

National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2008 (UNAUDITED)

Ernst & Young

 **ERNST & YOUNG**

National Central Cooling Company PJSC

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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 2008, comprising of the interim consolidated balance sheet as at 30 September 2008 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. Consequently, it 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.

Ernst & Young

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

30 October 2008
Abu Dhabi

National Central Cooling Company PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2008 (Unaudited)

		<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	185,021	163,750	482,943	408,109
Operating costs		<u>(105,206)</u>	<u>(98,587)</u>	<u>(260,297)</u>	<u>(222,559)</u>
GROSS PROFIT		79,815	65,163	222,646	185,550
Salaries and staff related costs		(27,391)	(21,225)	(75,068)	(55,095)
Other administrative expenses		(14,783)	(14,639)	(42,988)	(42,807)
Finance costs	3	(22,127)	(17,425)	(63,446)	(49,573)
Other income		5,268	8,438	22,423	29,166
Share of results of associates	3	<u>3,668</u>	<u>558</u>	<u>10,414</u>	<u>5,825</u>
PROFIT FOR THE PERIOD		<u>24,450</u>	<u>20,870</u>	<u>73,981</u>	<u>73,066</u>
Attributable to:					
Equity holders of the parent		15,505	14,540	48,978	48,615
Minority interests		<u>8,945</u>	<u>6,330</u>	<u>25,003</u>	<u>24,451</u>
		<u>24,450</u>	<u>20,870</u>	<u>73,981</u>	<u>73,066</u>
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	4	<u>0.01</u>	<u>0.01</u>	<u>0.03</u>	<u>0.04</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED BALANCE SHEET

At 30 September 2008 (Unaudited)

		30 September 2008 AED '000	(Audited) 31 December 2007 AED '000
	Notes		
ASSETS			
Non-current assets			
Capital work in progress		1,946,614	1,123,746
Property, plant and equipment	5	2,639,617	2,018,188
Intangible assets		38,344	38,344
Investments in associates	6	239,351	193,690
Available for sale investments	8	66,888	8,487
Loan to an associate		<u>42,029</u>	<u>42,029</u>
		4,972,843	3,424,484
Current assets			
Inventories		55,845	34,306
Trade and other receivables		414,466	322,751
Financial assets carried at fair value through income statement	8	64,233	117,390
Contract work in progress		164,361	179,031
Bank balances and cash	9	<u>1,153,042</u>	<u>430,262</u>
		1,851,947	1,083,740
TOTAL ASSETS		6,824,790	4,508,224
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	10	1,213,380	1,134,000
Treasury shares		(10,050)	(10,050)
Statutory reserve		36,478	36,478
Retained earnings		59,708	10,730
Foreign currency translation reserve		(697)	(145)
Cumulative changes in fair value of derivatives and available for sale investments	11	(53,222)	(8,509)
Convertible bonds – equity component	13	1,301,679	-
Reserve for proposed bonus issue		-	79,380
		<u>2,547,276</u>	<u>1,241,884</u>
Minority interests		<u>168,708</u>	<u>132,971</u>
Total equity		2,715,984	1,374,855
Non-current liabilities			
Accounts payable and accruals		49,856	77,444
Interest bearing loans and borrowings	12	257,664	1,092,742
Islamic financing arrangements	12	1,694,635	1,099,847
Obligations under finance lease		46,213	48,635
Convertible bonds – liability component	13	247,917	-
Employees' end of service benefits		<u>15,706</u>	<u>11,267</u>
		2,311,991	2,329,935
Current liabilities			
Accounts payable and accruals		912,986	672,904
Bank overdrafts	9	270,855	61,626
Interest bearing loans and borrowings	12	102,322	57,595
Islamic financing arrangements	12	389,932	8,334
Convertible bonds – liability component	13	117,527	-
Obligations under finance lease		<u>3,193</u>	<u>2,975</u>
		1,796,815	803,434
Total liabilities		4,108,806	3,133,369
TOTAL EQUITY AND LIABILITIES		6,824,790	4,508,224

Khadem Abdulla Al Qubaisi
CHAIRMAN


Karl Marietta
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Nine months ended 30 September 2008 (Unaudited)

