

ABU DHABI NATIONAL ENERGY COMPANY "TAQA"  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**November 10, 2015**

Table of Contents

1. Summary of Quarterly Results.....	1
2. Business Environment .....	2
3. Executive Summary .....	2
4. Results of Operations .....	4
5. Capital Structure and Liquidity .....	13

**1. Summary of Quarterly Results**

(AED millions, except per share amounts)	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
	2015	2015	2015	2014	2014	2014	2014	2013
Total assets	111,884	113,177	112,930	115,038	119,296	122,211	122,143	121,925
Shareholders' equity	7,802	8,858	8,142	8,784	12,372	12,290	11,909	12,314
Revenue	4,829	4,707	5,131	6,617	6,927	6,517	7,264	7,076
Profit/(loss) for the period	(201)	(231)	380	(3,445)	320	460	376	(2,390)
Attributable to non-controlling interests	215	190	124	185	213	221	102	209
Attributable to equity holders of the parent	(416)	(421)	256	(3,630)	107	239	274	(2,599)
Earnings per share (AED per share)	(0.069)	(0.069)	0.042	(0.598)	0.018	0.039	0.045	(0.428)

Exchange Rate		30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
		2015	2015	2015	2014	2014	2014	2014	2013
US \$/Cdn \$	US\$	0.7506	0.8004	0.7883	0.8613	0.8920	0.9372	0.9050	0.9414
US \$/British pound	US\$	1.5129	1.5706	1.4819	1.5563	1.6212	1.7106	1.6660	1.6557
US \$/Euro	US\$	1.1175	1.1140	1.0734	1.2157	1.2615	1.3693	1.3770	1.3745
US \$/Moroccan dirham	US\$	0.1028	0.1026	0.1002	0.1106	0.1139	0.1220	0.1224	0.1222

## 2. Business Environment

Average prices		30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
		2015	2015	2015	2014	2014	2014	2014	2013
WTI crude oil	US\$/bbl	46.48	57.85	48.57	73.21	97.60	103.06	98.65	97.56
Brent crude oil	US\$/bbl	50.15	62.17	53.92	76.40	102.18	109.79	107.86	109.35
NYMEX natural gas	US\$/mmbtu	2.75	2.73	2.88	3.83	3.94	4.56	5.16	3.74
AECO natural gas	CA\$/GJ	2.65	2.53	2.61	3.80	4.00	4.43	4.51	2.99

## 3. Executive Summary

### First nine months 2015 in brief:

- Revenues and income continue to be significantly impacted by drop in commodity prices
- Transformation Program delivered AED 1.1 billion savings; oil and gas headcount reduced by 25%
- Liquidity position remains strong at AED 12.2 billion
- Power and water operations deliver record output
- Refinancing of \$3.1 billion of revolving credit facilities completed at improved terms
- Moody's and S&P reaffirmed TAQA's credit rating at A3 and A respectively
- Major projects in Netherlands, Ghana and India completed

### Financial results

The Company posted total revenues of AED 14.7 billion compared to AED 20.7 billion in 2014. EBITDA decreased to AED 7.5 billion compared to AED 11.4 billion in 2014. As a result, the company recorded a net loss of AED 581 million, compared to a profit of AED 620 million during the same period in 2014. The decrease in income mainly relates to the material reduction in realized oil prices. Cash generation from the Company's power and water operations remained solid.

TAQA has responded to the drop in oil prices by reducing capital spend by 43%, continuing significant cost reductions and increasing efficiencies across its global operations. The Company's Transformation Program has generated total saving of AED 1.1 billion during the first nine months of 2015. It is ahead of its targeted annual savings of 550 million in 2015, and AED 1.5 billion by the end of 2016. Following a further 9% reduction of its North American workforce in October, TAQA has reduced its global oil and gas headcount by 25% since July 2014. It has also reduced its Abu Dhabi headquarters headcount by 39% during the same period with ongoing consolidation globally.

TAQA successfully refinanced \$3.1 billion of revolving credit facilities at improved terms in August, thereby reducing funding costs. The result leaves TAQA with cash, cash equivalents and undrawn credit facilities amounting to AED 12.2 billion with no near-term maturities. Moody's and Standard & Poor's reaffirmed TAQA's credit ratings at A3 and A respectively reflecting the Company's strong liquidity position.

