

30 March 2010

Mr Stephen John Ridlington
Chief Financial Officer
National Central Cooling Company PJSC
P O Box 29478
ABU DHABI
United Arab Emirates

Dear Sir

**THE NATIONAL CENTRAL COOLING COMPANY PJSC ("THE COMPANY" OR "TABREED")
AGREED UPON PROCEDURES REPORT
PROPOSED CAPITAL REDUCTION**

We have performed the procedures agreed with you and enumerated below with respect to the accounting impact of the proposed capital reduction on the financial position of the Company as of 31 December 2009. The statements of financial position reflecting the accounting impact of the proposed capital reduction are attached as appendices to this report, initialled for identification purposes.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed upon procedures engagements. The procedures that we have performed are solely to assist you in complying with the requirement of Article 209 of the UAE Commercial Companies Law of 1984 (as amended), relating to "Reduction of the Capital" and are summarised below:

1. We obtained a schedule of the unaudited statement of financial position of the Company for the year ended 31 December 2009 ("the Schedule"). A copy of the Schedule is attached to this agreed upon procedures report as Appendix 1, initialled for identification purposes;
2. We agreed the figures included in the Schedule to the accounting records of the Company;
3. We obtained the EGM agenda relating to the proposed capital reduction which is attached to this agreed upon procedures report initialled for identification purposes (Appendix 2);
4. We checked the calculation of the capital reduction based on three scenarios; capital reduction of (a) 25%, (b) 50% and (c) 75%. The Unaudited Pro-Forma Consolidated Statements of Financial Position prepared by management of the Company reflecting the capital reduction based on these three scenarios are attached to this agreed upon procedures report initialled for identification purposes (Appendix 3).

We report our findings below:

- (i) With respect to item 1 above, we have attached a copy of the Schedule initialled for identification purposes to this report (Appendix 1);
- (ii) With respect to item 2 above, we found that the figures included in the Schedule were in agreement with the accounting records of the Company;
- (iii) With respect to item 3 above, we have attached a copy of the EGM agenda relating to the proposed capital reduction initialled for identification purposes to this report (Appendix 2);
- (iv) With respect to item 4 above, we checked the calculation of the capital reduction based on three scenarios; capital reduction of (a) 25%, (b) 50% and (c) 75%. No exceptions noted. The Unaudited Pro-Forma Consolidated Statements of Financial Position prepared by management of the Company reflecting the capital reduction based on these three scenarios are attached to this agreed upon procedures report initialled for identification purposes (Appendix 3).

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your information only, and is not to be used for any other purpose or to be distributed to any other parties other than to comply with the requirement of the UAE Commercial Companies Law of 1984 (amended) relating to approval for capital reduction. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

Yours faithfully

Ernst & Young

Encl.

THE NATIONAL CENTRAL COOLING COMPANY PJSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2009 (UNAUDITED)

Appendix 1

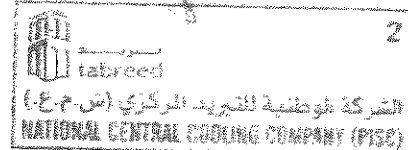
	2009 AED '000
ASSETS	
Non-current assets	
Capital work in progress	1,824,867
Property, plant and equipment	3,316,103
Intangible assets	37,600
Investments in associates	239,655
Available for sale investments	68,421
Loan to an associate	21,084
Finance lease receivable	<u>1,135,762</u>
	<u>6,637,492</u>
Current assets	
Inventories	36,307
Trade and other receivables	581,848
Loan to an associate	9,781
Finance lease receivable	33,862
Financial assets carried at fair value through income statement	-
Contract work in progress	30,813
Prepayments	5,374
Cash and short term deposits	<u>343,954</u>
	<u>1,041,939</u>
Assets classified as held for sale	<u>33,806</u>
TOTAL ASSETS	<u>7,713,231</u>
EQUITY AND LIABILITIES	
Equity attributable to equity holders of the parent	
Issued capital	1,213,380
Treasury shares	(18,050)
Statutory reserve	47,433
(Accumulated losses) retained earnings	(1,845,766)
Foreign currency translation reserve	(692)
Cumulative changes in fair value of derivatives and available for sale investments	(77,703)
Mandatory convertible bond – equity component	<u>1,301,679</u>
	<u>1,428,281</u>
Non - controlling interests	<u>18,385</u>
Total equity	<u>1,446,666</u>
Non-current liabilities	
Retentions payable and deferred income	76,608
Interest bearing loans and borrowings	-
Islamic financing arrangements	-
Obligations under finance lease	38,004
Mandatory convertible bond – liability component	160,847
Employees' end of service benefits	<u>16,116</u>
	<u>291,575</u>
Current liabilities	
Bank overdraft	52,007
Accounts payable and accruals	1,892,972
Advances	400,000
Interest bearing loans and borrowings	1,174,444
Islamic financing arrangements	2,330,327
Mandatory convertible bond – liability component	117,876
Obligations under finance lease	<u>7,364</u>
	<u>5,974,990</u>
Total liabilities	<u>6,266,565</u>
TOTAL EQUITY AND LIABILITIES	<u>7,713,231</u>

