

National Central Cooling Company PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2007 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL CENTRAL COOLING COMPANY PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of National Central Cooling Company PJSC (the "Company") and its subsidiaries as at 30 September 2007, comprising of the interim consolidated balance sheet as at 30 September 2007 and the related interim consolidated income statement for the three month and nine month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

25 October 2007
Abu Dhabi

National Central Cooling Company PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2007 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2007 AED '000</i>	<i>2006 AED '000</i>	<i>2007 AED '000</i>	<i>2006 AED '000</i>
Revenues	3	163,750	109,350	408,109	340,815
Operating costs		<u>(98,587)</u>	<u>(66,689)</u>	<u>(222,559)</u>	<u>(192,540)</u>
GROSS PROFIT		65,163	42,661	185,550	148,275
Salaries and staff related costs		(21,225)	(14,828)	(55,095)	(38,097)
Other administrative expenses		(14,639)	(9,673)	(42,807)	(30,024)
Finance costs	3	(17,425)	(8,860)	(49,573)	(36,041)
Other income		8,438	8,257	29,166	18,527
Share of results of associates	3	<u>558</u>	<u>241</u>	<u>5,825</u>	<u>575</u>
PROFIT FOR THE PERIOD		<u>20,870</u>	<u>17,798</u>	<u>73,066</u>	<u>63,215</u>
Attributable to:					
Equity holders of the parent	3	14,540	13,902	48,615	46,467
Minority interests	3	<u>6,330</u>	<u>3,896</u>	<u>24,451</u>	<u>16,748</u>
		<u>20,870</u>	<u>17,798</u>	<u>73,066</u>	<u>63,215</u>
Basic and diluted earnings per share attributable to equity holders of the parent	4	<u>0.01</u>	<u>0.01</u>	<u>0.04</u>	<u>0.04</u>

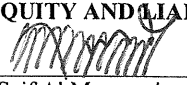
The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

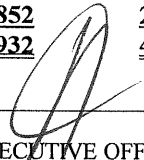
National Central Cooling Company PJSC

INTERIM CONSOLIDATED BALANCE SHEET

At 30 September 2007 (Unaudited)

		30 September 2007 AED '000	(Audited) 31 December 2006 AED '000
	Notes		
ASSETS			
Non-current assets			
Capital work in progress		1,000,016	755,482
Property, plant and equipment	5	1,787,612	1,282,344
Investment in associates	6	168,933	109,440
Intangible assets		38,344	38,334
Available for sale investments		<u>4,312</u>	<u>1,880</u>
		2,999,217	2,187,480
Current assets			
Inventories		35,682	27,235
Trade and other receivables		836,240	879,778
Contract work in progress		143,079	111,947
Financial assets carried at fair value through income statement		116,633	108,032
Prepayments		7,822	4,203
Bank balances and cash	7	<u>487,259</u>	<u>866,510</u>
		1,626,715	1,997,705
TOTAL ASSETS		<u>4,625,932</u>	<u>4,185,185</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	8	1,134,000	1,050,000
Treasury shares		(10,050)	(10,050)
Statutory reserve		27,303	27,303
Retained earnings		75,993	27,378
Foreign currency translation reserve		(577)	(374)
Cumulative changes in fair value of derivatives		(2,187)	9,500
Cumulative changes in fair value of available for sale investments		2,432	-
Reserve for proposed bonus issue		-	84,000
		1,226,914	1,187,757
Minority interests		128,166	121,938
Total equity		<u>1,355,080</u>	<u>1,309,695</u>
Non-current liabilities			
Accounts payable and accruals		29,380	36,468
Term loans	9	739,076	688,830
Islamic Ijara loans	10	186,928	185,559
Islamic Istisna'a loans	10	900,782	897,544
Islamic Muqawala loans	10	7,923	15,641
Obligations under finance lease		49,405	51,610
Employee's end of service benefits		<u>10,664</u>	<u>8,225</u>
		1,924,158	1,883,877
Current liabilities			
Accounts payable and accruals		596,017	429,555
Bank overdrafts	7	108,426	280,322
Term loans	9	416,546	41,024
Islamic Ijara loans	10	112,444	121,384
Islamic Muqawala loans	10	110,356	116,622
Obligations under finance lease		<u>2,905</u>	<u>2,706</u>
		1,346,694	991,613
Total liabilities		<u>3,270,852</u>	<u>2,875,490</u>
TOTAL EQUITY AND LIABILITIES		<u>4,625,932</u>	<u>4,185,185</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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Nine months ended 30 September 2007 (Unaudited)