### **Operational**

TAQA's oil and gas production decreased by 9% to 144,900 barrels of oil equivalent per day (boepd), from 158,500 boepd, in the same period last year. The decrease is a result of natural decline, reduced capital expenditures and third-party pipeline restrictions in Canada, offset by higher production efficiency globally and a successful well intervention program in the UK. Furthermore the Company has reduced unit operating costs by 18% in the UK and North America.

The Company's power assets generated 61,418 megawatt-hours (MWh). This 11.6% increase on 55,036 MWh during the first nine months of 2014 was driven by strong performance in the United Arab Emirates and Morocco. Water desalination facilities produced 191,674 million imperial gallons (MIG) compared to 192,020 MIG in 2014. Technical availability increased from 91.6% to 93.0% across the global fleet.

#### 4. Results of Operations

For the purpose of the MD&A the Power and Water results include the segments listed below:

- Power & Water Segment – U.A.E
- Power Segment – Others

The Oil & Gas results include:

- Oil & Gas Segment – North America
- Oil & Gas Segment – United Kingdom
- Oil & Gas Segment – Netherlands
- Oil & Gas Segment – Atrush

#### 4.1 Revenues:

##### Power and Water

<i>(AED millions)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2015	2014	2015	2014
Revenue from electricity and water	2,314	2,379	6,699	6,997
Fuel revenue	758	1,077	2,296	2,865
Other operating revenues	3	19	17	204
	<b>3,075</b>	<b>3,475</b>	<b>9,012</b>	<b>10,066</b>

TAQA's Power and Water segment generates its revenues primarily from power generation, water desalination, revenue from operating financial assets, fuel revenues, liquidated damages, and other operating revenues.

##### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Revenues from the sale of electricity and water were AED 2,314 million in 2015 compared to AED 2,379 million in 2014, a decrease of AED 65 million. The decrease was mainly due to a decline in revenues at Morocco and Ghana of AED 76 million as a result of lower construction revenues as plant constructions are completed. This was partially offset by higher revenue in the USA (AED 13 million).

Fuel revenues were AED 758 million in 2015 compared to AED 1,077 million in 2014, a decrease of AED 319 million. The decrease was primarily due to lower fuel prices impacting Morocco (AED 153 million) and the USA (AED 40 million). Ghana's fuel revenue was lower (AED 122 million) due to utilizing more gas as opposed to oil.

Other operating revenues were AED 3 million in 2015 compared to AED 19 million in 2014, a decrease of AED 16 million.

### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Revenues from the sale of electricity and water were AED 6,699 million in 2015 compared to AED 6,997 million in 2014, a decrease of AED 298 million. The decrease was mainly due to a decline in revenues at Morocco and Ghana of AED 266 million, as a result of lower construction revenues as plant constructions were completed and a decline in the USA of AED 39 million due to lower power prices.

Fuel revenues were AED 2,296 million in 2015 compared to AED 2,865 million in 2014, a decrease of AED 569 million. The decrease was primarily in the USA due to lower fuel prices in 2015 (AED 304 million) and in Ghana due to lower availability and utilizing more gas versus oil (AED 270 million).

Other operating revenues were AED 17 million in 2015 compared to AED 204 million in 2014, a decrease of AED 187 million. The decrease was mainly due to one-off liquidated damages in Morocco (AED 165 million) recognised in 2014.

### **Oil & Gas**

<i>(AED millions)</i>	<b>Three months ended Sep 30</b>		<b>Nine months ended Sep 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenue from oil and gas	1,494	3,178	4,933	9,666
Gas storage revenue	44	28	165	225
Other operating revenues	215	246	556	751
	<b>1,753</b>	<b>3,452</b>	<b>5,654</b>	<b>10,642</b>

The oil and gas segment generates revenues primarily from upstream exploration and production, and midstream processing, transportation and storage.

### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Revenue from oil and gas was AED 1,494 million in 2015 compared to AED 3,178 million in 2014, a decrease of AED 1,684 million. Stock movements (recorded under cost of sales) showed an adverse variance of AED 158 million. The aggregate unfavourable variance of AED 1,842 million is explained below:

- Unfavourable impact of lower prices, AED 1,342 million, of which AED 1,046 million was due to weaker liquid prices and AED 296 million due to lower gas prices, adverse volume variances of AED 558 million and other smaller negative variances of AED 67 million
- Partially offset by lower royalties in North America (AED 126 million) due to lower prices and volumes.