PROPOSED TEXT OF THE EGM AGENDA RELATING TO CAPITAL REDUCTION

3. Subject to resolutions 4, 5 and 6 having been passed, to approve granting to the Board of Directors of the Company full authority to effectuate a cancellation of up to 970 million shares of AED 1 each in the Company (the Capital Reduction) on a pro rata basis pursuant to Article 210(3) of the UAE Commercial Companies Law No. 8 for the year of 1984 in light of:
- o the auditors' report prepared on the Capital Reduction; and
 - o the report of the Board of Directors of the Company prepared on the Capital Reduction.

and to grant full authority to the Board of Directors of the Company (in its absolute discretion) to determine the final terms, timing and implementation of the Capital Reduction, including whether to effectuate the Capital Reduction in whole or in part.

7. To authorize the Board of Directors of the Company (and each person so authorised by the Board of Directors of the Company) to adopt all resolutions including resolutions to amend the memorandum and articles of association of the Company, increase and reduce the share capital of the Company, and to do all acts and things which they may, in their absolute discretion, deem necessary or desirable to effect the resolutions passed at or pursuant to this Extraordinary General Assembly.



ERNST & YOUNG
INITIALLED FOR IDENTIFICATION
PURPOSES ONLY

**THE NATIONAL CENTRAL COOLING COMPANY PJSC
 UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION WITH IMPACT OF 25% CAPITAL REDUCTION**
At 31 December 2009

	2009 AED '000 (Unaudited)	Impact of Capital Reduction (AED)	2009 AED '000 (Pro-forma)
ASSETS			
Non-current assets			
Capital work in progress	1,824,867		1,824,867
Property, plant and equipment	3,310,103		3,310,103
Intangible assets	37,600		37,600
Investments in associates	239,655		239,655
Available for sale investments	68,421		68,421
Loan to an associate	21,084		21,084
Finance lease receivable	<u>1,135,762</u>		<u>1,135,762</u>
	<u>6,637,492</u>		<u>6,637,492</u>
Current assets			
Inventories	36,307		36,307
Trade and other receivables	581,848		581,848
Loan to an associate	9,781		9,781
Finance lease receivable	33,862		33,862
Financial assets carried at fair value through income statement	-		-
Contract work in progress	30,813		30,813
Prepayments	5,374		5,374
Cash and short term deposits	<u>343,954</u>		<u>343,954</u>
	<u>1,041,939</u>		<u>1,041,939</u>
Assets classified as held for sale	<u>33,800</u>		<u>33,800</u>
TOTAL ASSETS	<u>7,713,231</u>		<u>7,713,231</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	1,213,380	(303,345) ¹	910,035
Treasury shares	(10,050)		(10,050)
Statutory reserve	47,433		47,433
Reserve arising from capital reduction	-	303,345	303,345
(Accumulated losses) retained earnings	(1,045,766)		(1,045,766)
Foreign currency translation reserve	(692)		(692)
Cumulative changes in fair value of derivatives and available for sale investments	(77,703)		(77,703)
Mandatory convertible bond – equity component	<u>1,301,679</u>		<u>1,301,679</u>
	<u>1,428,281</u>		<u>1,428,281</u>
Non - controlling interests	<u>18,385</u>		<u>18,385</u>
Total equity	<u>1,446,666</u>		<u>1,446,666</u>
Non-current liabilities			
Retentions payable and deferred income	76,608		76,608
Interest bearing loans and borrowings	-		-
Islamic financing arrangements	-		-
Obligations under finance lease	38,004		38,004
Mandatory convertible bond – liability component	160,847		160,847
Employees' end of service benefits	<u>16,116</u>		<u>16,116</u>
	<u>291,575</u>		<u>291,575</u>
Current liabilities			
Bank overdraft	52,007		52,007
Accounts payable and accruals	1,892,972		1,892,972
Advances	400,000		400,000
Interest bearing loans and borrowings	1,174,444		1,174,444
Islamic financing arrangements	2,330,327		2,330,327
Mandatory convertible bond – liability component	117,876		117,876
Obligations under finance lease	<u>7,364</u>		<u>7,364</u>
	<u>5,974,990</u>		<u>5,974,990</u>
Total liabilities	<u>6,266,565</u>		<u>6,266,565</u>
TOTAL EQUITY AND LIABILITIES	<u>7,713,231</u>		<u>7,713,231</u>