	<i>Note</i>	<i>Nine months ended 30 September 2007 AED '000</i>	<i>Nine months ended 30 September 2006 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		73,066	63,215
Adjustments for:			
Depreciation		38,935	40,615
Share of results of associates		(5,825)	(575)
Impairment of plant and equipment		-	197
Net movement in employees' end of service benefits		2,439	(160)
Interest income		(11,377)	(11,557)
Finance costs		49,573	36,041
Revaluation gain on financial assets carried at fair value through income statement		<u>(8,601)</u>	<u>(2,527)</u>
		138,210	125,249
Working capital changes:			
Inventories		(8,447)	(10,112)
Accounts receivable and prepayments		39,716	(118,612)
Contract work in progress		(31,132)	(35,802)
Accounts payable and accruals		<u>147,687</u>	<u>93,421</u>
Cash from operations		286,034	54,144
Interest paid		<u>(49,573)</u>	<u>(36,041)</u>
Net cash from operating activities		<u>236,461</u>	<u>18,103</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(43,827)	(61,097)
Investment in associates		(53,668)	(51,313)
Purchase of intangible assets		(10)	-
Purchase of financial assets carried at fair value through income statement		-	(36,354)
Additions to capital work in progress		(744,910)	(638,069)
Interest received		<u>11,377</u>	<u>11,557</u>
Net cash used in investing activities		<u>(831,038)</u>	<u>(775,276)</u>
FINANCING ACTIVITIES			
Dividends paid to minority interests		(18,223)	(12,375)
Minority interest in increase in share capital of subsidiaries		-	29,212
Repayments for obligations under finance lease		(2,006)	(855)
Term loans received		448,013	284,342
Istisna's loan received		-	242,484
Term loans repaid		(22,267)	(16,100)
Islamic Ijara loan repaid		(8,087)	(7,562)
Muqawala loans received		(13,984)	-
Muqawala loans repaid		-	(7,705)
Changes in prepaid finance cost		3,776	(6,674)
Proceeds from sale and lease back of property, plant and equipment		<u>-</u>	<u>55,809</u>
Net cash from financing activities		<u>387,222</u>	<u>560,576</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(207,355)</u>	<u>(196,597)</u>
Cash and cash equivalents at the beginning of period		<u>586,188</u>	<u>408,099</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7	<u>378,833</u>	<u>211,502</u>

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Nine months ended 30 September 2007 (Unaudited)

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 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.

2.1 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 nine months ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

2.2 CHANGE IN ACCOUNTING ESTIMATE

During the period, the estimated useful life of plants and related distribution assets (the "Assets") was revised from 25 years to 30 years for plants and from 25 years to 50 years for related distribution assets, as a result of review of their respective useful lives carried out by an independent consultant. The change in useful lives estimate has been applied with effect from 1 January 2007. The financial impact of the change in the estimated useful lives of the Assets is a reduction in the depreciation charge of AED 7.2 million for the nine month period ended 30 September 2007 which has been reflected in full in the profit for the three months period ended 30 September 2007.

3 SEGMENTAL ANALYSIS

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products and services produced. The Company is organised in one geographical segment and consequently, no secondary information is required to be provided. The operating businesses are organised and managed separately according to the nature of the products and services provided with each segment representing a strategic business unit that offers different products and services.

The 'services' segment is involved in designing and supervision of electrical, mechanical coding and sanitary engineering works.

The 'chilled water' segment operates and maintains cooling and conditioning systems.

The 'contracting' segment is involved in construction of air conditioning chilled water central stations and networks for new or existing buildings.

The 'manufacturing' segment is engaged in production of preinsulated piping systems for chilled and hot water, gas and other energy related applications and provision of pipe protection services.

