

**Abu Dhabi National Energy Company
PJSC (“TAQA”)**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 SEPTEMBER 2005 (UNAUDITED)

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
ABU DHABI NATIONAL ENERGY COMPANY PJSC (“TAQA”)**

We have reviewed the accompanying consolidated balance sheet of Abu Dhabi National Energy Company PJSC (“TAQA” or the Company) and its subsidiaries at 30 September 2005 and the related consolidated statement of income, cash flows and changes in equity for the three months period then ended. These interim condensed consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company’s personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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 presented fairly, in all material respects, in accordance with International Accounting Standard No. 34.

Signed by
Bassam E Hage
Partner
Registration No. 258

31 October 2005
Abu Dhabi

Abu Dhabi National Energy Company PJSC (“TAQA”)

CONSOLIDATED INCOME STATEMENT

Three months period ended 30 September 2005 (Unaudited)

	<i>Note</i>	<i>Three months ended 30 September 2005 AED ‘000</i>
Revenues		
Sale of electricity and water		<u>798,485</u>
Cost of sales		
Staff costs		(5,979)
Repairs, maintenance and consumables used		(91,198)
Insurance		(3,272)
Charges by O & M Companies		(54,423)
Depreciation and amortisation		<u>(210,544)</u>
		<u>(365,416)</u>
GROSS PROFIT		433,069
Administrative and other operating expenses		<u>(16,733)</u>
PROFIT FROM OPERATIONS		416,336
Finance costs		(277,148)
Gain on exchange		2,248
Interest income		11,064
Other income		343
Changes in fair values of derivatives		<u>27,295</u>
PROFIT FROM ORDINARY ACTIVITIES		180,138
Contribution from Abu Dhabi Water and Electricity Authority relating to interest income on IPO bank deposits		<u>602,036</u>
PROFIT BEFORE MINORITY INTERESTS		782,174
Minority interest shareholders in controlled subsidiaries		(69,157)
Minority interest – Abu Dhabi Water and Electricity Authority		<u>(11,099)</u>
NET PROFIT FOR THE PERIOD		<u>701,918</u>
Basic earnings per share AED	3	<u><u>0.17</u></u>

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Abu Dhabi National Energy Company PJSC (“TAQA”)

CONSOLIDATED BALANCE SHEET

At 30 September 2005 (Unaudited)

	<i>Note</i>	<i>30 September 2005 AED ‘000</i>
ASSETS		
Non-current assets		
Property, plant and equipment		23,376,432
Initial spares fee		136,706
Advances to related parties		442,517
Investments – available for sale		356
Intangible asset		101,531
Prepaid finance costs		<u>251,714</u>
		<u>24,309,256</u>
Current assets		
Inventories		672,546
Advances to related parties		3,498
Amount due from Abu Dhabi Water and Electricity Authority		1,008,506
Amounts due from related parties		573,877
Prepayments and other assets		376,068
Bank balances and cash		<u>3,109,954</u>
		<u>5,744,449</u>
		<u>30,053,705</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity		
Share capital		4,150,000
Statutory reserve	5	63,285
Legal reserve	5	63,285
Retained earnings	5	1,205,337
Cumulative changes in fair value of derivatives		<u>(493,215)</u>
		4,988,692
Minority interest – Abu Dhabi Water and Electricity Authority		<u>174,152</u>
Total equity		<u>5,162,844</u>
Non-current liabilities		
Term loans		18,272,656
Islamic Ijara loans		2,449,519
Islamic Muqawala loan		693,510
Loans from minority interest shareholders in controlled subsidiaries		448,989
Employees’ end of service benefits		89
Assets retirement obligation		214,719
Loan from minority interest shareholder – Abu Dhabi Water and Electricity Authority		92,640
Payable to minority interest shareholders in controlled subsidiaries		<u>606,924</u>
		<u>22,779,046</u>
Current liabilities		
Accounts payable		74,225
Term loans		294,733
Current portion of Ijara loans		47,584
Loans from minority shareholders in controlled subsidiaries		93,860
Amounts due to Abu Dhabi Water and Electricity Authority		134,386
Amounts due to related parties		38,969
Accruals and other liabilities		1,374,650
Bank overdraft		<u>53,408</u>
		<u>2,111,815</u>
		<u>30,053,705</u>
TOTAL EQUITY AND LIABILITIES		

