

National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2007 (UNAUDITED)

National Central Cooling Company PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

Three months ended 31 March 2007 (Unaudited)

		<i>Three months ended 31 March 2007 AED '000</i>	<i>Three months ended 31 March 2006 AED '000</i>
	<i>Notes</i>		
Revenue	3	122,520	107,529
Operating costs		<u>(60,361)</u>	<u>(55,186)</u>
GROSS PROFIT		62,159	52,343
Salaries and staff related costs		(15,192)	(11,173)
Other administrative expenses		(11,619)	(10,945)
Finance costs	3	(13,161)	(13,488)
Other income		8,084	7,556
Share of results of associates	3	<u>297</u>	<u>245</u>
PROFIT FOR THE PERIOD		<u>30,568</u>	<u>24,538</u>
Attributable to:			
Equity holders of the parent	3	21,354	17,907
Minority interests		<u>9,214</u>	<u>6,631</u>
		<u>30,568</u>	<u>24,538</u>
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	4	<u>0.02</u>	<u>0.02</u>

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

National Central Cooling Company PJSC

INTERIM CONSOLIDATED BALANCE SHEET

At 31 March 2007 (Unaudited)

		31 March 2007 AED '000	(Audited) 31 December 2006 AED '000
	Notes		
ASSETS			
Non-current assets			
Capital work in progress		701,169	755,482
Property, plant and equipment	5	1,473,230	1,282,344
Investments in associates	6	163,365	109,440
Intangible assets		38,346	38,334
Available for sale investments		<u>2,902</u>	<u>1,880</u>
		2,379,012	2,187,480
Current assets			
Inventories		22,911	27,235
Trade and other receivables		915,523	879,778
Contract work in progress		126,837	111,947
Financial assets carried at fair value through income statement		110,634	108,032
Prepayments		3,323	4,203
Bank balances and cash		<u>686,774</u>	<u>866,510</u>
		1,866,002	1,997,705
TOTAL ASSETS		4,245,014	4,185,185
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,050,000	1,050,000
Treasury shares		(10,050)	(10,050)
Statutory reserve		27,303	27,303
Retained earnings		48,732	27,378
Foreign currency translation reserve		(615)	(374)
Cumulative changes in fair value of derivatives		10,723	9,500
Cumulative changes in fair value of available for sale investments		1,022	-
Reserve for proposed bonus issue		<u>84,000</u>	<u>84,000</u>
		1,211,115	1,187,757
Minority interests		<u>117,930</u>	<u>121,938</u>
Total equity		1,329,045	1,309,695
Non-current liabilities			
Accounts payable and accruals		37,773	36,468
Term loans	8	747,888	688,830
Islamic Ijara loans	9	186,667	185,559
Islamic Istisna'a loans	9	898,765	897,544
Islamic Muqawala loans	9	13,068	15,641
Obligations under finance lease		50,892	51,610
Employee's end of service benefits		<u>8,863</u>	<u>8,225</u>
		1,943,916	1,883,877
Current liabilities			
Accounts payable and accruals		413,179	429,555
Bank overdrafts		274,810	280,322
Term loans	8	44,141	41,024
Islamic Ijara loans	9	120,529	121,384
Islamic Muqawala loans	9	116,622	116,622
Obligations under finance lease		<u>2,772</u>	<u>2,706</u>
		972,053	991,613
Total liabilities		2,915,969	2,875,490
TOTAL EQUITY AND LIABILITIES		4,245,014	4,185,185

Mohamed Saif Al Mazrouei
CHAIRMAN

Dany Saif
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 CASH FLOW STATEMENT

Three months ended 31 March 2007 (Unaudited)