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

The following tables present revenue and profit and certain other information regarding the Company's and its subsidiaries business segments.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2007 (Unaudited)

3 SEGMENTAL ANALYSIS continued

	Services AED '000	Chilled water AED '000	Contracting AED '000	Manufacturing AED '000	Eliminations AED '000	Total AED '000
Nine months ended 30 September 2007:						
Revenue						
External revenue	72,955	141,523	73,191	120,440	-	408,109
Inter-segment sales	<u>8,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,396)</u>	<u>-</u>
Total revenue	<u>81,351</u>	<u>141,523</u>	<u>73,191</u>	<u>120,440</u>	<u>(8,396)</u>	<u>408,109</u>
Result						
Segment result	<u>36,532</u>	<u>19,070</u>	<u>17,047</u>	<u>29,453</u>	<u>-</u>	102,102
Finance costs	-	-	-	-	-	(49,573)
Interest and investment income	-	-	-	-	-	14,712
Share of results of associates	-	-	-	-	-	5,825
Minority interests	-	-	-	-	-	<u>(24,451)</u>
Profit for the period attributable to equity holders of the parent						<u>48,615</u>
Nine months ended 30 September 2006:						
Revenue						
External revenue	52,772	125,103	76,985	85,955	-	340,815
Inter-segment sales	<u>4,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,981)</u>	<u>-</u>
Total revenue	<u>57,753</u>	<u>125,103</u>	<u>76,985</u>	<u>85,955</u>	<u>(4,981)</u>	<u>340,815</u>
Result						
Segment result	<u>29,539</u>	<u>23,695</u>	<u>11,908</u>	<u>21,982</u>	<u>-</u>	87,124
Finance costs	-	-	-	-	-	(36,041)
Interest and investment income	-	-	-	-	-	11,557
Share of results of associates	-	-	-	-	-	575
Minority interests	-	-	-	-	-	<u>(16,748)</u>
Profit for the period attributable to equity holders of the parent						<u>46,467</u>
Other information						
At 30 September 2007:						
Segment assets	86,844	4,043,200	197,510	129,445	-	4,456,999
Investments in associates	<u>-</u>	<u>168,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,933</u>
Total assets	<u>86,844</u>	<u>4,212,133</u>	<u>197,510</u>	<u>129,445</u>	<u>-</u>	<u>4,625,932</u>
Segment liabilities	<u>16,424</u>	<u>3,001,851</u>	<u>197,914</u>	<u>54,663</u>	<u>-</u>	<u>3,270,852</u>
At 31 December 2006:						
Segment assets	76,398	3,716,893	177,974	104,480	-	4,075,745
Investments in associates	<u>-</u>	<u>109,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,440</u>
Total assets	<u>76,398</u>	<u>3,826,333</u>	<u>177,974</u>	<u>104,480</u>	<u>-</u>	<u>4,185,185</u>
Segment liabilities	<u>16,970</u>	<u>2,680,385</u>	<u>138,763</u>	<u>39,372</u>	<u>-</u>	<u>2,875,490</u>
Nine months ended 30 September 2007:						
Capital expenditure:						
Property, plant and equipment	<u>565</u>	<u>41,665</u>	<u>57</u>	<u>1,540</u>	<u>-</u>	<u>43,827</u>
Capital work in progress	<u>-</u>	<u>728,961</u>	<u>-</u>	<u>15,949</u>	<u>-</u>	<u>744,910</u>
Depreciation	<u>349</u>	<u>37,541</u>	<u>195</u>	<u>850</u>	<u>-</u>	<u>38,935</u>
Nine months ended 30 September 2006:						
Capital expenditure:						
Property, plant and equipment	<u>317</u>	<u>60,180</u>	<u>124</u>	<u>476</u>	<u>-</u>	<u>61,097</u>
Capital work in progress	<u>-</u>	<u>615,870</u>	<u>-</u>	<u>22,199</u>	<u>-</u>	<u>638,069</u>
Depreciation	<u>405</u>	<u>39,400</u>	<u>124</u>	<u>686</u>	<u>-</u>	<u>40,615</u>

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

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2007 (Unaudited)

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:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Profit for the period attributable to equity holders of the parent (AED '000)	<u>14,540</u>	<u>13,902</u>	<u>48,615</u>	<u>46,467</u>
Weighted average number of ordinary shares outstanding during the period ('000)	<u>1,134,000</u>	<u>1,134,000</u>	<u>1,134,000</u>	<u>1,134,000</u>
Basic and diluted earnings per share (AED)	<u>0.01</u>	<u>0.01</u>	<u>0.04</u>	<u>0.04</u>

The weighted average number of ordinary shares in issue, used in the determination of the basic and diluted earnings per share for the three and nine month periods ended 30 September 2006 has been adjusted for the effect of the bonus share issue in 2007.