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¹ Based on Article 210(3) of the UAE Commercial Companies Law No. 8 for the year of 1984 and accounting policy relating to use of reserves created from proposed capital reduction as communicated by the management of the Company subject to approval by the Company's Board of Directors

**THE NATIONAL CENTRAL COOLING COMPANY PJSC
 UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION WITH IMPACT OF 50% CAPITAL REDUCTION**

At 31 December 2009

	2009 AED '000 (Unaudited)	Impact of Capital Reduction (AED)	2009 AED '000 (Pro-forma)
ASSETS			
Non-current assets			
Capital work in progress	1,824,867		1,824,867
Property, plant and equipment	3,310,103		3,310,103
Intangible assets	37,600		37,600
Investments in associates	239,655		239,655
Available for sale investments	68,421		68,421
Loan to an associate	21,084		21,084
Finance lease receivable	<u>1,135,762</u>		<u>1,135,762</u>
	<u>6,637,492</u>		<u>6,637,492</u>
Current assets			
Inventories	36,307		36,307
Trade and other receivables	581,848		581,848
Loan to an associate	9,781		9,781
Finance lease receivable	33,862		33,862
Financial assets carried at fair value through income statement	-		-
Contract work in progress	30,813		30,813
Prepayments	5,374		5,374
Cash and short term deposits	<u>343,954</u>		<u>343,954</u>
	<u>1,041,939</u>		<u>1,041,939</u>
Assets classified as held for sale	<u>33,800</u>		<u>33,800</u>
TOTAL ASSETS	<u>7,713,231</u>		<u>7,713,231</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	1,213,380	(606,690) ²	606,690
Treasury shares	(10,850)		(10,850)
Statutory reserve	47,433		47,433
Reserve arising from capital reduction (Accumulated losses) retained earnings	-	606,690	606,690
Foreign currency translation reserve	(692)		(692)
Cumulative changes in fair value of derivatives and available for sale investments	(77,703)		(77,703)
Mandatory convertible bond – equity component	<u>1,301,679</u>		<u>1,301,679</u>
	<u>1,428,281</u>		<u>1,428,281</u>
Non - controlling interests	<u>18,385</u>		<u>18,385</u>
Total equity	<u>1,446,666</u>		<u>1,446,666</u>
Non-current liabilities			
Retentions payable and deferred income	76,608		76,608
Interest bearing loans and borrowings	-		-
Islamic financing arrangements	-		-
Obligations under finance lease	38,004		38,004
Mandatory convertible bond – liability component	160,847		160,847
Employees' end of service benefits	<u>16,116</u>		<u>16,116</u>
	<u>291,575</u>		<u>291,575</u>
Current liabilities			
Bank overdraft	52,007		52,007
Accounts payable and accruals	1,892,972		1,892,972
Advances	400,000		400,000
Interest bearing loans and borrowings	1,174,444		1,174,444
Islamic financing arrangements	2,330,327		2,330,327
Mandatory convertible bond – liability component	117,876		117,876
Obligations under finance lease	7,364		7,364
	<u>5,974,990</u>		<u>5,974,990</u>
Total liabilities	<u>6,266,565</u>		<u>6,266,565</u>
TOTAL EQUITY AND LIABILITIES	<u>7,713,231</u>		<u>7,713,231</u>

