

National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2005 (UNAUDITED)

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
NATIONAL CENTRAL COOLING COMPANY PJSC**

We have reviewed the accompanying consolidated balance sheet of National Central Cooling Company PJSC and its subsidiaries ('the Company') at 30 September 2005, and the related consolidated statement of income for the three months period then ended and the consolidated statements of income, cash flows and changes in equity for the nine months period then ended. These interim condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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 presented fairly, in all material respects, in accordance with International Accounting Standard No. 34.

Signed by
Bassam E Hage
Partner
Registration No. 258

29 October 2005
Abu Dhabi

National Central Cooling Company PJSC

CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2005 (Unaudited)

		<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	94,593	54,806	285,500	151,268
Operating costs	3	(55,926)	(34,975)	(160,284)	(95,283)
GROSS PROFIT	3	<u>38,667</u>	<u>19,831</u>	<u>125,216</u>	<u>55,985</u>
Salaries and staff related costs		(10,507)	(5,022)	(30,814)	(14,988)
Other administrative expenses		(8,021)	(3,950)	(25,098)	(10,976)
Amortisation of goodwill and trademarks		<u>(2)</u>	<u>(208)</u>	<u>(11)</u>	<u>(584)</u>
		<u>(18,530)</u>	<u>(9,180)</u>	<u>(55,923)</u>	<u>(26,548)</u>
PROFIT FROM OPERATIONS		20,137	10,651	69,293	29,437
Finance costs		(9,248)	(6,130)	(24,050)	(15,194)
Other income		6,846	868	12,466	4,382
Share of results of associates		<u>142</u>	<u>-</u>	<u>288</u>	<u>-</u>
PROFIT BEFORE MINORITY INTERESTS		17,877	5,389	57,997	18,625
Minority interests		<u>(5,154)</u>	<u>(620)</u>	<u>(13,764)</u>	<u>(1,561)</u>
PROFIT FOR THE PERIOD		<u>12,723</u>	<u>4,769</u>	<u>44,233</u>	<u>17,064</u>
Basic earnings per share	4	<u>0.013</u>	<u>0.006</u>	<u>0.048</u>	<u>0.021</u>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

CONSOLIDATED BALANCE SHEET

At 30 September 2005 (Unaudited)

		<i>30 September 2005 AED '000</i>	<i>31 December 2004 AED '000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Capital work in progress		530,089	330,869
Property, plant, and equipment	7	935,913	772,894
Investments in associates	5	46,279	18,519
Advance to employee incentive scheme		55,129	12,416
Intangibles		30,033	30,044
Prepayments		26,506	21,988
		<u>1,623,949</u>	<u>1,186,730</u>
Current assets			
Inventories		14,190	8,418
Trade and other receivables		186,059	131,325
Financial assets carried at fair value through income statement		120,382	-
Contract work in progress		32,602	70,457
Prepayments		8,040	8,184
Bank balances and cash	8	463,162	255,390
		<u>824,435</u>	<u>473,774</u>
TOTAL ASSETS		<u>2,448,384</u>	<u>1,660,504</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,000,000	500,000
Statutory reserve		7,914	7,914
Retained earnings		73,902	29,669
Proposed dividend		-	25,000
Cumulative changes in fair value of derivatives		778	(6,419)
		<u>1,082,594</u>	<u>556,164</u>
Minority interests		<u>36,136</u>	<u>14,530</u>
Total equity		<u>1,118,730</u>	<u>570,694</u>
Non-current liabilities			
Accounts payable and accruals		9,054	1,194
Term loans	9	312,279	213,680
Islamic Ijara loans	10	316,761	324,323
Islamic Istisna'a loans	10	180,075	180,075
Islamic Muqawala loans	10	137,016	121,826
Employees' end of service benefits		6,601	5,604
		<u>961,786</u>	<u>846,702</u>
Current liabilities			
Accounts payable and accruals		234,968	171,579
Bank overdrafts	8	75,925	27,500
Current portion of term loans	9	31,883	26,313
Current portion of Ijara loans	10	15,052	9,395
Current portion of Muqawala loans	10	10,040	8,321
		<u>367,868</u>	<u>243,108</u>
TOTAL EQUITY AND LIABILITIES		<u>2,448,384</u>	<u>1,660,504</u>

