

National Central Cooling Company PJSC

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

National Central Cooling Company PJSC

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	<i>2010</i> <i>AED '000</i>	<i>2009</i> <i>AED '000</i> <i>Re-stated</i>
Revenue	1,023,734	782,898
Operating costs	<u>(597,361)</u>	<u>(504,788)</u>
GROSS PROFIT	426,373	278,110
Administrative and other expenses	(157,696)	(139,815)
Other income	<u>5,616</u>	<u>4,589</u>
PROFIT FROM OPERATIONS	274,293	142,884
Provision for doubtful debts	(2,730)	(46,644)
Impairment of property, plant and equipment	-	(127,675)
Impairment of capital work in progress	-	(1,108,220)
Impairment of investment in an associate, available for sale investments and goodwill	-	(12,535)
Finance costs	(195,751)	(107,567)
Interest income	4,408	4,158
Changes in fair value of derivative liability	25,300	(16,180)
Changes in fair value and loss on sale of investments carried at fair value through income statement, net	-	1,246
Share of results of associates	42,453	29,794
Share of results of joint ventures	<u>(1,685)</u>	<u>4,850</u>
PROFIT(LOSS) FOR THE YEAR	<u>146,288</u>	<u>(1,235,889)</u>
Attributable to:		
Ordinary equity holders of the parent	136,823	(1,118,499)
Non-controlling interests	<u>9,465</u>	<u>(117,390)</u>
	<u>146,288</u>	<u>(1,235,889)</u>
Basic and diluted earnings (loss) per share attributable to ordinary equity holders of the parent (AED)	<u>0.15</u>	<u>(1.22)</u>

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	<i>2010</i> <i>AED '000</i>	<i>2009</i> <i>AED '000</i>
PROFIT(LOSS) FOR THE YEAR	<u>146,288</u>	<u>(1,235,889)</u>
Other comprehensive income (loss)		
Changes in fair value of derivatives in cash flow hedges	12,138	9,083
Fair value of derivative reclassified to consolidated income statement	(343)	1,780
Share of changes in fair value of derivatives of associate	(3,836)	9,378
Changes in fair value of available for sale investments	(1,532)	9,448
Impairment loss on available for sale investment recognised in consolidated income statement	-	4,797
Exchange differences arising on translation of overseas operations	<u>(1,618)</u>	<u>(28)</u>
Other comprehensive income (loss) for the year	<u>4,809</u>	<u>34,458</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>151,097</u>	<u>(1,201,431)</u>
Attributable to:		
Ordinary equity holders of the parent	141,632	(1,084,041)
Non-controlling interests	<u>9,465</u>	<u>(117,390)</u>
	<u>151,097</u>	<u>(1,201,431)</u>

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	2010 AED '000	2009 AED '000 <i>Re-stated</i>
ASSETS		
Non-current assets		
Capital work in progress	932,045	1,638,765
Property, plant and equipment	4,401,521	3,310,103
Intangible assets	37,598	37,600
Investments in associates	298,041	239,655
Investments in joint ventures	3,142	70,432
Available for sale investments	-	68,421
Loan to an associate	72,207	77,628
Finance lease receivable	<u>1,194,607</u>	<u>1,135,762</u>
	6,939,161	6,578,366
Current assets		
Inventories	35,796	36,307
Trade and other receivables	715,113	537,624
Loan to an associate	9,781	9,781
Finance lease receivable	81,888	33,862
Contract work in progress	40,704	21,392
Prepayments	8,781	4,601
Cash and short term deposits	<u>361,815</u>	<u>304,589</u>
	<u>1,253,878</u>	<u>948,156</u>
Assets classified as held for sale	-	33,800
TOTAL ASSETS	<u>8,193,039</u>	<u>7,560,322</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	243,380	1,213,380
Treasury shares	(2,016)	(10,050)
Statutory reserve	61,115	47,433
Retained earnings (accumulated losses)	(1,004,808)	(1,045,766)
Foreign currency translation reserve	(2,310)	(692)
Cumulative changes in fair value of derivatives and available for sale investments	(71,276)	(77,703)
Mandatory convertible bond – equity component	1,301,679	1,301,679
Reserve arising from capital reduction	<u>961,966</u>	-
	1,487,730	1,428,281
Non - controlling interests	<u>94,505</u>	<u>18,385</u>
Total equity	<u>1,582,235</u>	<u>1,446,666</u>
Non-current liabilities		
Retentions payable and deferred income	68,433	76,608
Obligations under finance lease	34,403	38,004
Mandatory convertible bond – liability component	-	160,847
Employees' end of service benefits	<u>14,971</u>	<u>13,923</u>
	117,807	289,382
Current liabilities		
Bank overdraft	53,717	52,007
Accounts payable and accruals	1,042,887	1,742,256
Advances	400,000	400,000
Interest bearing loans and borrowings	2,406,091	1,174,444
Islamic financing arrangements	2,320,683	2,330,327
Mandatory convertible bond – liability component	262,255	117,876
Obligations under finance lease	<u>7,364</u>	<u>7,364</u>
	6,492,997	5,824,274
Total liabilities	<u>6,610,804</u>	<u>6,113,656</u>
TOTAL EQUITY AND LIABILITIES	<u>8,193,039</u>	<u>7,560,322</u>