CHAIRMAN

DIRECTOR

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Abu Dhabi National Energy Company PJSC (“TAQA”)

CONSOLIDATED STATEMENT OF CASH FLOWS

Three months period ended 30 September 2005 (Unaudited)

	<i>Three months ended 30 September 2005 AED ‘000</i>
OPERATING ACTIVITIES	
Net profit for the period	701,918
Adjustments for:	
Depreciation	206,899
Amortisation	3,645
Employees’ end of service benefit, net	(40)
Finance costs	277,148
Interest income	<u>(613,100)</u>
	576,470
Working capital changes	
Inventories	(30,274)
Prepayments and other assets	(112,445)
Amount due from Abu Dhabi Water and Electricity Authority	985,551
Amounts due from related parties	(21,451)
Accounts payable and accruals	(227,506)
Amounts due to Abu Dhabi Water and Electricity Authority	<u>42,732</u>
Cash from operations	1,213,077
Interest paid	<u>(277,148)</u>
Net cash from operating activities	<u>935,929</u>
INVESTING ACTIVITIES	
Purchase of property, plant and equipment, net	(205,845)
Advance to related party	2,821
Asset retirement obligation	3,478
Interest income	<u>613,100</u>
Net cash used in investing activities	<u>413,554</u>
FINANCING ACTIVITIES	
Term loans	4,617,103
Islamic Muqawala loan	38,322
Loans from minority interest shareholders in controlled subsidiaries	(36,748)
Amounts due to related parties	(6,168,606)
Prepaid finance costs	2,548
Payable to minority interest shareholders in controlled subsidiaries	154,816
Minority interest	<u>31,289</u>
Net cash used in financing activities	<u>(1,361,276)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(11,793)
Cash and cash equivalents acquired at the beginning of the period	<u>3,068,339</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>3,056,546</u>
Bank balances and cash	3,109,954
Bank overdraft	<u>(53,408)</u>
	<u>3,056,546</u>

Significant non-cash transactions, which have been excluded from the statement of cash flows, are as follows:

Movement in cumulative change in fair value of derivatives	181,718
--	---------

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Abu Dhabi National Energy Company PJSC (“TAQA”)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months period ended 30 September 2005 (Unaudited)

	<i>Note</i>	<i>Share capital AED 000</i>	<i>Statutory reserve AED 000</i>	<i>Legal reserve AED 000</i>	<i>Retained earnings AED 000</i>	<i>Cumulative changes in fair value of derivatives AED 000</i>	<i>Minority interest AED 000</i>	<i>Total equity AED 000</i>
Balance at 30 June 2005	5	4,150,000	63,285	63,285	503,419	(674,933)	142,863	4,247,919
Net profit for the period		-	-	-	701,918	-	11,099	713,017
Movement in changes in fair value		-	-	-	-	181,718	20,190	201,908
		<u>4,150,000</u>	<u>63,285</u>	<u>63,285</u>	<u>1,205,337</u>	<u>(493,215)</u>	<u>174,152</u>	<u>5,162,844</u>

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2005 (Unaudited)

1 LEGAL STATUS AND ACTIVITIES

Abu Dhabi National Energy Company PJSC (“TAQA” or the “Company”) was established pursuant to the provisions of Emiri Decree number 16/2005 as a public joint stock company with Abu Dhabi Water and Electricity Authority (“ADWEA”) as its founding shareholder and a 51% interest holder. Accordingly, the Company is a subsidiary of ADWEA. ADWEA was established pursuant to the provisions of Law 2 of 1998, concerning the regulation of the Water and Electricity Sector.

The principal activity of TAQA is to own and invest in companies engaged in the power generation and water desalination, oil and gas and metal, in addition to other investments as considered appropriate to meet its objectives.

