association were approved by the Shareholders in the Annual General Meeting held on 3 March 2016.

2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted new and revised International Financial Reporting Standards (IFRSs) that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Amendments to IFRS 7 - <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 - <i>Financial Instruments: Disclosures</i> additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 9 - <i>Financial Instruments</i> (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 <i>Financial Instruments</i> (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .	1 January 2018
IFRS 9 - <i>Financial Instruments</i> (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.	

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2016 (continued)

2 Standards and Interpretations in issue but not yet effective (continued)

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Finalised version of IFRS 9 (IFRS 9 <i>Financial Instruments</i> (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	1 January 2018
IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets (2) the classification and measurement requirements for both financial assets and financial liabilities (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.	
IFRS 15 <i>Revenue from Contracts with Customers</i> provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
IFRS 16 <i>Leases</i> provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 month or less or the underlying asset has a low value.	1 January 2019
Amendments to IAS 12 relating to recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
Amendments to IAS 7 to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
Amendments to IFRS 15 - <i>Revenue from Contracts with Customers</i> to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
Amendments to IFRS 10 - <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2016 (continued)

2 Standards and Interpretations in issue but not yet effective (continued)

Management anticipates that these new and revised standards, interpretations and amendments will be applied in the Group's condensed consolidated interim financial statements for the year beginning 1 January 2016 or as and when they are applicable and application of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

Management anticipates that IFRS 9, IFRS 15 and IFRS 16 will be applied in the Group's financial statements for the annual periods beginning 1 January 2018, 1 January 2018 and 1 January 2019, respectively. The application of IFRS 9, IFRS 15 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated interim financial statements. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

3 Summary of significant accounting policies

Basis of preparation

The condensed consolidated interim financial information of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The condensed consolidated interim financial information have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Group. All values are rounded to the nearest thousand (AED '000) except otherwise indicated.

The condensed consolidated interim financial information do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015. In addition, results for the six month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the new and amended standards.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2015.

5 Segment information

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The 'Chilled Water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling systems.
- The 'Value chain business' support segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

5 Segment information (continued)

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

	Six month period ended 30 June 2016 (unaudited)				Six month period ended 30 June 2015 (unaudited)			
	Chilled water AED'000	Value chain business AED'000	Eliminations AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Eliminations AED'000	Total AED'000
Revenue								
External revenue	515,952	62,618	-	578,570	507,212	48,135	-	555,347
Inter-segment revenue	-	7,254	(7,254)	-	-	5,195	(5,195)	-
Total revenue	515,952	69,872	(7,254)	578,570	507,212	53,330	(5,195)	555,347
Operating costs	(255,845)	(47,113)	7,655	(295,303)	(254,859)	(37,634)	5,625	(286,868)
Gross profit	260,107	22,759	401	283,267	252,353	15,696	430	268,479
Administrative and other expenses	(78,809)	(18,947)	497	(97,259)	(80,132)	(9,516)	(415)	(90,063)
Operating profit	181,298	3,812	898	186,008	172,221	6,180	15	178,416
Finance costs	-	-	-	(74,972)	-	-	-	(61,892)
Finance income	-	-	-	168	-	-	-	1,125
Other income	-	-	-	4,415	-	-	-	3,926
Share of results of associates and joint ventures	48,209	-	-	48,209	33,168	-	-	33,168
Profit for the period				163,828				154,743

Inter-segment revenues are eliminated on consolidation.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

6 Basic and diluted earnings per share attributable to ordinary equity holders of the parent

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds (note 10).

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Three month period ended 30 June		Six month period ended 30 June	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	97,040	92,173	160,452	153,420
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	736,474	736,474	736,474	736,474
Effect of mandatory convertible bond ('000)	1,977,039	2,735,189	1,977,039	2,735,189
Total ('000)	2,713,513	3,471,663	2,713,513	3,471,663
Basic and dilutive earnings per share (AED)	0.04	0.03	0.06	0.04

Basic earnings per share has 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).

7 Capital work in progress and property, plant and equipment

During the six month period ended 30 June 2016, the Group has incurred capital expenditure of AED 122 million (30 June 2015: AED 216 million) primarily relating to construction of district cooling plants and distribution network.