Gas storage revenues were AED 44 million in 2015 compared to AED 28 million in 2014, an increase of AED 16 million primarily in the Netherlands.

Other operating revenues were AED 215 million in 2015 compared to AED 246 million in 2014, a decrease of AED 31 million, largely due to lower pipeline brokerage income in North America due to lower margins in Alliance Pipeline.

#### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Revenue from oil and gas was AED 4,933 million in 2015 compared to AED 9,666 million in 2014, a decrease of AED 4,733 million. Stock movements (recorded under cost of sales) showed an adverse variance of AED 223 million. The aggregate unfavourable variance of AED 4,956 million is explained below:

- Unfavourable impact of lower prices, AED 4,465 million, of which AED 3,594 million was due to weaker liquid and AED 872 million due to lower gas prices, adverse volume variance of AED 835 million and other smaller adverse variances of AED 102 million
- Partially offset by lower royalties in North America (AED 446 million) due to lower prices and volumes.

Gas storage revenues were AED 165 million in 2015 compared to AED 225 million in 2014, a decrease of AED 60 million primarily in Canada due to lower volumes drawn from storage.

Other operating revenues were AED 556 million in 2015 compared to AED 751 million in 2014, a decrease of AED 195 million, largely due to lower pipeline brokerage income in North America due to lower margins in Alliance Pipeline.

#### **4.2 Cost of sales**

##### **Power and Water**

TAQA's cost of sales for its power and water segment consists of depreciation and amortisation, power plant construction costs, fuel expenses, and operating expenses. Operating expenses includes staff costs, repairs, maintenance and consumables used, operation and maintenance charges, and other operating expenses.

<i>(AED millions)</i>	<b>Three months ended Sep 30</b>		<b>Nine months ended Sep 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Operating expenses	(584)	(633)	(1,691)	(1,863)
Fuel expenses	(643)	(993)	(2,039)	(2,603)
Depreciation, depletion and amortization	(484)	(488)	(1,467)	(1,430)
	<b>(1,711)</b>	<b>(2,114)</b>	<b>(5,197)</b>	<b>(5,896)</b>

### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Operating expenses were AED 584 million in 2015 compared to AED 633 million in 2014, a decrease of AED 49 million.

Fuel expenses were AED 643 million in 2015 compared to AED 993 million in 2014, a decrease of AED 350 million. The decrease was mainly in Morocco (AED 188 million) and in the USD (43 million) due to lower fuel prices as well as in Ghana (AED 122 million) due to utilizing more gas than oil.

Depreciation and amortisation expenses were AED 484 million in 2015, compared to AED 488 million in 2014.

### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Operating expenses were AED 1,691 million in 2015 compared to AED 1,863 million in 2014, a decrease of AED 172 million. The decrease was mainly due to reductions in Morocco (AED 165 million) and Ghana (AED 51 million) as a result of lower construction costs in 2015. This was partially offset by higher expenses in the UAE (AED 56 million) mainly due to step-up in the base Operator fess in the O&M agreement.

Fuel expenses were AED 2,039 million in 2015 compared to AED 2,603 million in 2014, a decrease of AED 564 million. The decrease was mainly in Ghana (AED 269 million) driven by lower availability and using more gas than oil. Lower fuel prices also reduced fuel cost in the USA (AED 261 million) and in Morroco (AED 31 million).

Depreciation and amortisation expenses were AED 1,467 million in 2015, compared to AED 1,430 million in 2014 .

### **Oil and gas**

Cost of sales for TAQA's oil and gas segment consists of depreciation, depletion and amortisation, gas storage expenses, and operating expenses. Operating expenses includes staff costs, repairs, maintenance and consumables used, fuel expenses, and other operating expenses.

<i>(AED millions)</i>	<b>Three months ended Sep 30</b>		<b>Nine months ended Sep 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Operating expenses	(1,132)	(1,477)	(2,986)	(3,942)
Gas storage expenses	(33)	(44)	(71)	(148)
Depreciation, depletion and amortization	(1,082)	(1,293)	(3,486)	(3,807)
	<b>(2,247)</b>	<b>(2,814)</b>	<b>(6,543)</b>	<b>(7,897)</b>

### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Operating expenses were AED 1,132 million in 2015 compared to AED 1,477 million in 2014, a decrease of AED 345million. The main drivers being:

- Lower operating costs in the UK of AED 295 million primarily due to favourable exchange rates and cost savings, partially offset unfavourable stock movements of AED 158 million
- Lower operating costs in North America of AED 94 million primarily due to favourable exchange rates and cost savings;
- Lower operating costs in the Netherlands of AED 98 million due to lower lifting costs

Gas storage expenses were AED 33 million in 2015 compared to AED 44 million in 2014 in line with the movements in Gas storage income.