During the period the Company had five subsidiaries with an interest holding of 90% in each of the five subsidiaries. The remaining 10% is owned by ADWEA. Accordingly, ADWEA is considered the minority interest in these consolidated financial statements in addition to being the Holding Company of TAQA. The five subsidiaries are: Emirates Power Company PJSC, Gulf Power Company PJSC, Al Shuweihat Power Company PJSC, Arabian United Power Company PJSC and Taweelah United Power Company PJSC. Each of the five subsidiaries has 60% interest holding in a controlled subsidiary engaged in the generation of electricity and the production of desalinated water for supply into the Abu Dhabi grid. These subsidiaries are referred to as “controlled subsidiaries”.

Details of the subsidiaries are as follows:

	<i>Country of inception</i>	<i>% holding</i>
Emirates Power Company PJSC	U.A.E.	90%
Emirates CMS Power Company PJSC	U.A.E.	54%
Gulf Power Company PJSC	U.A.E.	90%
Gulf Total Tractebel Power Company PJSC	U.A.E.	54%
Arabian United Power Company PJSC	U.A.E.	90%
Arabian Power Company PJSC	U.A.E.	54%
Al Shuweihat Power Company PJSC	U.A.E.	90%
Shuweihat CMS International Power Company PJSC	U.A.E.	54%
Al Taweelah United Power Company	U.A.E.	90%
Al Taweelah Asia Power Company PJSC	U.A.E.	54%

Each of the five controlled subsidiaries entered into power and water purchase agreements (PWPA) with Abu Dhabi Water and Electricity Company (ADWEC), a related party, (a wholly-owned subsidiary of ADWEA). Under each of the PWPA agreements, the controlled subsidiaries undertake to make available, and ADWEC undertakes to purchase, the entire net capacity of the plants during the life of the PWPA in accordance with various agreed terms and conditions. The output payments cover variable operations and maintenance costs and fuel efficiency bonuses or penalty for actual output. Natural gas fuel is supplied by ADWEC at no cost.

These are the first interim condensed financial statements of the Company. On 30 June 2005 TAQA acquired 90% of the interest holding of ADWEA in the above mentioned five companies at their par value.

TAQA’s registered head office is P O Box 6120, Abu Dhabi, United Arab Emirates.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are as follows:

Basis of preparation

The consolidated financial statements of TAQA have been prepared in accordance with Standards issued or adopted by the International Accounting Standards Board, and interpretations issued by its Standing Interpretations Committee and applicable requirements of the U.A.E. Commercial Companies Law of 1984 (as amended).

The consolidated financial statements have been prepared in United Arab Emirates (AED).

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2005 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES continued

Accounting convention

The consolidated financial statements are prepared under the historical cost convention as modified for the remeasurement at fair value of derivative financial instruments.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company (“TAQA”) and each of its controlled subsidiaries as of 30 September 2005. All significant inter-company balances and transactions have been eliminated at consolidation.

Subsidiaries are consolidated from the date TAQA obtains control until such time as control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as TAQA, using consistent accounting policies. Adjustments are made to conform any dissimilar material accounting policies that may exist.

Minority interest represents the interest in the subsidiaries not held by TAQA.

Revenue recognition

Revenue represents the sale of water desalination and electricity generation services comprised of the available capacity and variable output to ADWEC during the period. Revenues are recognised when services are provided. Unbilled revenues are based on estimated quantities of potable water and kilowatts of electricity delivered or made available during the period but not yet billed. These estimates are generally based on contract data and preliminary throughput and allocation measurements.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Buildings	30 to 40 years
Plant, machineries and equipment	3 to 40 years (with 0-25% estimated residual value)
Office equipment	3 to 5 years
Plant spares	13 years
Asset retirement obligation	20 - 40 years

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

The cost of spare parts held as essential for the continuity of operations and which are designated as strategic spares are depreciated on a straight-line basis over the estimated remaining operating life of the plant and equipment to which they relate. Spare parts used for normal repairs and maintenance are included in inventories and are expensed when issued.