NATIONAL CENTRAL COOLING COMPANY PJSC
**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2016 (continued)**
8 Cash and cash equivalents

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the condensed consolidated interim statement of cash flows can be reconciled to the related items in the condensed consolidated interim statement of financial position as follows:

	30 June 2016 AED'000 (unaudited)	31 December 2015 AED'000 (audited)	30 June 2015 AED'000 (unaudited)
Bank balances and cash	192,590	154,969	1,238,212
Bank deposits	12,459	22,000	14,548
Cash and cash equivalents	205,049	176,969	1,252,760

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

	30 June 2016 AED'000 (unaudited)	31 December 2015 AED'000 (audited)	30 June 2015 AED'000 (unaudited)
Within UAE	185,866	163,336	1,236,397
Outside UAE	19,183	13,633	16,363
	205,049	176,969	1,252,760

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Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

9 Disposal group and asset held for sale

(i) Disposal group held for sale

During the period, due to a change in market conditions, the Group has changed its intention to sell one of its subsidiaries. Accordingly, the assets and liabilities that were previously classified as 'disposal group held for sale' has been represented under the applicable assets and liabilities captions as at 30 June 2016 and are measured at their carrying value in accordance with requirements of IFRS 5 *Non-current assets held for sale and discontinued operations*.

(ii) Asset held for sale

During the period, the Group sold a plot of land which was previously classified as held for sale. The carrying amount of the land was AED 21 million and the Group recognised a gain of AED 1.6 million on sale and is recognised in the condensed consolidated interim statement of profit or loss during the period.

10 Mandatory convertible bonds

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

	Mandatory convertible bond (MCB 1A)		
	Liability component AED'000	Equity Component AED'000	Total AED'000
2016			
Balance at 1 January 2016 (audited)	134,428	870,575	1,005,003
Accretion expense	2,570	-	2,570
Amortization of transaction costs	164	-	164
Cash coupons paid	(22,292)	-	(22,292)
Balance at 30 June 2016 (unaudited)	114,870	870,575	985,445

NATIONAL CENTRAL COOLING COMPANY PJSC
**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2016 (continued)**
10 Mandatory convertible bonds (continued)

Mandatory convertible bond (MCB 1B)			
	Liability component AED'000	Equity Component AED'000	Total AED'000
2016			
Balance at 1 January 2016 (audited)	38,403	244,850	283,253
Accretion expense	752	-	752
Amortisation of transaction costs	275	-	275
Cash coupons paid	(6,522)	-	(6,522)
Balance at 30 June 2016 (unaudited)	32,908	244,850	277,758
Mandatory convertible bond (MCB 1C)			
	Liability component AED'000	Equity component AED'000	Total AED'000
2016			
Balance at 1 January 2016 (audited)	85,986	559,951	645,937
Accretion expense	1,662	-	1,662
Amortisation of transaction costs	88	-	88
Cash coupons paid	(14,408)	-	(14,408)
Balance at 30 June 2016 (unaudited)	73,328	559,951	633,279

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**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2016 (continued)**
10 Mandatory convertible bonds (continued)

	Mandatory convertible bond (MCB 4)		
	Liability component AED'000	Equity component AED'000	Total AED'000
Balance at 30 June 2016 (unaudited) and 31 December 2015 (audited)	-	97,100	97,100
Total balance of MCBs as at 30 June 2016 (unaudited)	221,106	1,772,476	1,993,582
Total balance of MCBs as at 31 December 2015 (audited)	258,817	1,772,476	2,031,293

Allocation of the bonds as at 30 June 2016 is as follows:

	Liability component AED'000	Equity component AED'000	Total AED'000
MCB 1A (representing 989,944,912 shares at AED 1 each)	114,870	870,575	985,445
MCB 1B (representing 1,047,776,962 shares at AED 1 each)	32,908	244,850	277,758
MCB 1C (representing 639,862,459 shares at AED 1 each)	73,328	559,951	633,279
MCB 4 (representing 57,605,255 shares at AED 1 each)	-	97,100	97,100
Total 2,735,189,588 shares @ AED 1 each (unaudited)	221,106	1,772,476	1,993,582

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

	At 30 June 2016 AED'000 (unaudited)	At 31 December 2015 AED'000 (audited)
Current	84,909	84,909
Non-current	136,197	173,908
	221,106	258,817

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

11 Interest bearing loans and borrowings

During 2015, the Group obtained a new term loan facility with a local commercial bank amounting to AED 192.5 million which was obtained to finance the construction of a new plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which the facility is obtained. The facility is repayable in 23 semi-annual instalments commencing on March 2017 with a bullet payment of AED 48.1 million in March 2028.

During the period, the Group has made drawdown amounting to AED 289.4 million (31 December 2015 : AED 1,035.3 million) and repayments amounting to AED 101.2 million (31 December 2015 : AED 209.7 million).

12 Commitments and contingencies

Capital commitments

The authorised capital expenditure contracted for at 30 June 2016 but not provided for amounted to AED 203 million (31 December 2015: AED 334.8 million).