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	<i>Attributable to equity holders of the parent</i>										
	<i>Issued capital AED '000</i>	<i>Treasury shares AED '000</i>	<i>Statutory reserve AED '000</i>	<i>(Accumulated Losses)/ Retained earnings AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Cumulative changes in fair value of derivatives and available for sale investments AED '000</i>	<i>Mandatory convertible bond - equity component AED '000</i>	<i>Reserve arising from Capital reduction AED '000</i>	<i>Total AED '000</i>	<i>Non- controlling interests AED '000</i>	<i>Total equity AED '000</i>
Balance at 1 January 2009	1,213,380	(10,050)	47,433	72,733	(664)	(112,189)	1,301,679	-	2,512,322	161,766	2,674,088
Loss for the year	-	-	-	(1,118,499)	-	-	-	-	(1,118,499)	(117,390)	(1,235,889)
Other comprehensive income (loss) for the year	-	-	-	-	(28)	34,486	-	-	34,458	-	34,458
Total comprehensive loss for the year	-	-	-	(1,118,499)	(28)	34,486	-	-	(1,084,041)	(117,390)	(1,201,431)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(25,991)	(25,991)
Balance at 31 December 2009	1,213,380	(10,050)	47,433	(1,045,766)	(692)	(77,703)	1,301,679	-	1,428,281	18,385	1,446,666
Profit for the year	-	-	-	136,823	-	-	-	-	136,823	9,465	146,288
Other comprehensive income for the year	-	-	-	-	(1,618)	6,427	-	-	4,809	-	4,809
Total comprehensive profit for the year	-	-	-	136,823	(1,618)	6,427	-	-	141,632	9,465	151,097
Transfer to Statutory Reserve	-	-	13,682	(13,682)	-	-	-	-	-	-	-
Excess of consideration paid over share of net assets on acquisition of non-controlling interests in a subsidiary (note)	-	-	-	(82,183)	-	-	-	-	(82,183)	82,183	-
Reduction in share capital (note 23)	(970,000)	8,034	-	-	-	-	-	961,966	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(15,528)	(15,528)
Balance at 31 December 2010	<u>243,380</u>	<u>(2,016)</u>	<u>61,115</u>	<u>(1,004,808)</u>	<u>(2,310)</u>	<u>(71,276)</u>	<u>1,301,679</u>	<u>961,966</u>	<u>1,487,730</u>	<u>94,505</u>	<u>1,582,235</u>