Capital work in progress

Capital work in progress is included in property, plant and equipment at cost on the basis of the percentage completed at the balance sheet. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the above policies when construction of the asset is completed and commissioned.

Borrowing costs

Borrowing costs that are directly attributable to the design, development, procurement and construction of each part of a plant up to the date when all activities necessary to prepare each part of the plant for its intended use are complete, are capitalised net of interest income on temporary investment of borrowings, as part of capital work in progress. Borrowing costs in respect of completed parts of the plant are recognised as an expense in the period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES continued

Investment – available for sale

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments. After initial recognition, investments are remeasured at fair value with unrealised gains and losses reported as a separate component in equity until the investment is sold, collected or otherwise disposed of.

Where an investment is determined to be impaired the cumulative gain or loss previously reported in equity is included in the income statement.

Intangible assets

Intangible assets, which represent acquisition of connection rights, are capitalised at cost. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories

Inventories are valued at the lower of cost, determined on the basis of weighted average costs, and net realisable value. Costs are those expenses incurred in bringing each item to its present location and condition.

Initial spares fee

The fee paid for initial spares to be provided under a long-term maintenance contract is amortised over the equivalent operating hours of the related power generating equipment.

Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for amounts impaired. Bad debts are written off as incurred.

Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined on the basis of future anticipated cash flows discounted at effective rates, and any impairment loss recognised for the difference between the recoverable amount and the carrying amount. Impairment losses are recognised in the income statement.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees’ end of service benefits

The Company and its subsidiaries provide end of service benefits to their employees. The entitlement to these benefits is usually based upon the employees’ length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension contributions payable to Abu Dhabi Retirement Pensions and Benefits Fund in respect of UAE National employees are calculated in accordance with the Fund’s regulation.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consists of bank balances and cash net of bank overdraft.

Provisions

Provisions are recognised when there is an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. The Company’s subsidiaries have legal obligations to remove the power generation and water desalination assets at the end of their useful lives and restore the land. Accordingly, the Company’s subsidiaries are required to record the fair value of the cost to remove the assets at the end of their useful lives.

2 SIGNIFICANT ACCOUNTING POLICIES continued

Term loans and islamic loans

Term loans and Islamic loans are carried on the balance sheet at their principal amount. Instalments due within one year are shown as a current liability. Interest on term loans and fluctuating profit charges on Islamic loans are charged as an expense or capitalised in accordance with International Financial Reporting Standard No. 23 as it accrues, with unpaid amounts included in “accruals and other liabilities”.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Derivatives

The Company’s subsidiaries entered into derivative instruments to hedge against interest rate and foreign exchange fluctuations. Derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivatives using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised immediately in the income statement. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised in the income statement. Where the adjustment relates to a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement on a systematic basis such that it is fully amortised by maturity.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in equity and the ineffective portion is recognised in the income statement. The gains or losses on effective cash flow hedges recognised initially in equity are either transferred to the income statement in the period in which the hedged transaction impacts the income statement or capitalised with other borrowing costs in accordance with International Accounting Standard No. 23. The capitalisation of gains or losses will cease when substantially all the activities necessary to prepare each part of the plant for its intended use are completed and commissioned.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the income statement for the year.

Financial instruments

Financial instruments include bank balances and cash and certain other assets and liabilities and derivative instruments.

Fair values of financial instruments are based on estimated fair values using methods such as net present values of future cash flows or by reference to the market value of similar instruments.

Finance and operating leases

Finance leases, which transfer to the Authority substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2005 (Unaudited)

3 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 30 September 2005</i>
Net profit for the period (AED ‘000)	<u><u>701,918</u></u>
Weighted average number of ordinary shares issued (‘000)	<u><u>4,150,000</u></u>
Basic earnings per share (AED)	<u><u>0.17</u></u>

4 COMMITMENTS AND CONTINGENCIES

(i) The authorised capital expenditure contracted for at 30 September 2005 but not provided for amounted to AED 3,953 million.