DD&A expenses were AED 1,082million in 2015 compared to AED 1,293 million in 2014. The decrease of AED 211 million arose from lower DD&A), UK AED (186 million) and Canada (AED 50 million) primarily due to lower production partially offset by higher DD&A at Netherlands (AED 26 million) due to GSB commencing operations in the year.

### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Operating expenses were AED 2,986 million in 2015 compared to AED 3,942 million in 2014, a decrease of AED 956 million. The main drivers being:

- Lower operating costs in the UK of AED 671 million primarily due to favourable exchange rates and cost savings partially offset by adverse stock movements of AED 223 million;
- Lower operating costs in North America of AED 315 million primarily due to favourable exchange rates and cost savings;
- Lower operating costs in the Netherlands of AED 172 million due to lower lifting costs primarily due to due to favourable exchange rates and cost savings.

Gas storage expenses were AED 71 million in 2015 compared to AED 148 million in 2014 primarily due to lower gas storage income.

DD&A expenses were AED 3,486 million in 2015 compared to AED 3,807 million in 2014. A decrease of AED 321 million from UK (AED 250 million) and Canada (AED 73 million) offset by an increase from the Netherlands (AED 2 million).

#### **4.3 Other Income Statement Items**

TAQA's administrative and other expenses consist of salaries and related expenses, professional fees, and other expenses.

TAQA's finance costs primarily consist of interest expense on bank loans and outstanding bonds.

The foreign exchange (loss) gain results from the translation of net monetary assets and liabilities of subsidiaries and the settlement of transactions denominated in currencies other than the functional currencies in the Group.



## Power and Water

(AED millions)	Three months ended 30 Sep		Nine months ended 30 Sep	
	2015	2014	2015	2014
Administrative and other expenses	(57)	(95)	(186)	(229)
Finance costs	(596)	(646)	(1,805)	(1,976)
Changes in fair value of derivatives	(6)	(71)	(92)	(382)
Net foreign exchange (loss) gain	23	21	3	16
Other income	32	(4)	5	38
Share of results of associates	0	3	5	7
	<b>(604)</b>	<b>(792)</b>	<b>(2,070)</b>	<b>(2,526)</b>

### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Administrative and other expenses were AED 57 million in 2015 compared to AED 95 million in 2014, a decrease of AED 38 million.

Finance costs were AED 596 million in 2015 compared to AED 646 million in 2014 due to repayments of project finance debt.

Net changes in the fair value of derivatives was a loss of AED 6 million in 2015 compared to a loss of AED 71 million in 2014. The variance was primarily due to mark-to-market movements on futures and forward contracts relating to the hedging activity in the USA.

The net foreign exchange gain of AED 23 million in 2015 compared to a gain of AED 21 million in 2014.

Other income were AED 32million in 2015 compared to expense of AED 4 million in 2014. The increase was mainly due to a legal settlement in the USA.

### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Administrative and other expenses were AED 186 million in 2015 compared to AED 229 million in 2014, a decrease of AED 43 million. The decrease was mainly due to lower costs in Morocco and India and the impact of cost saving programmes.

Finance costs were AED 1,805 million in 2015 compared to AED 1,976 million in 2014 due to repayments of project finance debt.

Net changes in the fair value of derivatives was a loss of AED 92 million in 2015 compared to a loss of AED 382 million in 2014. The variance was primarily due to mark-to-market movements on futures and forward contracts relating to the hedging activity in the USA.

The net foreign exchange in 2015 was a gain of AED 3 million compared to a gain of AED 16 million in 2014.

Other income were AED 5 million in 2015 compared to AED 38 million in 2014. The decrease was mainly due to lower interest income in Morocco as a result of lower cash balances in comparison to 2014 (AED 34 million) and write off of pre-construction costs in India (AED 28 million). This was partially offset by income recognized in the USA from a legal settlement.