	<i>Three months ended 31 March 2007 AED '000</i>	<i>Three months ended 31 March 2006 AED '000</i>
<i>Note</i>		
OPERATING ACTIVITIES		
Profit for the period	30,568	24,538
Adjustments for:		
Depreciation	12,905	13,502
Share of results of associates	(297)	(245)
Impairment of plant and equipment	-	197
Net movement in employees' end of service benefits	638	678
Interest income	(4,464)	(3,517)
Finance costs	13,161	13,488
Revaluation gain on financial assets carried at fair value through income statement	<u>(2,602)</u>	<u>(2,591)</u>
	49,909	46,050
Working capital changes:		
Inventories	4,324	(470)
Accounts receivable and prepayments	(33,642)	39,429
Contract work in progress	(14,890)	19,906
Accounts payable and accruals	<u>(15,312)</u>	<u>47,901</u>
Cash (used in) from operations	(9,611)	152,816
Interest paid	<u>(13,161)</u>	<u>(13,488)</u>
Net cash (used in) from operating activities	<u>(22,772)</u>	<u>139,328</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,455)	(5,677)
Investment in associates	(53,628)	-
Purchase of intangible assets	(12)	-
Purchase of financial assets carried at fair value through income statement	-	(25,291)
Additions to capital work in progress	(148,023)	(230,890)
Interest received	<u>4,464</u>	<u>3,517</u>
Net cash used in investing activities	<u>(198,654)</u>	<u>(258,341)</u>
FINANCING ACTIVITIES		
Term loans received	62,000	37,247
Term loans repaid	(147)	(15,908)
Muqawala loans repaid	(2,573)	(616)
Changes in prepaid finance cost	1,796	1,018
Payments for obligations under finance lease	(652)	-
Minority interest in increase in share capital of subsidiaries	-	7,350
Dividends paid to minority interest	<u>(13,222)</u>	<u>(8,700)</u>
Net cash from financing activities	<u>47,202</u>	<u>20,391</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(174,224)	(98,622)
Cash and cash equivalents at the beginning of period	<u>586,186</u>	<u>408,099</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7 <u>411,964</u>	<u>309,477</u>

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

Three months ended 31 March 2007 (Unaudited)

	Attributable to equity holders of the parent										
	Share 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	Cumulative changes in fair value of available for sale investments AED 000	Reserve for proposed bonus issue AED 000	Total AED 000	Minority interests AED 000	Total equity AED 000
Balance at 1 January 2006	1,000,000	(10,050)	14,544	22,981	-	3,800	-	50,000	1,081,175	64,601	1,145,776
Net movement in fair value of cash flow hedges	-	-	-	-	-	12,647	-	-	12,647	-	12,647
Exchange difference arising on translation of overseas operations	-	-	-	-	(400)	-	-	-	(400)	-	(400)
Total income and (expense) for the period recognised directly in equity	-	-	-	-	(400)	12,647	-	-	12,247	-	12,247
Profit for the period	-	-	-	17,907	-	-	-	-	17,907	6,631	24,538
Total income and (expense) for the period	-	-	-	17,907	(400)	12,647	-	-	30,154	6,631	36,785
Increase in share capital of subsidiary	-	-	-	-	-	-	-	-	-	7,350	7,350
Dividend paid	-	-	-	-	-	-	-	-	-	(8,700)	(8,700)
Balance at 31 March 2006	1,000,000	(10,050)	14,544	40,788	(400)	16,347	-	50,000	1,111,329	69,882	1,181,211
Balance at 1 January 2007	1,050,000	(10,050)	27,303	37,378	(374)	9,500	-	84,000	1,187,757	121,936	1,309,693
Net movement in fair value of cash flow hedges	-	-	-	-	-	1,223	-	-	1,223	-	1,223
Net movement in fair value of available for sale investments	-	-	-	-	-	-	1,022	-	1,022	-	1,022
Exchange difference arising on translation of overseas operations	-	-	-	-	(241)	-	-	-	(241)	-	(241)
Total income and (expense) for the period recognised directly in equity	-	-	-	-	(241)	1,223	1,022	-	2,004	-	2,004
Profit for the period	-	-	-	21,354	-	-	-	-	21,354	9,214	30,568
Total income and (expense) for the period	-	-	-	21,354	(241)	1,223	1,022	-	23,358	9,214	32,572
Dividend paid	-	-	-	-	-	-	-	-	-	(13,222)	(13,222)
Balance at 31 March 2007	1,050,000	(10,050)	27,303	58,732	(615)	10,723	1,022	84,000	1,313,115	117,934	1,431,049

