National Central Cooling Company PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2007 (UNAUDITED)

ERNST & YOUNG

INTERIM CONSOLIDATED INCOME STATEMENT

Three months ended 31 March 2007 (Unaudited)

	Notes	*Three months ended 31 March 2007 AED '000*	*Three months ended 31 March 2006 AED'000*
Revenue	3	**122,520**	107,529
Operating costs		**(60,361)**	(55,186)
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	**297**	245
PROFIT FOR THE PERIOD		**30,568**	24,538
Attributable to:			
Equity holders of the parent	3	**21,354**	17,907
Minority interests		**9,214**	6,631
		30,568	24,538
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	4	**0.02**	0.02

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

INTERIM CONSOLIDATED BALANCE SHEET
At 31 March 2007 (Unaudited)

	Notes	*31 March 2007 AED '000*	*(Audited) 31 December 2006 AED'000*
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		**2,902**	1,880
		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		**686,774**	866,510
		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		**84,000**	84,000
		1,211,115	1,187,757
Minority interests		**117,930**	121,938
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		**8,863**	8,225
		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		**2,772**	2,706
		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 Safi
CHIEF EXECUTIVE OFFICER

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2007 (Unaudited)

	Note	*Three months ended 31 March 2007 AED '000*	*Three months ended 31 March 2006 AED'000*
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		**(2,602)**	(2,591)
		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		**(15,312)**	47,901
Cash (used in) from operations		**(9,611)**	152,816
Interest paid		**(13,161)**	(13,488)
Net cash (used in) from operating activities		**(22,772)**	139,328
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		**4,464**	3,517
Net cash used in investing activities		**(198,654)**	(258,341)
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		**(13,222)**	(8,700)
Net cash from financing activities		**47,202**	20,391
DECREASE IN CASH AND CASH EQUIVALENTS		**(174,224)**	(98,622)
Cash and cash equivalents at the beginning of period		**586,188**	408,099
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7	**411,964**	309,477

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

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	22,881	-	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)	16,447	-	50,000	1,111,329	69,882	1,181,211
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	-	-	-	-	-	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	48,732	(615)	10,723	1,022	84,000	1,211,115	117,930	1,329,045

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

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	22,625	40,292	15,836	43,767	-	122,520
Inter-segment sales	1,918	-	-	-	(1,918)	-
Total revenue	24,543	40,292	15,836	43,767	(1,918)	122,520
Result						
Segment result	12,761	10,904	2,413	11,262	(974)	36,366
Finance costs	-	-	-	-	-	(13,161)
Interest and investment income	-	-	-	-	-	7,066
Share of results of associates	-	-	-	-	-	297
Minority interests	-	-	-	-	-	(9,214)
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	15,400	40,161	-	107,529
Inter-segment sales	1,244	-	-	-	(1,244)	-
Total revenue	15,952	37,260	15,400	40,161	(1,244)	107,529
Result						
Segment result	6,986	9,977	3,695	11,994	(979)	31,673
Finance costs	-	-	-	-	-	(13,488)
Interest and investment income	-	-	-	-	-	6,108
Share of results of associates	-	-	-	-	-	245
Minority interests	-	-	-	-	-	(6,631)
Profit for the period attributable to equity holders of the parent						17,907

3 SEGMENTAL ANALYSIS continued

	Services AED '000	*Chilled water AED '000*	*Contracting AED '000*	*Manufacturing AED '000*	*Total AED '000*
Other information					
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	20,773	2,687,356	154,417	53,423	2,915,969
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
Three months ended 31 March 2007:					
Capital expenditure:					
Property, plant and equipment	254	1,083	35	83	1,455
Capital work in progress	-	148,023	-	-	148,023
Depreciation	115	12,267	100	418	12,900
Three months ended 31 March 2006:					
Capital expenditure:					
Property, plant and equipment	130	5,473	32	42	5,677
Capital work in progress	-	221,314	-	9,576	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.

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 31 March 2007	1,579,137	6,924	16,383	2,517	1,604,961
Accumulated depreciation at 31 March 2007	(115,464)	(5,305)	(9,443)	(1,322)	(131,534)
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	(197)	-	-	-	(197)
Net carrying amount: At 31 March 2007	**1,463,476**	**1,619**	**6,940**	**1,195**	**1,473,230**
At 31 December 2006	1,272,667	1,765	7,208	704	1,282,344

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:

	31 March 2007 AED '000	*31 March 2006 AED '000*
Bank balances and cash	**686,774**	428,751
Bank overdrafts	**(274,810)**	(119,274)
	411,964	309,477

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**	-

8 TERM LOANS

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

9 ISLAMIC FINANCING ARRANGEMENTS

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

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).

11 CONTINGENCIES

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

	31 March 2007 AED '000	*31 December 2006 AED '000*
Performance guarantees	**33,150**	30,150
Financial guarantees	**4,260**	1,598
	37,410	31,748