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**National Central Cooling Company PJSC**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2010 (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 ("the Group") as at 30 June 2010, comprising of the interim consolidated statement of financial position as at 30 June 2010 and the related interim consolidated statements of income and comprehensive income, for the three month and six month periods then ended and the related statements of changes in equity and cash flows for the six month period ended 30 June 2010 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.

Without qualifying our conclusion, we draw attention to Note 2.1 to the interim condensed consolidated financial statements which indicates that as of 30 June 2010, the Group's current liabilities exceeded its current assets by AED 5.2 billion and its accumulated losses amounted to AED 1.05 billion. These conditions, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The interim condensed consolidated financial statements have been prepared on a going concern basis as the management supported by the Board of Directors are confident on the positive outcome of the mitigating factors as outlined in Note 2.1 of the interim condensed consolidated financial statements.

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

Date  
Abu Dhabi

# National Central Cooling Company PJSC

## INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2010 (Unaudited)

		<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	3	247,678	184,066	432,292	373,788
Operating costs		(139,085)	(93,357)	(234,832)	(202,902)
<b>GROSS PROFIT</b>		<b>108,593</b>	<b>90,709</b>	<b>197,460</b>	<b>170,886</b>
Administrative and other expenses		(45,128)	(39,571)	(91,443)	(80,207)
Other income		<u>70</u>	<u>642</u>	<u>2,112</u>	<u>2,307</u>
<b>OPERATING PROFIT</b>		<b>63,535</b>	<b>51,780</b>	<b>108,129</b>	<b>92,986</b>
Finance costs	3	(38,073)	(22,522)	(70,962)	(48,510)
Interest income	3	1,501	153	1,760	3,750
Changes in fair value of derivative liability	3	7,100	(11,900)	23,700	(13,800)
Changes in fair value of investments					
carried at fair value through income statement	3	-	1,206	-	1,291
Share of results of associates	3	<u>8,920</u>	<u>6,983</u>	<u>24,197</u>	<u>11,693</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>42,983</u></b>	<b><u>25,700</u></b>	<b><u>86,824</u></b>	<b><u>47,410</u></b>
Attributable to:					
Ordinary equity holders of the parent		40,250	19,337	80,688	30,108
Non-controlling interests		<u>2,733</u>	<u>6,363</u>	<u>6,136</u>	<u>17,302</u>
		<u>42,983</u>	<u>25,700</u>	<u>86,824</u>	<u>47,410</u>
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	<u>0.02</u>	<u>0.01</u>	<u>0.04</u>	<u>0.02</u>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

# National Central Cooling Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2010 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
<b>Profit for the period</b>	<b><u>42,983</u></b>	<b><u>25,700</u></b>	<b><u>86,824</u></b>	<b><u>47,410</u></b>
<b>Other comprehensive income (loss)</b>				
Changes in fair value of derivatives in cash flow hedges	(5,305)	10,821	(2,839)	(4,072)
Share of changes in fair value of derivatives of associate	(5,934)	5,554	(5,945)	8,516
Changes in fair value of available for sale investments	(845)	1,935	(809)	2,068
Exchange differences arising on translation of overseas operations	<u>(1,339)</u>	<u>(2)</u>	<u>(1,346)</u>	<u>(399)</u>
<b>Other comprehensive income (loss) for the period</b>	<b><u>(13,423)</u></b>	<b><u>18,308</u></b>	<b><u>(10,939)</u></b>	<b><u>6,113</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>29,560</u></b>	<b><u>44,008</u></b>	<b><u>75,885</u></b>	<b><u>53,523</u></b>
Attributable to:				
Ordinary equity holders of the parent	26,827	37,645	69,749	36,221
Non-controlling interests	<u>2,733</u>	<u>6,363</u>	<u>6,136</u>	<u>17,302</u>
	<b><u>29,560</u></b>	<b><u>44,008</u></b>	<b><u>75,885</u></b>	<b><u>53,523</u></b>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.