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² Based on Article 210(3) of the UAE Commercial Companies Law No. 8 of the year of 1984 and accounting policy relating to use of reserves created from proposed capital reduction as communicated by the management of the Company subject to approval by the Company's Board of Directors

**THE NATIONAL CENTRAL COOLING COMPANY PJSC
 UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION WITH IMPACT OF 75% CAPITAL REDUCTION**

At 31 December 2009

	2009 AED '000 (Unaudited)	Impact of Capital Reduction (AED)	2009 AED '000 (Pro-forma)
ASSETS			
Non-current assets			
Capital work in progress	1,824,867		1,824,867
Property, plant and equipment	3,310,183		3,310,183
Intangible assets	37,600		37,600
Investments in associates	239,655		239,655
Available for sale investments	68,421		68,421
Loan to an associate	21,084		21,084
Finance lease receivable	<u>1,135,762</u>		<u>1,135,762</u>
	<u>6,637,492</u>		<u>6,637,492</u>
Current assets			
Inventories	36,307		36,307
Trade and other receivables	581,848		581,848
Loan to an associate	9,781		9,781
Finance lease receivable	33,862		33,862
Financial assets carried at fair value through income statement	-		-
Contract work in progress	30,813		30,813
Prepayments	5,374		5,374
Cash and short term deposits	<u>343,954</u>		<u>343,954</u>
	<u>1,041,939</u>		<u>1,041,939</u>
Assets classified as held for sale	<u>33,800</u>		<u>33,800</u>
TOTAL ASSETS	<u>7,713,231</u>		<u>7,713,231</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	1,213,360	(910,035) ¹	303,345
Treasury shares	(10,050)		(10,050)
Statutory reserve	47,433		47,433
Reserve arising from capital reduction (Accumulated losses) retained earnings	-	910,035	910,035
Foreign currency translation reserve	(692)		(692)
Cumulative changes in fair value of derivatives and available for sale investments	(77,703)		(77,703)
Mandatory convertible bond – equity component	<u>1,301,679</u>		<u>1,301,679</u>
	1,428,281		1,428,281
Non - controlling interests	<u>18,385</u>		<u>18,385</u>
Total equity	<u>1,446,666</u>		<u>1,446,666</u>
Non-current liabilities			
Retentions payable and deferred income	76,688		76,688
Interest bearing loans and borrowings	-		-
Islamic financing arrangements	-		-
Obligations under finance lease	38,004		38,004
Mandatory convertible bond – liability component	160,847		160,847
Employees' end of service benefits	<u>16,116</u>		<u>16,116</u>
	<u>291,575</u>		<u>291,575</u>
Current liabilities			
Bank overdraft	52,007		52,007
Accounts payable and accruals	1,892,972		1,892,972
Advances	400,000		400,000
Interest bearing loans and borrowings	1,174,444		1,174,444
Islamic financing arrangements	2,330,327		2,330,327
Mandatory convertible bond – liability component	117,876		117,876
Obligations under finance lease	<u>7,364</u>		<u>7,364</u>
	<u>5,974,990</u>		<u>5,974,990</u>
Total liabilities	<u>6,266,565</u>		<u>6,266,565</u>
TOTAL EQUITY AND LIABILITIES	<u>7,713,231</u>		<u>7,713,231</u>

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 INITIALLED FOR IDENTIFICATION PURPOSES ONLY

¹ Based on Article 210(3) of the UAE Commercial Companies Law No. 8 for the year of 1984 and accounting policy relating to use of reserves created from proposed capital reduction as communicated by the management of the Company subject to approval by the Company's Board of Directors