		<i>Nine months ended 30 September 2008 AED '000</i>	<i>Nine months ended 30 September 2007 AED '000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		73,981	73,066
Adjustments for:			
Depreciation of property, plant and equipment		40,954	38,935
Share of results of associates		(8,000)	(5,825)
Gain on disposal of property, plant and equipment		(782)	-
Net movement in employees' end of service benefits		4,439	2,439
Interest income		(13,888)	(6,111)
Finance costs		57,346	49,573
Loss on disposal of financial assets carried at fair value through income statement		60	-
Changes in fair value relating to financial assets carried at fair value through income statement		9,667	(8,601)
Changes in prepaid finance costs		5,657	3,776
Changes in fair value of derivative relating to convertible bond		<u>6,100</u>	<u>-</u>
		175,534	147,252
Working capital changes:			
Inventories		(21,539)	(8,447)
Trade and other receivables		(91,715)	39,716
Contract work in progress		14,670	(31,132)
Accounts payable and accruals		<u>204,940</u>	<u>159,652</u>
Cash from operations		281,890	307,041
Interest paid		<u>(78,452)</u>	<u>(61,538)</u>
Net cash from operating activities		<u>203,438</u>	<u>245,503</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(81,804)	(43,827)
Proceeds from disposal of property, plant and equipment		1,444	-
Investment in associates	6	(42,861)	(53,668)
Purchase of intangible assets		-	(10)
Additions to available for sale investments	8	(69,806)	-
Additions to capital work in progress		(1,399,232)	(744,910)
Proceeds on disposal of financial assets carried at fair value through income statement		43,430	-
Investment in bank deposits		(395,003)	-
Interest received		<u>13,888</u>	<u>6,111</u>
Net cash used in investing activities		<u>(1,929,944)</u>	<u>(836,304)</u>
FINANCING ACTIVITIES			
Interest bearing loans and borrowings received		171,348	448,013
Interest bearing loans and borrowings repaid		(972,020)	(22,267)
Islamic financing arrangement received		1,000,000	(13,984)
Islamic financing arrangement repaid		(7,295)	(8,087)
Proceeds from issue of convertible bonds		1,656,146	-
Prepaid finance cost		(11,655)	-
Payments for obligations under finance lease		(2,204)	(2,006)
Share capital injection by minority interest shareholders of subsidiaries		29,414	-
Dividends paid to minority interests		<u>(18,680)</u>	<u>(18,223)</u>
Net cash from financing activities		<u>1,845,054</u>	<u>383,446</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		118,548	(207,355)
Cash and cash equivalents at 1 January		<u>368,636</u>	<u>586,188</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	9	<u>487,184</u>	<u>378,833</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Nine months ended 30 September 2008 (Unaudited)

	Attributable to equity holders of the parent										
					Foreign currency translation reserve AED '000	Cumulative changes in fair value of derivatives available for sale investments AED '000	Convertible bonds - equity component AED '000	Reserve for proposed bonus issue AED '000	Total AED '000	Minority interests AED '000	Total equity AED '000
Share capital AED '000											
1,050,000	(10,050)	27,303	27,378	(374)	9,500	1,187,757	84,000	121,938	1,309,695		
Net movement in fair value of cash flow hedges	-	-	-	-	(11,687)	(11,687)	-	-	(11,687)	-	(11,687)
Gain on revaluation of available for sale investments	-	-	-	-	2,432	2,432	-	-	2,432	-	2,432
Exchange difference arising on translation of overseas operations	-	-	-	(203)	-	(203)	-	-	(203)	-	(203)
Total income and (expense) for the period recognised directly in equity	-	-	-	(203)	(9,255)	(9,458)	-	-	(9,458)	-	(9,458)
Profit for the period	-	-	48,615	-	-	48,615	-	24,451	73,066		
Total expense for the period	-	-	48,615	(203)	(9,255)	39,157	-	24,451	63,608		
Bonus shares issued	84,000	-	-	-	-	(84,000)	-	-	-	-	-
Dividend paid to minority interest shareholders	-	-	-	-	-	-	-	(18,223)	-	-	-
Balance at 30 September 2007	1,134,000	(10,050)	27,303	(577)	245	1,226,914	-	128,166	1,355,080		
Balance at 1 January 2008	1,134,000	(10,050)	36,478	(145)	(8,509)	1,241,884	79,380	132,971	1,374,855		
Net movement in fair value of cash flow hedges	-	-	-	-	(33,308)	(33,308)	-	-	(33,308)	-	(33,308)
Loss on revaluation of available for sale investments	-	-	-	-	(11,405)	(11,405)	-	-	(11,405)	-	(11,405)
Exchange difference arising on translation of overseas operations	-	-	-	(552)	-	(552)	-	-	(552)	-	(552)
Total expense for the period recognised directly in equity	-	-	-	(552)	(44,713)	(45,265)	-	25,003	(45,265)	-	(45,265)
Profit for the period	-	-	48,978	-	-	48,978	-	-	73,981	-	73,981
Total income and (expense) for the period	-	-	48,978	(552)	(44,713)	3,713	-	25,003	28,716	-	28,716
Share capital injection by minority interest shareholders of subsidiaries	-	-	-	-	-	-	-	29,414	29,414	-	29,414
Convertible bonds issued	-	-	-	-	-	1,301,679	-	-	1,301,679	-	1,301,679
Dividend paid to minority interest shareholders	-	-	-	-	-	-	-	(18,680)	(18,680)	-	(18,680)
Bonus shares issued	79,380	-	-	-	-	(79,380)	-	-	-	-	-
Balance at 30 September 2008	1,213,380	(10,050)	36,478	(697)	(53,222)	2,547,276	-	168,708	2,715,984		