# National Central Cooling Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 30 June 2010 (Unaudited)

		<b>30 June 2010</b>	<b>(Audited) 31 December 2009</b>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capital work in progress	5	1,663,948	1,824,867
Property, plant and equipment		3,538,384	3,310,103
Intangible assets		37,600	37,600
Investments in associates		297,300	239,655
Available for sale investments		64,779	68,421
Loan to an associate		15,656	21,084
Finance lease receivable		<u>1,232,157</u>	<u>1,135,762</u>
		<b>6,849,824</b>	<b>6,637,492</b>
<b>Current assets</b>			
Inventories		36,931	36,307
Trade and other receivables		646,716	587,222
Loan to an associate		9,781	9,781
Finance lease receivable		66,003	33,862
Contract work in progress		31,575	30,813
Cash and short term deposits		<u>309,635</u>	<u>343,954</u>
		<b>1,100,641</b>	<b>1,041,939</b>
Assets classified as held for sale		-	33,800
<b>TOTAL ASSETS</b>		<b>7,950,465</b>	<b>7,713,231</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital		1,213,380	1,213,380
Treasury shares		(10,050)	(10,050)
Statutory reserve		47,433	47,433
Accumulated losses		(1,047,261)	(1,045,766)
Foreign currency translation reserve		(2,038)	(692)
Cumulative changes in fair value of derivatives and available for sale investments		(87,296)	(77,703)
Mandatory convertible bond – equity component		<u>1,301,679</u>	<u>1,301,679</u>
		<b>1,415,847</b>	<b>1,428,281</b>
<b>Non - controlling interests</b>		<u>92,570</u>	<u>18,385</u>
<b>Total equity</b>		<b>1,508,417</b>	<b>1,446,666</b>
<b>Non-current liabilities</b>			
Retentions payable and deferred income		60,885	76,608
Obligations under finance lease		36,250	38,004
Mandatory convertible bond – liability component		-	160,847
Employees' end of service benefits		<u>16,952</u>	<u>16,116</u>
		<b>114,087</b>	<b>291,575</b>
<b>Current liabilities</b>			
Bank overdraft		55,664	52,007
Accounts payable and accruals		1,377,030	1,892,972
Advances		400,000	400,000
Interest bearing loans and borrowings	7	1,912,183	1,174,444
Islamic financing arrangements	7	2,315,491	2,330,327
Mandatory convertible bond – liability component		260,229	117,876
Obligations under finance lease		<u>7,364</u>	<u>7,364</u>
		<b>6,327,961</b>	<b>5,974,990</b>
<b>Total liabilities</b>		<b>6,442,048</b>	<b>6,266,565</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,950,465</b>	<b>7,713,231</b>

Waleed Ahmed Al Mokarrab Al Muhairi  
VICE CHAIRMAN

Sujit S. Parhar  
CHIEF EXECUTIVE OFFICER

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
Period ended 30 June 2010 (Unaudited)

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

# National Central Cooling Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 June 2010 (Unaudited)

	<i>Six month period ended 30 June 2010 AED '000</i>	<i>Six month period ended 30 June 2009 AED '000</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	86,824	47,410
Non cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation of property, plant and equipment	53,435	37,974
Share of results of associates	(24,197)	(11,693)
Net movement in employees' end of service benefits	836	763
Finance income arising from finance lease	(24,110)	-
Interest income	(1,760)	(3,750)
Finance costs	70,962	48,510
Loss on disposal of financial assets carried at fair value through income statement	-	3
Changes in fair value relating to financial assets carried at fair value through income statement	-	(1,294)
Changes in fair value of derivative liability	(23,700)	13,800
	<b>138,290</b>	<b>131,723</b>
Working capital adjustments:		
Inventories	(624)	38,530
Trade and other receivables and prepayments	(11,123)	(159,935)
Contract work in progress	(762)	179,479
Accounts payable and accruals	41,984	33,322
Net cash flows from operating activities	<b>167,765</b>	<b>223,119</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(31,398)	(5,116)
Investment in associates	(40,570)	(99)
Purchase of intangible assets	-	(316)
Payments against capital work in progress	(734,643)	(873,190)
Proceeds on disposal of financial assets carried at fair value through income statement	-	3,638
Advances received	-	400,000
Repayment of loan by an associate	5,428	-
Interest received	1,760	3,750
Net cash flows used in investing activities	<b>(799,423)</b>	<b>(471,333)</b>
<b>FINANCING ACTIVITIES</b>		
Interest bearing loans and borrowings received	735,000	163,375
Interest bearing loans and borrowings repaid	-	(94,843)
Islamic financing arrangement received	-	368,000
Islamic financing arrangement repaid	(20,000)	(378,735)
Coupon payment of convertible bond	-	(123,250)
Transaction cost on interest bearing loans and borrowings	-	(3,213)
Transaction cost on Islamic financing arrangements	-	(7,930)
Payments for obligations under finance lease	(1,754)	(1,595)
Interest paid	(105,430)	(99,910)
Dividends paid to non-controlling interests	(14,134)	(4,144)
Net cash flows from (used in) financing activities	<b>593,682</b>	<b>(182,245)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(37,976)</b>	<b>(430,459)</b>
Cash and cash equivalents at 1 January	<b>291,947</b>	<b>468,633</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b><u>253,971</u></b>	<b><u>38,174</u></b>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.