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 31 March 2007 (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 ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standard 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 2006.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual consolidated financial statements as at 31 December 2006. In addition, results for the three months ended 31 March 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 SEGMENTAL ANALYSIS

	Services AED '000	Chilled water AED '000	Contracting AED '000	Manufacturing AED '000	Eliminations AED '000	Total AED '000
Three months ended 31 March 2007:						
Revenue						
External revenue	22,623	40,292	15,836	43,767	-	122,518
Inter-segment sales	<u>1,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,918)</u>	<u>-</u>
Total revenue	24,541	40,292	15,836	43,767	(1,918)	122,518
Result						
Segment result	<u>12,761</u>	<u>10,904</u>	<u>2,413</u>	<u>11,262</u>	<u>(974)</u>	36,366
Finance costs	-	-	-	-	-	(13,161)
Interest and investment income	-	-	-	-	-	7,886
Share of results of associates	-	-	-	-	-	297
Minority interests	-	-	-	-	-	<u>(9,314)</u>
Profit for the period attributable to equity holders of the parent						21,354
Three months ended 31 March 2006:						
Revenue						
External revenue	14,708	37,260	13,460	40,161	-	105,529
Inter-segment sales	<u>1,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,244)</u>	<u>-</u>
Total revenue	15,952	37,260	13,460	40,161	(1,244)	105,529
Result						
Segment result	<u>6,816</u>	<u>9,977</u>	<u>3,093</u>	<u>11,994</u>	<u>(979)</u>	31,673
Finance costs	-	-	-	-	-	(13,488)
Interest and investment income	-	-	-	-	-	6,188
Share of results of associates	-	-	-	-	-	215
Minority interests	-	-	-	-	-	<u>(6,611)</u>
Profit for the period attributable to equity holders of the parent						17,967

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2007 (Unaudited)

3 SEGMENTAL ANALYSIS continued

Other information	Services AED '000	Chilled water AED '000	Contracting AED '000	Manufacturing AED '000	Total AED '000
At 31 March 2007:					
Segment assets	76,204	3,709,393	185,474	110,578	4,081,649
Investments in associates	—	163,365	—	—	163,365
Total assets	76,204	3,872,758	185,474	110,578	4,245,014
Segment liabilities	20,723	2,687,356	154,412	51,423	2,913,893
At 31 December 2006:					
Segment assets	76,398	3,716,893	177,974	104,480	4,075,745
Investments in associates	—	109,440	—	—	109,440
Total assets	76,398	3,826,333	177,974	104,480	4,189,183
Segment liabilities	16,920	2,080,383	138,763	39,372	2,875,400
Three months ended 31 March 2007:					
Capital expenditure:					
Property, plant and equipment	254	1,083	36	83	1,456
Capital work in progress	—	148,823	—	—	148,823
Depreciation	118	12,267	100	418	12,899
Three months ended 31 March 2006:					
Capital expenditure:					
Property, plant and equipment	130	5,671	32	42	5,677
Capital work in progress	—	221,314	—	0,576	230,890
Depreciation	112	13,121	41	228	13,502

The Company is organised as one geographical segment and consequently, no secondary information is required to be provided.