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2008 (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 2007.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2007. In addition, results for the nine months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2008 (Unaudited)

3 SEGMENTAL ANALYSIS

	<i>Services</i> <i>AED '000</i>	<i>Chilled water</i> <i>AED '000</i>	<i>Contracting</i> <i>AED '000</i>	<i>Manufacturing</i> <i>AED '000</i>	<i>Eliminations</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
Nine months ended 30 September 2008:						
Revenue						
External revenue	84,154	187,578	83,121	128,090	-	482,943
Inter-segment sales	<u>10,125</u>	<u>-</u>	<u>-</u>	<u>1,068</u>	<u>(11,193)</u>	<u>-</u>
Total revenue	<u>94,279</u>	<u>187,578</u>	<u>83,121</u>	<u>129,158</u>	<u>(11,193)</u>	<u>482,943</u>
Result						
Segment result	<u>34,088</u>	<u>40,030</u>	<u>19,809</u>	<u>28,925</u>	<u>-</u>	<u>122,852</u>
Finance costs	-	-	-	-	-	(63,446)
Interest income and (loss) / gain on investment, net	-	-	-	-	-	4,161
Share of results of associates	-	10,414	-	-	-	<u>10,414</u>
Profit for the period						<u>73,981</u>
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>	<u>102,102</u>
Finance costs	-	-	-	-	-	(49,573)
Interest income and (loss) / gain on investment, net	-	-	-	-	-	14,712
Share of results of associates	-	5,825	-	-	-	<u>5,825</u>
Profit for the period						<u>73,066</u>
Other information						
At 30 September 2008:						
Segment assets	116,706	4,922,155	284,573	187,624	-	5,511,058
Investments in associates	-	239,351	-	-	-	239,351
Unallocated assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,381</u>	<u>1,074,381</u>
Total assets	<u>116,706</u>	<u>5,161,506</u>	<u>284,573</u>	<u>187,624</u>	<u>1,074,381</u>	<u>6,824,790</u>
Segment liabilities	68,259	416,560	462,084	31,645	-	978,548
Unallocated liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,130,258</u>	<u>3,130,258</u>
Total liabilities	<u>68,259</u>	<u>416,560</u>	<u>462,084</u>	<u>31,645</u>	<u>3,130,258</u>	<u>4,108,806</u>
At 31 December 2007:						
Segment assets	116,691	3,481,007	228,167	113,395	-	3,939,260
Investments in associates	-	193,690	-	-	-	193,690
Unallocated assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,274</u>	<u>375,274</u>
Total assets	<u>116,691</u>	<u>3,674,697</u>	<u>228,167</u>	<u>113,395</u>	<u>375,274</u>	<u>4,508,224</u>
Segment liabilities	27,114	486,379	233,102	15,020	-	761,615
Unallocated liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,371,754</u>	<u>2,371,754</u>
Total liabilities	<u>27,114</u>	<u>486,379</u>	<u>233,102</u>	<u>15,020</u>	<u>2,371,754</u>	<u>3,133,369</u>
Nine months ended 30 September 2008:						
Capital expenditure:						
Property, plant and equipment	<u>1,264</u>	<u>79,662</u>	<u>347</u>	<u>531</u>	<u>-</u>	<u>81,804</u>
Capital work in progress	<u>-</u>	<u>1,388,188</u>	<u>-</u>	<u>15,921</u>	<u>-</u>	<u>1,404,109</u>
Depreciation	<u>369</u>	<u>38,122</u>	<u>292</u>	<u>2,171</u>	<u>-</u>	<u>40,954</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>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2008 (Unaudited)

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted 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 plus the weighted average number of ordinary shares that would be issued on the conversion of bonds.