### Oil and gas

(AED millions)	Three months ended 30 Sep		Nine months ended 30 Sep	
	2015	2014	2015	2014
Administrative and other expenses	(74)	(119)	(233)	(371)
Finance costs	(164)	(159)	(492)	(465)
Changes in fair value of derivatives	2	13	6	(1)
Net foreign exchange (loss) gain	43	75	22	63
Gain (loss) on asset sale	2	10	19	29
Other income	0	5	0	18
	<b>(191)</b>	<b>(175)</b>	<b>(678)</b>	<b>(727)</b>

#### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Administrative and other expenses were AED 74 million in 2015 compared to AED 119 million in 2014, a decrease of AED 45 million mainly due to lower manpower costs as a result of ongoing cost saving activities.

Finance costs were AED 164 million in 2015 compared with AED 159 million in 2014. The increase of AED 5 million was primarily due to higher accretion costs in the UK.

No material variances in the mark-to-market movements on the fair value of derivatives.

Net foreign exchange gains were AED 43 million in 2015 compared to AED 75 million in 2014, a decrease of AED 32 million. The variance was primarily due to exchange rate fluctuations between the US Dollar (USD) and the Canadian Dollar (CAD), as well as the British Pound (GBP) relating to revaluation of net monetary liabilities in Canada and the UK.

#### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Administrative and other expenses were AED 233 million in 2015 compared to AED 371 million in 2014, a decrease of AED 138 million mainly due to lower manpower costs as a result of ongoing cost saving activities.

Finance costs were AED 492 million in 2015 compared with AED 465 million in 2014. The increase of AED 27 million was primarily due to higher accretion costs in the UK.

No material variances in the mark-to-market movements on the fair value of derivatives.

Net foreign exchange gains were AED 22 million in 2015 compared to AED 63 million in 2014, a decrease of AED 41 million. The variance was primarily due to exchange rate fluctuations between the US Dollar (USD) and the Canadian Dollar (CAD) as well as the British Pound (GBP) relating to revaluation of net monetary liabilities in Canada and the UK.

Gains on asset sales of AED 19 million in 2015 compared to AED 29 million in 2014.

### Corporate Interest and Other

Group financing (including finance costs except for the subsidiaries involved in power and water generation with project financing arrangements and interest income) is managed on a group basis and is not allocated to operating segments. Investment in certain associates with activities other than power and water generation, oil and gas, and investments carried at FVOCI, are managed on a group basis and are therefore not allocated to operating segments.

(AED millions)	Three months ended 30 Sep		Nine months ended 30 Sep	
	2015	2014	2015	2014
Finance costs	(421)	(398)	(1,177)	(1,226)
Administrative and other expenses	(40)	(82)	(111)	(215)
Share of results of associates	18	21	83	63
Share of results of joint venture	(4)	(1)	16	21
Others	-(36)	50	28	52
	<b>(483)</b>	<b>(410)</b>	<b>(1,161)</b>	<b>(1,305)</b>

#### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Corporate finance costs were AED 421 million in 2015 compared with AED 398 million in 2014, an increase of AED 12 million.

Corporate administrative and other expenses were AED 40 million in 2015 compared to AED 82 million in 2014. The decrease was mainly due to cost reductions in TAQA headquarters.

Corporate earnings from the share of the results of associates were AED 18 million in 2015 compared to AED 21 million in 2014.

Other corporate expense was AED 36 million in 2015 compared to AED 50 million in 2014, mainly due to foreign exchange movements.

#### **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Corporate finance costs were AED 1,177 million in 2015 compared with AED 1,226 million in 2014, a decrease of AED 49 million. The decrease was due to lower interest costs resulting from the repayment of USD bonds in 2014, favourable foreign exchange rates for Euro debt, and other reductions in debt.

Corporate administrative and other expenses were AED 111 million in 2015 compared to AED 215 million in 2014. The decrease was mainly due to cost reductions in TAQA headquarters.

Corporate earnings from the share of the results of associates were AED 83 million in 2015 compared to AED 63 million in 2014, an increase of AED 20 million. The increase is mainly due to improved earnings from Sohar Aluminium.

Other corporate income was AED 28 million in 2015 compared to AED 52 million in 2014, mainly due to foreign exchange movements.