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	<i>2010</i>	<i>2009</i>
	<i>AED '000</i>	<i>AED '000</i>
		<i>Re-stated</i>
OPERATING ACTIVITIES		
Profit (loss) for the year	146,288	(1,235,889)
Non-cash adjustments to reconcile profit (loss) for the year to net cash flows:		
Depreciation of property, plant and equipment	102,208	87,236
Amortisation of trademarks	2	3
Impairment of property plant and equipment and capital work in progress	-	1,235,895
Impairment of goodwill	-	1,275
Impairment of investment in an associate	-	6,463
Impairment of available for sale investment	-	4,797
Finance income relating to finance lease receivable	(67,070)	-
Share of results of associates	(42,453)	(29,794)
Share of results of joint ventures	1,685	(4,850)
Net movement in employees' end of service benefits	1,048	(1,492)
Interest income	(4,408)	(4,158)
Finance costs	195,751	107,567
Loss on disposal of financial assets carried at fair value through income statement	-	79
Changes in fair value relating to financial assets carried at fair value through income statement	-	(1,325)
Changes in fair value of derivative liability	(25,300)	16,180
Gain on disposal of property, plant and equipment	-	(1,854)
	307,751	180,133
Working capital adjustments:		
Inventories	511	41,031
Trade and other receivables and prepayments	(43,423)	(140,409)
Contract work in progress	(19,312)	186,172
Accounts payable and accruals	23,901	14,282
Net cash flows from operating activities	<u>269,428</u>	<u>281,209</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,542)	(7,552)
Proceeds from sale of property, plant and equipment	-	2,288
Investments in associates	(22,148)	(100)
Investments in joint venture	-	(2,500)
Purchase of intangible assets	-	(316)
Proceeds on disposal of financial assets carried at fair value through income statement	-	60,086
Advances received	-	400,000
Additions to capital work in progress	(1,238,732)	(1,604,168)
Investment in bank deposits	-	226,788
Proceeds from disposal of available for sale investments	64,720	-
Repayment of loan by associate	5,421	11,164
Interest received	4,408	4,158
Net cash flows used in investing activities	<u>(1,193,873)</u>	<u>(910,152)</u>
FINANCING ACTIVITIES		
Interest bearing loans and borrowings received	1,261,919	942,956
Interest bearing loans and borrowings repaid	(38,464)	(101,173)
Islamic financing arrangement repaid	(20,000)	(405,845)
Islamic financing arrangement received	-	668,000
Transaction costs on interest bearing loans and borrowings	-	(17,388)
Transaction costs on Islamic financing arrangements	-	(13,029)
Coupon payment of convertible bond	-	(123,250)
Payment for obligations under finance lease	(3,601)	(3,268)
Interest paid	(204,365)	(174,299)
Dividends paid to non-controlling interests	(15,528)	(25,991)
Net cash flows from financing activities	<u>979,961</u>	<u>746,713</u>
INCREASE IN CASH AND CASH EQUIVALENTS	55,516	117,770
Cash and cash equivalents at 1 January	<u>252,582</u>	<u>134,812</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>308,098</u>	<u>252,582</u>

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

OPERATING SEGMENTS

	<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>
Year ended 31 December 2010:						
Revenue						
External revenue	724,758	123,878	83,194	63,517	-	995,347
Finance lease income	28,387	-	-	-	-	28,387
Inter-segment revenue	<u>150</u>	<u>8,401</u>	<u>12,658</u>	<u>12,796</u>	<u>(34,005)</u>	<u>-</u>
Total revenue	753,295	132,279	95,852	76,313	(34,005)	1,023,734
Operating costs	(432,672)	(101,200)	(67,672)	(27,888)	32,071	(597,361)
Gross profit	320,623	31,079	28,180	48,425	(1,934)	426,373
Results						
Segment results	<u>206,261</u>	<u>24,877</u>	<u>18,546</u>	<u>27,042</u>	<u>(2,433)</u>	<u>274,293</u>
Provision for doubtful debts	-	(85)	(21)	(2,624)	-	(2,730)
Finance costs	-	-	-	-	-	(195,751)
Changes in fair value of derivative liability	-	-	-	-	-	25,300
Interest income	-	-	-	-	-	4,408
Share of results of associates	42,453	-	-	-	-	42,453
Share of results of joint ventures	(1,685)	-	-	-	-	(1,685)
Profit for the year						146,288
Year ended 31 December 2009:						
Revenue						
External revenue	434,636	138,051	141,652	68,559	-	782,898
Inter-segment revenue	<u>325</u>	<u>40,107</u>	<u>3,627</u>	<u>15,110</u>	<u>(59,169)</u>	<u>-</u>
Total revenue	434,961	178,158	145,279	83,669	(59,169)	782,898
Operating costs	(269,161)	(155,038)	(99,799)	(32,113)	51,323	(504,788)
Gross profit	165,800	23,120	45,480	51,556	(7,846)	278,110
Results						
Segment results	<u>62,511</u>	<u>20,071</u>	<u>37,730</u>	<u>28,327</u>	<u>(5,755)</u>	142,884
Provision for doubtful debts	(30,028)	(122)	-	(16,494)	-	(46,644)
Impairment of property plant and equipment	(127,675)	-	-	-	-	(127,675)
Impairment of capital work in progress	(1,108,220)	-	-	-	-	(1,108,220)
Finance costs	-	-	-	-	-	(107,567)
Impairment of investment in an associate	(6,463)	-	-	-	-	(6,463)
Impairment of available for sale investment	-	-	-	-	-	(4,797)
Impairment of goodwill	(316)	(959)	-	-	-	(1,275)
Changes in fair value of derivative liability	-	-	-	-	-	(16,180)
Interest income	-	-	-	-	-	4,158
Changes in fair value of investments, net	-	-	-	-	-	1,246
Share of results of associates	29,794	-	-	-	-	29,794
Share of results of joint venture	-	-	-	-	-	4,850
Loss for the year						(1,235,889)