# National Central Cooling Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2010 (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 UAE. 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.

The interim condensed consolidated financial statements of the Group were authorised for issuance by the Board of Directors on August 09, 2010.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 FUNDAMENTAL ACCOUNTING CONCEPT

At 30 June 2010, the Group's current liabilities exceeded its current assets by AED 5.2 billion (31 December 2009: AED 4.9 billion) and its accumulated losses amounted to AED 1.05 billion (31 December 2009: AED 1.04 billion). The excess of current liabilities over current assets includes the impact of reclassification of interest bearing loans and borrowings and Islamic financing arrangements amounting to AED 1.9 billion (31 December 2009: AED 3.2 billion), net of prepaid finance costs, which were due more than one year from the date of interim consolidated statement of financial position based on their respective original maturity profile but have been reclassified to current liability in the interim consolidated statement of financial position as at 30 June 2010. The reclassification has been made in accordance with the requirement of International Accounting Standard No.1 which requires an entity which breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability is capable of being payable on demand, to reclassify such liability as current. As at 30 June 2010, the Company had a technical breach in relation to its financial covenant in some of its debt obligations. A breach of a financial covenant in one debt obligation can result in cross default provisions in other debt obligations being triggered such that the entire debt obligations of the Group is capable of being payable on demand.

The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The interim condensed consolidated financial statements have been prepared on a going concern basis based on the following mitigating factors:

1. Short term loan facility approved by a shareholder amounting to AED 1.3 billion (this short-term financing may be converted to long-term capital) out of which an amount of AED 735 million has been drawn by the Company during the period;
2. Expected profitability and operating cash flows in the 12 month period ending 30 June 2011, which together with the short term loan in (1) above is expected to cover funding shortfall relating to anticipated operating and capital expenditure and finance costs up to 30 June 2011; and

### 2.1 FUNDAMENTAL ACCOUNTING CONCEPT continued

3. During the period, the Company's Board of Directors convened an Extra-ordinary General Assembly (the "EGA") in compliance with the requirements of Article (285) of the UAE Commercial Companies Law of 1984 (as amended) which states that if the losses of a joint stock company amount to half its capital, the Board of Directors must call a meeting of the extra ordinary general assembly and decide whether the Company should continue or be dissolved before the duration specified in its articles.

An EGA was held on 30 May 2010 and the following resolutions were passed at that EGA:

- o Approving the continuation of the Company pursuant to Article (285) of the UAE Commercial Companies Law;
- o Amending articles (44) and (58) of the articles of association of the Company, with immediate effect, as follows:
  - Article (44) amendment prevents Board members who are attending a general assembly meeting from voting on matters constituting a personal benefit to that Board member or which relate to a dispute between him and the Company;
  - Article (58) amendment allows the Board of Directors to set aside:
    - o up to 20% of net profits to an additional reserve account of the Company;
    - o up to 40% of net profits to a debt reserve account of the Company.
- o Granting the Board full authority to implement a cancellation of up to 970 million shares of AED 1 each on a pro rata basis and to determine the final terms, timing and implementation of such capital reduction;
- o Granting the Board full authority to issue, or guarantee, up to AED 4.2 billion of bonds or sukuk (the "Capital Raising Instruments") and to determine the final terms and conditions of such bonds or sukuk;
- o Granting the Board full authority to enter into negotiations with creditors of the Company and the holders of the 2006 Sukuk and/or the 2008 Sukuk and to amend and/or enter into new terms and conditions, arrangements and/or agreements with such creditors and in respect of the Sukuks;
- o Granting the Board full authority to increase the Company's share capital after: (i) every conversion (or part conversion) of the Capital Raising Instruments; or (ii) every conversion (or part conversion) of the existing Sukuks for a period of 5 years from the date of the EGM; and
- o Authorizing the Board to do all things necessary to effect the resolutions passed at the EGM.

4. As of the date of approval of the interim condensed consolidated financial statements of the Company, no lender has requested accelerated repayment of its loans and borrowings. The management is currently engaged in discussions with the lenders to secure amendments to address the resulting short term maturity profile. Management is confident that the outcome of the discussions with the lenders and the implementation of the recapitalisation plan launched by the Company's Board of Directors on 7 March 2010 will address the liquidity risk of the Company.