Mohamed Saif Al Mazrouei
CHAIRMAN

Dany Safi
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2005 (Unaudited)

	<i>Note</i>	<i>Nine months ended 30 September 2005 AED '000</i>	<i>Nine months ended 30 September 2004 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		44,233	17,064
Adjustments for:			
Depreciation		31,533	28,242
Amortisation of goodwill and trademarks		11	584
Provision for employees' end of service benefits		1,487	1,090
Finance costs		24,050	15,194
Interest income		(10,121)	(3,071)
Employee incentive scheme award		1,878	821
Loss on sale of property, plant, and equipment		-	50
		<u>93,071</u>	<u>59,974</u>
Working capital changes			
Inventories		(5,772)	(3,142)
Accounts receivable and prepayments		(52,733)	(24,760)
Contract work in progress		37,855	(42,149)
Accounts payable and accruals		<u>33,975</u>	<u>(60,433)</u>
Cash from (used in) operations		106,396	(70,510)
Minority interests		21,606	362
Finance costs		(24,050)	(15,194)
Employees' end of service benefits paid		(490)	(190)
Net cash from (used in) operating activities		<u>103,462</u>	<u>(85,532)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(194,552)	(1,557)
Investments in associates		(27,760)	(20,726)
Financial assets carried at fair value through income statement		(120,382)	-
Advance to employee incentive scheme		(6,495)	(269)
Additions to capital work in progress		(199,220)	(168,132)
Interest received		<u>10,121</u>	<u>3,071</u>
Net cash used in investing activities		<u>(538,288)</u>	<u>(187,613)</u>
FINANCING ACTIVITIES			
Dividends paid		(25,000)	(15,000)
Share capital received		500,000	-
Term loans received		132,957	250,000
Term loans repaid		(28,788)	(180,892)
Islamic Ijara loans received		-	187,425
Islamic Ijara loans repaid		(1,905)	(92,853)
Muqawala loans received		18,757	77,161
Muqawala loans repaid		(1,848)	(1,848)
Islamic Istisna'a loans received		-	<u>180,075</u>
Net cash from financing activities		<u>594,173</u>	<u>404,068</u>
INCREASE IN CASH AND CASH EQUIVALENTS		159,347	130,923
Cash and cash equivalents at the beginning of the period		<u>227,890</u>	<u>90,135</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	<u>387,237</u>	<u>221,058</u>

Significant non-cash transactions, which have been excluded from the statement of cash flows, are as follows:

Accounts payable and accruals – fair value adjustment for derivatives	822	1,588
Receivables and prepayments – fair value adjustment for derivatives	6,375	(2,159)
Increase in value of employee incentive scheme	(38,096)	(2,129)

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2005 (Unaudited)

Attributable to equity holders of the parent

	Share capital AED 000	Statutory reserve AED 000	Retained earnings AED 000	Cumulative changes in fair value of derivatives AED 000	Proposed dividend AED 000	Total AED 000	Minority interests AED 000	Total equity AED 000
Balance at 1 January 2004	500,000	5,160	25,838	(4,315)	15,000	541,683	7,986	549,669
Profit for the period	-	-	17,064	-	-	17,064	1,561	18,625
Dividends paid	-	-	-	-	(15,000)	(15,000)	(1,200)	(16,200)
Changes in fair value of derivatives	-	-	-	(3,747)	-	(3,747)	-	(3,747)
Balance at 30 September 2004	<u>500,000</u>	<u>5,160</u>	<u>42,902</u>	<u>(8,062)</u>	<u>-</u>	<u>540,000</u>	<u>8,347</u>	<u>548,347</u>
Balance at 1 January 2005	500,000	7,914	29,669	(6,419)	25,000	556,164	14,530	570,694
Increase in share capital	500,000	-	-	-	-	500,000	10,548	510,548
Profit for the period	-	-	44,233	-	-	44,233	13,764	57,997
Dividends paid	-	-	-	-	(25,000)	(25,000)	(2,706)	(27,706)
Changes in fair value of derivatives	-	-	-	7,197	-	7,197	-	7,197
Balance at 30 September 2005	<u>1,000,000</u>	<u>7,914</u>	<u>73,902</u>	<u>778</u>	<u>-</u>	<u>1,082,594</u>	<u>36,136</u>	<u>1,118,730</u>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005 (Unaudited)