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 30 September 2007	1,914,334	7,448	21,508	2,519	1,945,809
Accumulated depreciation at 30 September 2007	<u>(140,130)</u>	<u>(5,797)</u>	<u>(10,599)</u>	<u>(1,474)</u>	<u>(158,000)</u>
Net carrying amount at 30 September 2007 before provision for impairment	1,774,204	1,651	10,909	1,045	1,787,809
Provision for impairment	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197)</u>
Net carrying amount: At 30 September 2007	<u>1,774,007</u>	<u>1,651</u>	<u>10,909</u>	<u>1,045</u>	<u>1,787,612</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 INVESTMENT 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.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2007 (Unaudited)

7 CASH AND CASH EQUIVALENTS

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

	<i>30 September 2007 AED '000</i>	<i>30 September 2006 AED '000</i>
Bank balances and cash	487,259	416,169
Bank overdrafts	<u>(108,426)</u>	<u>(204,667)</u>
	<u>378,833</u>	<u>211,502</u>

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

	<i>30 September 2007 AED '000</i>	<i>30 September 2006 AED '000</i>
Accounts receivable and prepayments – fair value adjustment for derivatives	-	1,584
Accounts payable and accruals – fair value adjustment for derivatives	11,687	-
Transfer from capital work in progress to property, plant and equipment	500,376	463,209
Exchange difference arising on translation of foreign operations	203	395
Bonus issue	-	50,000
Movement in fair value of available for sale investments	2,432	-
Increase in share capital	84,000	-

8 SHARE CAPITAL

	<i>30 September 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Authorised, issued and fully paid up share capital		
1,134,000,000 ordinary shares at AED 1 each		
(31 December 2006: 1,050,000,000 ordinary shares of 1 each)	<u>1,134,000</u>	<u>1,050,000</u>

At the Annual General Meeting held in April 2007, the shareholders approved the issue of bonus shares amounting to AED 84 million. The registration of the bonus shares was completed in Company's share register on 6th May 2007. Legal formalities are in progress to revise the Article of Association of the Company for the increase in the share capital.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2007 (Unaudited)

9 TERM LOANS

	<i>30 September 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Term loans	1,155,622	729,832
Other loan	<u>-</u>	<u>22</u>
	<u>1,155,622</u>	<u>729,854</u>
<i>Due in less than one year:</i>		
Term loans	416,546	41,002
Other loan	<u>-</u>	<u>22</u>
	<u>416,546</u>	<u>41,024</u>
<i>Due in more than one year:</i>		
Term loans	<u>739,076</u>	<u>688,830</u>

10 ISLAMIC FINANCING ARRANGEMENTS

	<i>30 September 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Ijara loans	299,372	306,943
Istisna'a loans	900,782	897,544
Muqawala loans	<u>118,279</u>	<u>132,263</u>
	<u>1,318,433</u>	<u>1,336,750</u>
<i>Due in less than one year:</i>		
Ijara loans	112,444	121,384
Muqawala loans	<u>110,356</u>	<u>116,622</u>
	<u>222,800</u>	<u>238,006</u>
<i>Due in more than one year:</i>		
Ijara loans	186,928	185,559
Istisna'a loans	900,782	897,544
Muqawala loans	<u>7,923</u>	<u>15,641</u>
	<u>1,095,633</u>	<u>1,098,744</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2007 (Unaudited)

11 COMMITMENTS

The Board of Directors have authorised future capital expenditure amounting to AED 1,408 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 30 September 2007 was AED 1,257 million (31 December 2006: AED 1,316 million).

12 CONTINGENCIES

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

	<i>30 September 2007 AED '000</i>	<i>31 December 2006 AED '000</i>
Performance guarantees	23,459	30,150
Financial guarantees	3,165	1,598
Advance payment guarantees	<u>70</u>	<u>70</u>
	<u>26,694</u>	<u>31,818</u>