The Company's management and Board of Directors are confident on the positive outcome of the mitigating factors noted above.

Had the going concern basis not been used, adjustments would be made relating to the recoverability of recorded asset amounts, or to the amounts of liabilities to reflect the fact the Group may be required to realise its assets and extinguish its liabilities other than in the normal course of business, at amounts different from those stated in the interim condensed consolidated financial statements.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 June 2010 (Unaudited)

## 2.2 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Company. All values are rounded to the nearest thousand (AED '000) except otherwise indicated.

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 2009. In addition, results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

## 2.3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009, except for the adoption of the following new standards and interpretations as of 1 January 2010, noted below:

The Group has adopted the following new amended IFRS and IFRIC interpretations as of 1 January 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009
- IFRS 2 Share-based Payments: Group Cash-settled Share Based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedge Items effective 1 July 2009
- Improvements to IFRS (April 2009)

Except for the application of IAS 27 (Amended) on the acquisition of non-controlling interest (note 6), the adoption of the above standards and interpretations did not have a material effect on the financial performance and position of the Group. Changes to IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests and are summarised below:

*IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*  
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring on or after 1 July 2009. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest in a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions no longer give rise to goodwill, nor give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

# National Central Cooling Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2010 (Unaudited)

### 3 SEGMENT INFORMATION

For management purposes, the Group is organised into four operating segments based on their products and services, as follows:

- The 'chilled water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies. This also includes the Company's share in a joint venture engaged in similar activity.
- The 'contracting' segment is involved in construction of air conditioning chilled water central plants and networks for new or existing buildings. This also includes the Company's share in a joint venture which is involved in engineering, procurement, construction and construction management in the field of District Cooling.
- The 'manufacturing' segment is engaged in production of pre-insulated piping systems for chilled and hot water, gas and other energy related applications and provision of pipe protection services.
- The 'services' segment is involved in design and supervision of electrical, mechanical coding and sanitary engineering works.

Operating segments which have similar economic characteristics are aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. However, Group financing (including finance costs, interest income, and changes in fair value of derivatives) is managed on a group basis and is not allocated to operating segments.

The following table present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2010 and 2009, respectively.

	<i>Chilled water AED '000</i>	<i>Contracting AED '000</i>	<i>Manufacturing AED '000</i>	<i>Services AED '000</i>	<i>Eliminations AED '000</i>	<i>Total AED '000</i>
<b>Six months ended 30 June 2010 (unaudited):</b>						
<b>Revenue:</b>						
External revenue	285,293	84,528	28,866	33,605	-	432,292
Inter-segment revenue	-	20,146	12,643	4,902	(37,691)	-
<b>Total revenue</b>	<b>285,293</b>	<b>104,674</b>	<b>41,509</b>	<b>38,507</b>	<b>(37,691)</b>	<b>432,292</b>
<b>Operating costs</b>	<b>(155,153)</b>	<b>(81,962)</b>	<b>(28,260)</b>	<b>(5,948)</b>	<b>36,491</b>	<b>(234,832)</b>
<b>Gross profit</b>	<b>130,140</b>	<b>22,712</b>	<b>13,249</b>	<b>32,559</b>	<b>(1,200)</b>	<b>197,460</b>
<b>Segment Results</b>	<b>67,034</b>	<b>18,994</b>	<b>8,815</b>	<b>15,179</b>	<b>(1,893)</b>	<b>108,129</b>
Finance costs	-	-	-	-	-	(70,962)
Changes in fair value of derivative liability	-	-	-	-	-	23,700
Interest income	-	-	-	-	-	1,760
Share of results of associates	24,197	-	-	-	-	24,197
<b>Profit for the period</b>						<b>86,824</b>



# National Central Cooling Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2010 (Unaudited)

### 3 SEGMENT INFORMATION continued

	<i>Chilled water AED '000</i>	<i>Contracting AED '000</i>	<i>Manufacturing AED'000</i>	<i>Services AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
<b>Six months ended 30 June 2009 (unaudited):</b>						
Revenue:						
External revenue	147,235	69,737	116,268	40,548	-	373,788
Inter-segment revenue	-	23,987	472	4,861	(29,320)	-
Total revenue	147,235	93,724	116,740	45,409	(29,320)	373,788
Operating costs	(71,643)	(79,142)	(74,862)	(5,344)	28,089	(202,902)
Gross profit	75,592	14,582	41,878	40,065	(1,231)	170,886
Segment results	28,112	14,140	35,978	17,530	(2,774)	92,986
Finance costs	-	-	-	-	-	(48,510)
Changes in fair value of derivative liability	-	-	-	-	-	(13,800)
Finance income	-	-	-	-	-	3,750
Changes in fair value of investments	-	-	-	-	-	1,291
Share of results of associates	11,693	-	-	-	-	11,693
Profit for the period						47,410

Inter-segment revenues are eliminated on consolidation.