#### 4.4 Profits and Taxes

<i>(AED millions)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2015	2014	2015	2014
(Loss) Profit before taxes	(403)	622	(983)	2,357
Income tax expenses	202	(302)	931	(1,201)
(Loss) Profit after taxes (before non-controlling interest)	<b>(201)</b>	<b>320</b>	<b>(52)</b>	<b>1,156</b>

#### **Three months ended 30 Sep 2015 compared with three months ended 30 Sep 2014**

Loss before tax for the second quarter of 2015 aggregated to AED 403 million (comprising AED 752 million profit from Power and Water, AED -682 million loss from Oil and Gas and AED 472 million loss from Corporate costs), compared to a profit before tax of AED 622 million in the second quarter of 2014 (comprising AED 569 million profit from Power and Water, AED 463 million profit from Oil and Gas and AED 410 million loss from Corporate costs), a decrease of AED 1,024 million.

#### **Income Tax**

In the third quarter of 2015 there was a net income tax credit of AED 201 million, comprising AED 135 million current income tax expense and AED 336 million deferred income tax credit, resulting in an effective tax rate of 50%. For the third quarter 2014, income tax expense was AED 302 million, comprising AED 182 million current income tax expense and AED 120 million deferred income tax expense, resulting in an effective tax rate of 49%.

The effective tax rate increased primarily as a result of losses incurred in the UK due to a planned shutdown of assets resulting in low current production royalty tax charge in the quarter. Additionally, a 2% tax rate increase was recorded on the losses incurred in the quarter on certain North American oil and gas assets.

#### **Loss for the period**

Loss for the period (before non-controlling interest) was AED 201 million in 2015 compared with the profit of AED 320 million in 2014, a decrease of AED 521 million.

## **Nine months ended 30 Sep 2015 compared with nine months ended 30 Sep 2014**

Loss before tax for year to date Sept 30, 2015 aggregated to AED 983 million (comprising AED 1,745 million profit from Power and Water, AED 1,567 million loss from Oil and Gas and AED 1,161 million loss from Corporate costs), compared to a profit before tax of AED 2,357 million in 2014 (comprising AED 1,644 million profit from Power and Water, AED 2,018 million profit from Oil and Gas and AED 1,305 million loss from Corporate costs), a decrease of AED 3,340 million.

### **Income Tax**

For year to date Sep 30 2015, there was a net income tax credit of AED 931 million, comprising AED 374 million current income tax expense and AED 1,305 million deferred income tax credit, resulting in an effective tax rate of 95%. For year to date Sep 30 2014, income tax expense was AED 1,201 million, comprising AED 784 million current income tax expense and AED 417 million deferred income tax expense, resulting in an effective tax rate of 51%.

The effective tax rate increased primarily as a result of the UK Government enacting a number of changes to the UK oil and gas taxation regime which are designed to reduce the burden of taxation and incentivise further investment in the North Sea. The effect of the changes were recognised in the first quarter of 2015 including a restatement of balance sheet deferred tax balances, resulting in an overall credit adjustment to the income statement of AED 555 million. This was partially offset in the second quarter by a 2% tax rate increase on certain North American oil and gas assets resulting in a charge of AED 122 million.

### **Profit for the period**

Loss for the period (before non-controlling interest) was AED 52 million in 2015 compared with the profit of AED 1,156 million in 2014, a decrease of AED 1,208 million.

## **5. Capital Structure and Liquidity**

<b>Capital Structure (AED millions)</b>	<b>At Sep 30 2015</b>	<b>At Dec 31 2014</b>
Total assets	111,884	115,038
Total debt	75,193	76,505
Cash and cash equivalents	3,547	3,530
Net debt	71,646	72,975
Total equity	7,802	8,784
Net debt/Net capital*      %	84%	84%

\*Equity has been adjusted for exclusion of losses on cumulative changes in fair value of derivatives in cash flow hedges

Total assets were AED 111.9 billion at 30 Sep 2015 and AED 115.0 billion at 31 December 2014.

Total net debt decreased by AED 1,329 million due to repayment of debt.

TAQA's net debt to net capital ratio was unchanged at 84% as at 30 Sep 2015.

Liquidity (AED millions)	At Sep 30 2015	At Dec 31 2014
Cash and cash equivalents	3,547	3,530
Unused portion of credit facilities	8,680	11,471
Total available liquidity	<b>12,227</b>	<b>15,001</b>

Consolidated cash on hand as at 30 Sep 2015 was unchanged at AED 3.5 billion.

The company had unused credit lines of AED 8.7 billion as at 30 Sep 2015, compared to AED 11.5 billion as at 31 December 2014.



**Edward LaFehr**  
Chief Operating Officer  
Abu Dhabi National Energy Company



**Grant Gillon**  
Chief Financial Officer  
Abu Dhabi National Energy Company