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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Profit for the period attributable to equity holders of the parent for basic and diluted earnings (AED '000)	<u>15,505</u>	<u>14,540</u>	<u>48,978</u>	<u>48,615</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<u>1,203,330</u>	<u>1,203,330</u>	<u>1,203,330</u>	<u>1,203,330</u>
Effect of convertible bonds ('000)	<u>674,603</u>	<u>-</u>	<u>329,806</u>	<u>-</u>
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of convertible bonds ('000)	<u>1,877,933</u>	<u>1,203,330</u>	<u>1,533,136</u>	<u>1,203,330</u>
Basic and diluted earnings per share (AED)	<u>0.01</u>	<u>0.01</u>	<u>0.03</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 months and nine months periods ended 30 September 2007 has been adjusted for the effect of the bonus share issue in 2008.

Basic and diluted earnings per share has been calculated on the basis of maximum number of shares that may be issued for convertible bonds (note 13).

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 2008	2,809,003	8,761	23,377	2,503	2,843,644
Accumulated depreciation at 30 September 2008	<u>(182,765)</u>	<u>(6,687)</u>	<u>(13,121)</u>	<u>(1,257)</u>	<u>(203,830)</u>
Net carrying amount at 30 September 2008 before provision for impairment	2,626,238	2,074	10,256	1,246	2,639,814
Provision for impairment	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197)</u>
Net carrying amount:					
At 30 September 2008	<u>2,626,041</u>	<u>2,074</u>	<u>10,256</u>	<u>1,246</u>	<u>2,639,617</u>
At 31 December 2007	<u>2,004,339</u>	<u>2,168</u>	<u>10,606</u>	<u>1,075</u>	<u>2,018,188</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2008 (Unaudited)

6 INVESTMENTS IN ASSOCIATES

Tabreed invested an amount of AED 42.9 million representing its share of share capital issued by the associates during the period as follows:

	<i>30 September 2008 AED '000</i>	<i>30 September 2007 AED '000</i>
Tabreed District Cooling Company (Saudi)	24,515	-
Jordanian Company for Central Energy (PLS)	18,346	-
Qatar Central Cooling Company PJSC	<u>-</u>	<u>53,668</u>
	<u>42,861</u>	<u>53,668</u>

7 INVESTMENTS IN SUBSIDIARIES

During the period, the Company invested an amount of AED 87.1 million representing the share capital issued by the subsidiaries as follows:

	<i>30 September 2008 AED '000</i>	<i>30 September 2007 AED '000</i>
Tabreed Oman SAOC	38,350	-
Bahrain District Cooling Company	<u>48,747</u>	<u>-</u>
	<u>87,097</u>	<u>-</u>

8 INVESTMENT AND OTHER FINANCIAL ASSETS

(i) *Available for sale investment*

During the period, the Company invested an amount of US \$ 19 million (AED 69.8 million) in a foreign managed fund. Management has designated the investment as available for sale investment. Accordingly, after initial measurement, the investment is measured at fair value with unrealised losses amounting to AED 7.6 million recognised directly in equity.

(ii) *Financial assets carried at fair value through income statement*

Financial assets carried at fair value through income statement comprise of investments in several foreign managed funds denominated in US Dollars. These investments are designated at initial recognition as at fair value through income statement and their performance is evaluated on a fair value basis, in accordance with the Company's documented risk management strategy. During the period, investments with a carrying value of AED 43.5 million were sold for AED 43.4 million realising a loss on sale of AED 0.1 million.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2008 (Unaudited)

9 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 2008 AED '000</i>	<i>30 September 2007 AED '000</i>
Bank balances and cash	251,811	487,259
Bank deposits	<u>901,231</u>	<u>-</u>
	1,153,042	487,259
Bank overdrafts	(270,855)	(108,426)
Bank deposits with maturities in excess of three months	<u>(395,003)</u>	<u>-</u>
	<u>487,184</u>	<u>378,833</u>

All bank deposits are mainly denominated in AED and attract a fixed rate of interest ranging from 2.5% to 4.5% per annum.