### 4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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 ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bond.

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
Profit for the period attributable to ordinary equity holders of the parent for basic and diluted earnings (AED '000)	<u>40,250</u>	<u>19,337</u>	<u>80,688</u>	<u>30,108</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	1,203,330	1,203,330	1,203,330	1,203,330
Effect of convertible bonds ('000)	<u>674,603</u>	<u>674,603</u>	<u>674,603</u>	<u>674,603</u>
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of convertible bonds ('000)	<u>1,877,933</u>	<u>1,877,933</u>	<u>1,877,933</u>	<u>1,877,933</u>
Basic and diluted earnings per share (AED)	<u>0.02</u>	<u>0.01</u>	<u>0.04</u>	<u>0.02</u>

Basic and diluted earnings per share has been calculated on the basis of maximum number of shares that may be issued for convertible bond.

### 5 CAPITAL WORK IN PROGRESS

During the six month period ended 30 June 2010 the Group has incurred expenditure of AED 207 million (30 June 2009: AED 996 million) primarily relating to construction of district cooling plants.

# National Central Cooling Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2010 (Unaudited)

### 6 ACQUISITION OF NON-CONTROLLING INTERESTS

During the period the Company acquired an additional 16.3% shareholding interest in an existing subsidiary. This resulted in increase in the Company's holding in that subsidiary from 74% to 90.3%.

The Group's accounting policy for such acquisition is using 'entity concept method'. Under this method, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid are recognised directly in equity (in accumulated losses) and attributed to the owners of the parent.

### 7 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC FINANCING ARRANGEMENTS

The Group made the following total drawdowns and repayments of debt during the period:

	<i>Drawdowns AED '000</i>	<i>Repayments AED '000</i>
Interest bearing loans and borrowings (note a)	735,000	-
Islamic financing arrangements	-	20,000

a) In February 2010, the Board of Directors of the Company approved short term funding from a shareholder amounting to AED 1.3 billion. During the period ended 30 June 2010, an amount of AED 735 million has been drawn on this facility.

### 8 COMMITMENTS AND CONTINGENCIES

#### Commitments

The Board of Directors has authorised future capital expenditure amounting to AED 750 million as of 30 June 2010 (31 December 2009: AED 1,108 million).

#### Contingencies

The bankers have issued guarantees on behalf of the Group as follows:

	<i>At 30 June 2010 AED '000</i>	<i>At 31 December 2009 AED '000</i>
Performance guarantees	101,373	64,462
Advance payment guarantees	20,243	20,471
Financial guarantees	<u>10,366</u>	<u>9,248</u>
	<u>131,982</u>	<u>94,181</u>

### 9 INVESTMENTS, BANK BALANCES AND CASH

Available for sale investments consist of investment in a listed equity with a carrying amount of AED 2.6 million (31 December 2009: AED 3.5 million) and investment in a managed fund with a carrying amount of AED 62.2 million (31 December 2009: AED 65 million).

# National Central Cooling Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2010 (Unaudited)

### 9 INVESTMENTS, BANK BALANCES AND CASH continued

Geographical concentration of available for sale investments and bank balances and cash is as follows:

	<i>At 30 June 2010 AED '000</i>	<i>At 31 December 2009 AED '000</i>
Within UAE	341,287	267,408
Outside UAE	<u>33,127</u>	<u>144,967</u>
	<u>374,414</u>	<u>412,375</u>

### 10 COMPARATIVE INFORMATION

Certain comparative figures were reclassified to conform to the current period presentation. Such reclassifications as discussed below have no effect on the results or the equity of the Group.

#### Statement of cash flows

- Interest paid amounting to AED 99.9 million for the period ended 30 June 2009 previously shown as part of Operating activities has now been reclassified to financing activities.
- Non-cash adjustment relating to payables and accruals for capital work in progress amounting to AED 264 million has been adjusted against movement in the accounts payable under Operating activities.