(ii) In order to reduce its exposure to interest rates fluctuations on the term loan and Islamic Ijara loan, the controlled subsidiary Emirates CMS Power Company PJSC has entered into an interest rate arrangement with a counter-party bank for a notional amount that matches the outstanding term loan and Islamic Ijara loan. The notional amount outstanding at 30 September 2005 was AED 1,875 million. In addition, the controlled subsidiary uses forward foreign exchange contracts to hedge its risk associated with foreign currency fluctuations relating to scheduled maintenance cost payments to an overseas supplier. The outstanding forward foreign exchange commitment at 30 September 2005 amounted to approximately AED 10.9 million.

The derivative instruments had a net negative fair value of AED 182 million which is included within other current liabilities. As a result of the debt refinancing arrangements concluded by the controlled subsidiary in March 2004, the derivatives existing prior to the refinancing date have been extinguished and new interest rate swap contracts have been entered into as part of the debt refinancing arrangements. Consequently, the cumulative changes in fair values recognised in equity shall be reclassified to the income statement over the period during which the previous hedged forecast transaction affects the income statement.

(iii) In order to reduce its exposure to interest rates fluctuations on the term loan, the controlled subsidiary Gulf Total Tractebel Power Company PJSC has entered into an interest rate arrangement with counter-party banks for a notional amount that mirrors the draw down and repayment schedule of the term loan, covering at least 85% of the outstanding term loan. The notional amount outstanding at 30 September 2005 was AED 2,913.8 million. The derivative instruments which are entered into for the purpose of cash flow hedge had a negative fair value of AED 360 million at 30 September 2005 which is included within current liabilities.

(iv) In order to reduce its exposure to interest rates fluctuations on the loans, the controlled subsidiary Shuweihat CMS International Power Company PJSC has entered into an interest rate arrangement with counter-party banks for a notional amount that mirrors the draw down and repayment schedule of the loans, covering not less than 75% of the outstanding loans. The notional amount outstanding at 30 September 2005 was AED 4,469 million. The derivative instruments which are entered into for the purpose of cash flow hedges had a negative fair value of AED 557 million at 30 September 2005 which is included within current liabilities. In addition the controlled subsidiary uses forward exchange contract to hedge its risk associated in the foreign currency fluctuation related to scheduled maintenance costs payments to an overseas supplier. The outstanding forward exchange commitment at 30 September 2005 amounted to approximately AED 452 million.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2005 (Unaudited)

4 COMMITMENTS AND CONTINGENCIES continued

(v) In order to reduce its exposure to interest rates fluctuations on the loans, the controlled subsidiary Arabian Power Company PJSC has entered into an interest rate arrangement with counter-party banks for a notional amount that mirrors the draw down and repayment schedule of the loans, covering at least 85% of the outstanding term loans. The notional amount outstanding at 30 September 2005 was US \$811 million. The derivative instruments which are entered into for the purpose of cash flow hedge had a positive fair value of AED 66.4 million at 30 September 2005 which is included within current liabilities.

(vi) In order to reduce its exposure to interest rates fluctuations on the loans, the controlled subsidiary Taweelah Asian Power Company has entered into an interest rate arrangement with counter-party banks for a notional amount that mirrors the draw down and repayment schedule of the loans, covering not less than 75% of the outstanding term loans. The notional amount outstanding at 30 September 2005 was US \$3,124 million. The derivative instruments which are entered into for the purpose of cash flow hedge had a negative fair value of AED _____ million at 30 September 2005 and included within other liabilities.

5 RESERVES AND RETAINED EARNINGS

As detailed in note 1 above, TAQA acquired 90% of the interest holding of ADWEA in the five subsidiaries at their par value effective 30 June 2005. Accordingly, the statutory and legal reserves and retained earnings balances as at 30 June 2005 represent 90% of the five subsidiaries’ statutory and legal reserves and retained earnings at 30 June 2005 being the date of acquisition of the subsidiaries from ADWEA.