1 ACTIVITIES

National Central Cooling Company PJSC ("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). The principal activities of the Company are to construct, own, assemble, install, operate and maintain cooling and air conditioning systems. In addition, the Company's activities include the distribution and sale of chilled water for use in district cooling technologies.

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

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2004.

Effective 1 January 2005, the Company has adopted the revised versions of IAS 32 and 39. The main change arising is summarised as follows:

Investments carried at fair value through income statement

Financial assets (investments) carried at fair value through income statement amounts to AED 120,382 thousand at 30 September 2005.

Investments classified as at "fair value through income statement" upon initial recognition are remeasured at fair value with all changes in fair value being reported in the income statement.

3 SEGMENTAL ANALYSIS

	<i>Services</i> <i>AED'000</i>	<i>Chilled</i> <i>water</i> <i>AED'000</i>	<i>Contracting</i> <i>AED'000</i>	<i>Manufacturing</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Nine months ended 30 September 2005:					
Revenues	29,395	97,410	69,772	88,923	285,500
Operating costs	<u>(4,577)</u>	<u>(51,334)</u>	<u>(46,355)</u>	<u>(58,018)</u>	<u>(160,284)</u>
Gross profit	<u>24,818</u>	<u>46,076</u>	<u>23,417</u>	<u>30,905</u>	<u>125,216</u>
Nine months ended 30 September 2004:					
Revenues	5,371	77,288	42,149	26,460	151,268
Operating costs	<u>(3,145)</u>	<u>(39,795)</u>	<u>(34,968)</u>	<u>(17,375)</u>	<u>(95,283)</u>
Gross profit	<u>2,226</u>	<u>37,493</u>	<u>7,181</u>	<u>9,085</u>	<u>55,985</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005 (Unaudited)

4 BASIC EARNINGS PER SHARE

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 shares outstanding during the period as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
Profit for the period (AED '000)	<u>12,723</u>	<u>4,769</u>	<u>44,233</u>	<u>17,064</u>
Weighted average number of ordinary shares issued ('000)	<u>1,000,000</u>	<u>814,800</u>	<u>923,080</u>	<u>814,800</u>
Basic earnings per share (AED)	<u>0.013</u>	<u>0.006</u>	<u>0.048</u>	<u>0.021</u>

The weighted average number of ordinary shares in issue used in the determination of the earnings per share for the three month and nine month periods ended 30 September 2004 have been adjusted for the effect of the split of the nominal value of the Company's shares from AED 10 to AED 1 per share.

5 INVESTMENTS IN ASSOCIATES

The Company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership 30 September 2005</i>	<i>31 December 2004</i>
Industrial City Cooling Company	Emirate of Abu Dhabi	20%	20%
Qatar Central Cooling Company PJSC	State of Qatar	44.5%	44.5%
Tabreed District Cooling Company	Kingdom of Saudi Arabia	25%	-

The associates are involved in the same business activity as the Company. The reporting dates for the associates are identical to the Company.

The following is a summary of the carrying value of the investments:

	<i>30 September 2005 AED '000</i>	<i>31 December 2004 AED '000</i>
Cost of investments	18,746	18,746
Share of increase in issued share capital of Qatar Central Cooling Company	26,980	-
Investment in Tabreed District Cooling Company	492	-
Share of post acquisition results	<u>61</u>	<u>(227)</u>
Carrying value of investments	<u>46,279</u>	<u>18,519</u>

Management believe that the carrying value of the investments will be realised in full.