Contingencies

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

	At 30 June 2016 AED'000	At 31 December 2015 AED'000
Performance guarantees	114,859	125,850
Advance payment guarantees	1,923	1,923
Financial guarantees	2,586	2,586
	<u>119,368</u>	<u>130,359</u>

13 Related party transactions and balances

Related parties represent the Government of Abu Dhabi and related departments and institutions (owner of the majority shareholder), associated companies, joint ventures, majority shareholder, directors, key management personnel of the Company, management entities engaged by the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

13 Related party transactions and balances (continued)

Transactions with related parties included in the condensed consolidated interim statement of profit or loss are as follows:

	Six month period ended 30 June 2016 (unaudited)				Six month period ended 30 June 2015 (unaudited)			
	Revenue AED'000	Operating costs AED'000	Interest expense AED'000	Other income AED'000	Revenue AED'000	Operating costs AED'000	Interest expense AED'000	Other income AED'000
Associated companies	-	48,962	-	2,429	-	46,579	-	2,206
Major shareholder	-	-	4,984	-	-	-	9,003	-
Associate of major shareholder	56,227	-	-	-	52,211	-	-	-
Government related departments and institutions	20,653	54,955	19,881	-	20,597	57,896	12,252	-

During the period, capital expenditure incurred by an associate of the major shareholder on behalf of the Group was transferred to the Group amounting to AED 39.1 million.

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

	At 30 June 2016 (unaudited)				
	Loans receivable AED'000	Mandatory convertible bonds AED'000	Accounts receivable AED'000	Accounts payables AED'000	Interest bearing loans AED'000
Associated companies	-	-	14,878	40,089	-
Joint venture	72,276	-	19,982	-	-
Major shareholder (note 10)	-	1,993,582	-	-	-
Associate of a major shareholder	-	-	12,654	-	-
Government related departments and institutions	-	-	9,761	17,109	1,190,885
	72,276	1,993,582	57,275	57,198	1,190,885

	At 31 December 2015 (audited)				
	Loans receivable AED'000	Mandatory convertible bonds AED'000	Accounts receivable AED'000	Accounts payables AED'000	Interest bearing loans AED'000
Associated companies	-	-	22,266	36,673	-
Joint venture	72,276	-	15,548	-	-
Majority shareholder (note 10)	-	2,031,293	-	-	-
Associate of a majority shareholder	-	-	8,004	-	-
Government related departments and institutions	-	-	8,051	15,690	1,158,027
	72,276	2,031,293	53,869	52,363	1,158,027

NATIONAL CENTRAL COOLING COMPANY PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

13 Related party transactions and balances (continued)

Compensation of key management personnel

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

	Six month period ended 30 June	
	2016 AED'000 (unaudited)	2015 AED'000 (unaudited)
Short-term benefits	3,123	3,183
Employees' end of service benefits	77	55
	<u>3,200</u>	<u>3,238</u>
Number of key management personnel	<u>4</u>	<u>4</u>

14 Dividends and Board Remuneration

The Board of Directors proposed a cash dividend of 6 fils per share pertaining to both common shareholders and mandatory convertible bond holder in respect of the fiscal year ended 31 December 2015. The dividend was approved by the shareholders at the Annual General Meeting held on 3 March 2016.

The dividend comprised of AED 44.3 million to the common shareholders and AED 118.6 million to the mandatory convertible bond holder and was paid in April 2016.

In 2015, the Board of Directors proposed a dividend of 5 fils per share in respect of the fiscal year ended 31 December 2014. This dividend was approved by the shareholders at the Annual General Meeting held on 11 March 2015.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2015 was also approved at the Annual General Meeting held on 3 March 2016. Board remuneration of AED 7.1 million for the year ended 31 December 2014 was approved at the previous Annual General Meeting on 11 March 2015.

During the period, management reassessed the accounting policy on Board of Director's remuneration and determined that it should be reflected in the statement of profit or loss. Accordingly, an amount of AED 3.1 million is accrued and expensed in the current period. The opening balance of the retained earning has not been restated to reflect the Board of Director's remuneration for 2015 of AED 7.1 million as the amount is considered immaterial.

NATIONAL CENTRAL COOLING COMPANY PJSC**Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2016 (continued)****15 Fair value measurement**

The fair values of the Group's financial assets and liabilities as at 30 June 2016 are not materially different from the fair values as at 31 December 2015 except for mandatory convertible bond. The fair value and carrying amount of mandatory convertible bond – liability component as at 30 June 2016 was AED 225.3 million and AED 221.1 million (31 December 2015 : AED 262.3 million and AED 258.8 million) respectively.

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

16 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information of the Group were authorised for issuance by the Board of Directors on 27 July 2016.