Included in bank balances and bank deposits is an amount of AED 63.4 million held in foreign banks.

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

	<i>30 September 2008 AED '000</i>	<i>30 September 2007 AED '000</i>
Fair value adjustment for derivatives	(28,108)	11,687
Fair value adjustment for derivatives of associates	(5,200)	-
Bonus shares issue	79,380	84,000
Transfer from capital work in progress to property, plant and equipment	581,241	500,376
Movement in foreign currency translation reserve	(552)	203
Unrealised loss on available for sale investment	11,405	2,432
Interest payable	22,294	10,545
Adjustment of profit resulting from transactions with associates	2,414	-
Accretion expense on convertible bond – capital work in progress	(3,853)	-
Amortisation of transaction cost on convertible bond – capital work in progress	(1,024)	-

10 SHARE CAPITAL

	<i>30 September 2008 AED '000</i>	<i>31 December 2007 AED '000</i>
Authorised, issued and fully paid up share capital		
1,213,380,000 ordinary shares at AED 1 each		
(31 December 2007: 1,134,000,000 ordinary shares of 1 each)	<u>1,213,380</u>	<u>1,134,000</u>

At the Annual General Meeting held in March 2008, the shareholders approved the issue of bonus shares amounting to AED 79.38 million. The registration of the bonus shares was completed in Company's share register on 24 March 2008. Legal formalities are in progress to revise the Article of Association of the Company for the increase in the share capital.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)**11 CUMULATIVE CHANGES IN FAIR VALUE OF DERIVATIVES AND AVAILABLE FOR SALE INVESTMENTS**

	<i>Cumulative changes in fair value of derivatives AED '000</i>	<i>Cumulative changes in available for sale investments AED '000</i>	<i>Total AED '000</i>
Balance at 1 January 2007	9,500	-	9,500
Net movement in fair value of cash flow hedges	(11,687)	-	(11,687)
Gain on revaluation of available for sale investments	-	2,432	2,432
Balance at 30 September 2007	<u>(2,187)</u>	<u>2,432</u>	<u>245</u>
Balance at 1 January 2008	(15,116)	6,607	(8,509)
Net movement in fair value of cash flow hedges	(33,308)	-	(33,308)
Loss on revaluation of available for sale investments	-	(11,405)	(11,405)
Balance at 30 September 2008	<u>(48,424)</u>	<u>(4,798)</u>	<u>(53,222)</u>

Included in the movement in fair value of cash flow hedges is a debit amount of AED 5.2 million (30 September 2007: AED nil) relating to the Company's share in the movement in fair value of cash flow hedges in an associate.

12 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC FINANCING ARRANGEMENTS*Borrowings and repayment of debt*

In May 2008, the Company refinanced one of its interest bearing loans and borrowings into an Islamic Ijara financing with its existing lender by rescheduling the total facility amount from AED 700 million to AED 1,000 million which is now repayable in semi annual payments, commencing from November 2008 with the last instalment due in May 2020. The loan carries interest rate at EIBOR plus a margin of 1.2% to 1.5%. As at 30 September 2008 the Company has fully availed the refinancing facility. The loan facility is secured against certain plants and distribution assets of the Company.

Including the above mentioned refinancing facility, the Company and its subsidiaries made the following drawdown and repayments of debt during the period:

	<i>Repayments AED '000</i>	<i>Drawdown AED '000</i>
Interest bearing loans	972,020	171,348
Islamic financing arrangements	7,295	1,000,000

13 CONVERTIBLE BONDS

In May 2008, the Company issued mandatory convertible bonds in the form of trust certificates for a total value of AED 1,700 million, maturing in May 2011. The bonds bear interest at a fixed rate of 7.25% per annum, payable annually in arrears, commencing on 19 May 2009. Transaction costs in connection with the issuance of the bonds amounted to AED 43.8 million.

The bonds shall be converted into ordinary shares of the Company based on a specified minimum and maximum exchange ratio. The bonds are subordinated in right of payment to the claims of creditors of the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

15 CONTINGENCIES

The bankers have issued guarantees on behalf of the Company and its subsidiaries as follows:

	<i>30 September 2008 AED '000</i>	<i>31 December 2007 AED '000</i>
Performance guarantees	39,496	28,695
Advance payment guarantees	5,219	70
Financial guarantees	<u>10,655</u>	<u>3,922</u>
	<u>55,370</u>	<u>32,687</u>

