National Central Cooling Company PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 SEPTEMBER 2007 (UNAUDITED)

ERNST & YOUNG

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

Date
Abu Dhabi

INTERIM CONSOLIDATED INCOME STATEMENT
Period ended 30 September 2007 (Unaudited)

		Three months ended 30 September		*Nine months ended 30 September*	
		2007	*2006*	***2007***	*2006*
	Notes	***AED '000***	*AED '000*	***AED '000***	*AED '000*
Revenues	3	**163,750**	109,350	**408,109**	340,815
Operating costs		**(98,587)**	(66,689)	**(222,559)**	(192,540)
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	**558**	241	**5,825**	575
PROFIT FOR THE PERIOD		**20,870**	17,798	**73,066**	63,215
Attributable to:					
Equity holders of the parent	3	**14,540**	13,902	**48,615**	46,467
Minority interests	3	**6,330**	3,896	**24,451**	16,748
		20,870	17,798	**73,066**	63,215
Basic and diluted earnings per share attributable to equity holders of the parent	4	**0.01**	0.01	**0.04**	0.04

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

INTERIM CONSOLIDATED BALANCE SHEET
At 30 September 2007 (Unaudited)

	Notes	**30 September 2007 AED '000**	*(Audited) 31 December 2006 AED'000*
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		**4,312**	1,880
		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	**487,259**	866,510
		1,626,715	1,997,705
TOTAL ASSETS		**4,625,932**	4,185,185
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		**1,355,080**	1,309,695
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		**10,664**	8,225
		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		**2,905**	2,706
		1,346,694	991,613
Total liabilities		**3,270,852**	2,875,490
TOTAL EQUITY AND LIABILITIES		**4,625,932**	4,185,185

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Mohamed Saif Al Mazrouei
CHAIRMAN

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Dany Safi
CHIEF EXECUTIVE OFFICER

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Nine months ended 30 September 2007 (Unaudited)

	Note	***Nine months ended 30 September 2007 AED '000***	*Nine months ended 30 September 2006 AED'000*
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		**(8,601)**	(2,527)
		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		**147,687**	93,421
Cash from operations		**286,034**	54,144
Interest paid		**(49,573)**	(36,041)
Net cash from operating activities		**236,461**	18,103
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		**11,377**	11,557
Net cash used in investing activities		**(831,038)**	(775,276)
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		**-**	55,809
Net cash from financing activities		**387,222**	560,576
DECREASE IN CASH AND CASH EQUIVALENTS		**(207,355)**	(196,597)
Cash and cash equivalents at the beginning of period		**586,188**	408,099
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7	**378,833**	211,502

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)

	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	22,881	-	3,800	-	50,000	1,081,175	64,601	1,145,776
Net movement in fair value of cash flow hedges	-	-	-	-	-	(1,584)	-	-	(1,584)	-	(1,584)
Exchange difference arising on translation of overseas operations	-	-	-	-	(395)	-	-	-	(395)	-	(395)
Total income and (expense) for the period recognised directly in equity	-	-	-	-	(395)	(1,584)	-	-	(1,979)	-	(1,979)
Profit for the period	-	-	-	46,467	-	-	-	-	46,467	16,748	63,215
Total income and expense for the period	-	-	-	46,467	(395)	(1,584)	-	-	44,488	16,748	61,236
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	-	-	29,212	29,212
Bonus share issued	50,000	-	-	-	-	-	-	(50,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(12,375)	(12,375)
Balance at 30 September 2006	**1,050,000**	**(10,050)**	**14,544**	**69,348**	**(395)**	**2,216**	**-**	**-**	**1,125,663**	**98,186**	**1,223,849**
Balance at 1 January 2007	1,050,000	(10,050)	27,303	27,378	(374)	9,500	-	84,000	1,187,757	121,938	1,309,695
Net movement in fair value of cash flow hedges	-	-	-	-	-	(11,687)	-	-	(11,687)	-	(11,687)
Exchange difference arising on translation of overseas operations	-	-	-	-	(203)	-	-	-	(203)	-	(203)
Net movement in fair value of available for sale investments	-	-	-	-	-	-	2,432	-	2,432	-	2,432
Total income and (expense) for the period recognised directly in equity	-	-	-	-	(203)	(11,687)	2,432	-	(9,458)	-	(9,458)
Profit for the period	-	-	-	48,615	-	-	-	-	48,615	24,451	73,066
Total income and expense for the period	-	-	-	48,615	(203)	(11,687)	2,432	-	39,157	24,451	63,608
Bonus share issued	84,000	-	-	-	-	-	-	(84,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(18,223)	(18,223)
Balance at 30 September 2007	**1,134,000**	**(10,050)**	**27,303**	**75,993**	**(577)**	**(2,187)**	**2,432**	**-**	**1,226,914**	**128,166**	**1,355,080**

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

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.

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

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

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

	Land, plant and buildings AED'000	*Furniture and fixtures AED'000*	*Office equipment and instruments AED'000*	*Motor vehicles AED'000*	*Total AED'000*
Cost at 30 September 2007	1,914,334	7,448	21,508	2,519	1,945,809
Accumulated depreciation at 30 September 2007	(140,130)	(5,797)	(10,599)	(1,474)	(158,000)
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	(197)	-	-	-	(197)
Net carrying amount:					
At 30 September 2007	**1,774,007**	**1,651**	**10,909**	**1,045**	**1,787,612**
At 31 December 2006	1,272,667	1,765	7,208	704	1,282,344

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.

7 CASH AND CASH EQUIVALENTS

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

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

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

	30 September 2007 AED '000	*30 September 2006 AED '000*
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

	30 September 2007 AED '000	*31 December 2006 AED '000*
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)	**1,134,000**	1,050,000

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.

9 TERM LOANS

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

10 ISLAMIC FINANCING ARRANGEMENTS

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

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:

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