4 BASIC AND DILUTED 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.

Diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the income and share data used in the earnings per share computations:

	Three months ended 31 March 2007	Three months ended 31 March 2006
Profit for the period attributable to equity holders of the parent (AED '000)	21,354	17,907
Weighted average number of ordinary shares outstanding during the period ('000)	1,050,000	1,050,000
Basic and diluted earnings per share (AED)	0.02	0.02

The weighted average number of ordinary shares in issue, used in the determination of the basic and diluted earnings per share for the three month period ended 31 March 2006 has been adjusted for the effect of the bonus share issue in 2006.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2007 (Unaudited)

5 PROPERTY, PLANT AND EQUIPMENT

	<i>Land, plant and buildings 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 31 March 2007	1,579,137	6,924	16,383	2,517	1,604,961
Accumulated depreciation at 31 March 2007	<u>(115,464)</u>	<u>(5,305)</u>	<u>(9,443)</u>	<u>(1,322)</u>	<u>(131,534)</u>
Net carrying amount at 31 March 2007 before provision for impairment	1,463,673	1,619	6,940	1,195	1,473,427
Provision for impairment	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197)</u>
Net carrying amount: At 31 March 2007	<u>1,463,476</u>	<u>1,619</u>	<u>6,940</u>	<u>1,195</u>	<u>1,473,230</u>
At 31 December 2006	<u>1,272,667</u>	<u>1,765</u>	<u>7,208</u>	<u>704</u>	<u>1,282,344</u>

6 INVESTMENTS IN ASSOCIATES

During the period, the Company invested an amount of AED 53.6 million representing its share of additional share capital issued by Qatar Central Cooling Company PJSC in 2007.

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim consolidated cash flow statement consist of following balance sheet amounts:

	<i>31 March 2007 AED '000</i>	<i>31 March 2006 AED '000</i>
Bank balances and cash	686,774	428,751
Bank overdrafts	<u>(274,818)</u>	<u>(119,274)</u>
	<u>411,956</u>	<u>309,477</u>

Significant non-cash transactions which have been excluded from the interim consolidated cash flow statement are as follows:

Accounts receivable and prepayments – fair value adjustment for derivatives	1,223	12,647
Transfer from capital work in progress to property, plant and equipment	202,336	94,987
Exchange difference arising on translation of foreign operations	(241)	(400)
Movement in fair value of available for sale investments	1,022	-

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2007 (Unaudited)

8 TERM LOANS

	<i>31 March 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Term loans	792,029	729,832
Other loan	-	22
	<u>792,029</u>	<u>729,854</u>
<i>Due in less than one year:</i>		
Term loans	44,141	41,002
Other loan	-	22
	<u>44,141</u>	<u>41,024</u>
<i>Due in more than one year:</i>		
Term loans	<u>747,888</u>	<u>688,830</u>

9 ISLAMIC FINANCING ARRANGEMENTS

	<i>31 March 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Ijara loans	307,196	306,943
Istisna'a loans	898,765	897,544
Muqawala loans	<u>129,690</u>	<u>132,263</u>
	<u>1,335,651</u>	<u>1,336,750</u>
<i>Due in less than one year:</i>		
Ijara loans	120,529	121,384
Muqawala loans	<u>116,622</u>	<u>116,622</u>
	<u>237,151</u>	<u>238,006</u>
<i>Due in more than one year:</i>		
Ijara loans	186,667	185,559
Istisna'a loans	898,765	897,544
Muqawala loans	<u>13,068</u>	<u>15,641</u>
	<u>1,098,500</u>	<u>1,098,744</u>

10 COMMITMENTS

The Board of Directors have authorised future capital expenditure amounting to AED 2,031 million at the balance sheet date (31 December 2006: AED 2,193 million).

The notional amount of the Company's interest rate swap and cap deals outstanding at 31 March 2007 was AED 1,269 million (31 December 2006: AED 1,316 million).

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2007 (Unaudited)

11 CONTINGENCIES

The Company and its subsidiaries' bankers have issued guarantees on their behalf as follows:

	<i>31 March 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Performance guarantees	33,150	30,150
Financial guarantees	<u>4,260</u>	<u>1,598</u>
	<u>37,410</u>	<u>31,748</u>