6 INVESTMENTS IN SUBSIDIARIES

During the period, the Company invested an additional amount of AED 11.6 million in subsidiaries, Summit District Cooling Company (AED 7.6 million), a limited liability company incorporated in the Emirate of Abu Dhabi, and Bahrain District Cooling Company (AED 4 million), a Bahrain Joint Stock Company incorporated in Bahrain, representing the Company's share of the increase in share capital of the two subsidiaries.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005 (Unaudited)

7 PROPERTY, PLANT AND EQUIPMENT

	<i>Property and plant AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Office equipment and instruments AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Total AED '000</i>
Cost at 30 September 2005	<u>1,020,181</u>	<u>6,055</u>	<u>11,947</u>	<u>1,952</u>	<u>1,040,135</u>
Accumulated depreciation at 30 September 2005	<u>(92,515)</u>	<u>(3,851)</u>	<u>(6,748)</u>	<u>(1,108)</u>	<u>(104,222)</u>
Net carrying amount at 30 September 2005	<u>927,666</u>	<u>2,204</u>	<u>5,199</u>	<u>844</u>	<u>935,913</u>
Net carrying amount at 31 December 2004	<u>762,336</u>	<u>2,463</u>	<u>6,966</u>	<u>1,129</u>	<u>772,894</u>

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows include the following balance sheet amounts:

	<i>30 September 2005 AED '000</i>	<i>30 September 2004 AED '000</i>
Bank balances and cash	463,162	229,752
Bank overdrafts	<u>(75,925)</u>	<u>(8,694)</u>
	<u>387,237</u>	<u>221,058</u>

9 TERM LOANS

	<i>30 September 2005 AED '000</i>	<i>31 December 2004 AED '000</i>
Term loans	343,974	239,705
Other loan	<u>188</u>	<u>288</u>
	<u>344,162</u>	<u>239,993</u>
<i>Due in less than one year</i>		
Term loans	31,750	26,180
Other loan	<u>133</u>	<u>133</u>
	<u>31,883</u>	<u>26,313</u>
<i>Due in more than one year</i>		
Term loans	312,224	213,525
Other loan	<u>55</u>	<u>155</u>
	<u>312,279</u>	<u>213,680</u>
	<u>344,162</u>	<u>239,993</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005 (Unaudited)

10 ISLAMIC FINANCING ARRANGEMENTS

	<i>30 September 2005 AED '000</i>	<i>31 December 2004 AED '000</i>
Ijara loans	331,813	333,718
Istisna'a loans	180,075	180,075
Muqawala loans	<u>147,056</u>	<u>130,147</u>
	<u>658,944</u>	<u>643,940</u>
<i>Due in more than one year:</i>		
Ijara loans	316,761	324,323
Istisna'a loans	180,075	180,075
Muqawala loans	<u>137,016</u>	<u>121,826</u>
	<u>633,852</u>	<u>626,224</u>
<i>Due in less than one year:</i>		
Ijara loans	15,052	9,395
Muqawala loans	<u>10,040</u>	<u>8,321</u>
	<u>25,092</u>	<u>17,716</u>
	<u>658,944</u>	<u>643,940</u>

11 SHARE CAPITAL

	<i>30 September 2005 AED '000</i>	<i>31 December 2004 AED '000</i>
Authorised and issued share capital		
1,000,000,000 (31 December 2004: 500,000,000) ordinary shares at AED 1 each	<u>1,000,000</u>	<u>500,000</u>

The Company's authorised share capital was increased to 100,000,000 ordinary shares at the Extra-Ordinary General Meeting held in March 2005 by way of a rights issue. The rights issue was fully subscribed to at 19 April 2005.

Further, at the Extra-Ordinary General meeting held in July 2005, the shareholders approved the split of the nominal value of the Company's shares from AED 10 to AED 1. The comparative figures have been adjusted accordingly.

12 CAPITAL COMMITMENTS

The Board of Directors have authorised future capital expenditure amounting to AED 1,241 million (31 December 2004: AED 1,179.3 million).