

**NATIONAL CENTRAL COOLING
COMPANY PJSC**

Review report and condensed consolidated
interim financial information
for the three-month period ended
31 March 2020

NATIONAL CENTRAL COOLING COMPANY PJSC

**Review report and condensed consolidated interim financial information
for the three-month period ended 31 March 2020**

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Review report on condensed consolidated interim financial information to the Board of Directors of National Central Cooling Company PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Central Cooling Company PJSC and its subsidiaries (the 'Group') as at 31 March 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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 and consequently 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

PricewaterhouseCoopers

..... 06 MAY 2020

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

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Douglas O'Mahony, Rami Sarhan, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of profit or loss (unaudited)

	Note	Three-month period ended 31 March	
		2020 AED '000	2019 AED '000
Revenues	5	294,359	296,769
Direct costs	5	(131,174)	(135,035)
Gross profit		163,185	161,734
Administrative and other expenses	5	(58,389)	(52,130)
Operating profit		104,796	109,604
Finance costs	12	(42,834)	(45,409)
Finance income	5	507	778
Other gains and losses	5	1,461	265
Share of results of associates and joint ventures	5	19,582	15,544
Profit for the period		83,512	80,782
Attributable to:			
Equity holders of the parent		82,217	80,033
Non-controlling interests		1,295	749
		83,512	80,782
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	6	0.03	0.03

The accompanying notes on pages 7 to 17 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of comprehensive income (unaudited)

	Three-month period ended 31 March	
	2020 AED '000	2019 AED '000
Profit for the period	83,512	80,782
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net movement in fair value of derivatives in cash flow hedges	(5,471)	(2,536)
Share of changes in fair value of derivatives of associates and joint ventures in cash flow hedges	(34,162)	(7,092)
Exchange differences arising on translation of foreign operations	-	(48)
Total other comprehensive loss for the period	(39,633)	(9,676)
Total comprehensive income for the period	43,879	71,106
Attributable to:		
Equity holders of the parent	42,584	70,357
Non-controlling interests	1,295	749
	43,879	71,106

The accompanying notes on pages 7 to 17 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of financial position

		As at	
		31 March 2020 (unaudited) AED '000	31 December 2019 (audited) AED '000
ASSETS	Note		
Non-current assets			
Capital work in progress	7	95,674	66,956
Property, plant and equipment		3,912,772	3,940,360
Right-of-use asset		131,519	136,267
Goodwill		28,527	28,527
Investment in associates and joint ventures	8	712,455	605,708
Advance towards investment in an associate	8	-	126,274
Finance lease receivables		2,794,705	2,836,547
		<u>7,675,652</u>	<u>7,740,639</u>
Current assets			
Inventories		37,197	34,673
Trade and other receivables		668,541	593,424
Finance lease receivables		319,990	307,984
Cash and bank balances	9	2,705,404	226,902
		<u>3,731,132</u>	<u>1,162,983</u>
TOTAL ASSETS		<u>11,406,784</u>	<u>8,903,622</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital		2,715,529	2,715,529
Treasury shares		(2,016)	(2,016)
Statutory reserve		358,466	358,466
Retained earnings		1,720,335	1,923,249
Foreign currency translation reserve		(1,686)	(1,686)
Cumulative changes in fair value of derivatives in cash flow hedges		(88,186)	(48,553)
Equity attributable to the equity holders of the parent		<u>4,702,442</u>	<u>4,944,989</u>
Non – controlling interests		71,571	70,666
Total equity		<u>4,774,013</u>	<u>5,015,655</u>
Non-current liabilities			
Trade and other payables		95,261	95,261
Interest bearing loans and borrowings	10	3,376,522	870,477
Non-convertible Sukuk		1,829,119	1,828,843
Lease liabilities		240,306	247,495
Provision for employees' end of service benefits		31,509	31,390
		<u>5,572,717</u>	<u>3,073,466</u>
Current liabilities			
Trade and other payables		866,537	620,013
Interest bearing loans and borrowings	10	148,392	147,234
Lease liabilities		45,125	47,254
		<u>1,060,054</u>	<u>814,501</u>
Total liabilities		<u>6,632,771</u>	<u>3,887,967</u>
TOTAL EQUITY AND LIABILITIES		<u>11,406,784</u>	<u>8,903,622</u>

To the best of our knowledge, the condensed consolidated interim financial information are prepared, in all material respects, in accordance with IAS 34.



Khaled Abdulla Al Qubaisi

Chairman



Bader Al Lamki

Chief Executive Officer



Adel AlWahedi

Chief Financial Officer

The accompanying notes on pages 7 to 17 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of changes in equity

	Attributable to owners of the parent									
	Issued 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	Other reserve AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2019 (as previously reported) (audited)	2,715,529	(2,016)	316,867	955,960	(2,368)	(20,886)	706,920	4,670,006	67,462	4,737,468
Effect of changes in accounting policy for IFRS 16	-	-	-	87,290	-	-	-	87,290	-	87,290
Balance at 1 January 2019 (restated)	2,715,529	(2,016)	316,867	1,043,250	(2,368)	(20,886)	706,920	4,757,296	67,462	4,824,758
Profit for the period	-	-	-	80,033	-	(9,628)	-	80,033	749	80,782
Other comprehensive income for the period	-	-	-	-	(48)	-	-	(9,676)	-	(9,676)
Total comprehensive income for the period	-	-	-	80,033	(48)	(9,628)	-	70,357	749	71,106
Dividend payable to ordinary shareholders (note 15)	-	-	-	(257,975)	-	-	-	(257,975)	-	(258,575)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(600)	(600)
Balance at 31 March 2019 (unaudited)	2,715,529	(2,016)	316,867	865,308	(2,416)	(30,514)	706,920	4,569,678	67,611	4,637,289
Balance at 1 January 2020 (audited)	2,715,529	(2,016)	358,466	1,923,249	(1,686)	(48,553)	-	4,944,989	70,666	5,015,655
Profit for the period	-	-	-	82,217	-	-	-	82,217	1,295	83,512
Other comprehensive income for the period	-	-	-	-	-	(39,633)	-	(39,633)	-	(39,633)
Total comprehensive income for the period	-	-	-	82,217	-	(39,633)	-	42,584	1,295	43,879
Dividend payable to ordinary shareholders (note 15)	-	-	-	(285,131)	-	-	-	(285,131)	-	(285,131)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(390)	(390)
Balance at 31 March 2020 (unaudited)	2,715,529	(2,016)	358,466	1,720,335	(1,686)	(88,186)	-	4,702,442	71,571	4,774,013

The accompanying notes on pages 7 to 17 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of cash flows (unaudited)

	Note	Three-month period ended 31 March	
		2020 AED '000	2019 AED '000
Operating activities			
Profit for the period		83,512	80,782
Non-cash adjustments:			
Depreciation of property, plant and equipment and right-of-use assets		43,008	46,223
Finance lease income		(53,034)	(76,654)
Share of results of associates and joint ventures	5	(19,582)	(15,544)
Net movement in provision for employees' end of service benefits		119	615
Finance income	5	(507)	(778)
Finance costs	12	42,834	45,409
Other gains and losses		(1,461)	(265)
Operating cash flows before changes in working capital		94,889	79,788
Working capital adjustments:			
Inventories		(2,524)	726
Trade and other receivables		(75,101)	98,181
Trade and other payables		(50,744)	(31,550)
Lease rentals received		82,870	91,015
Net cash flows from operating activities		49,390	238,160
Investing activities			
Purchase of property, plant and equipment		(1,903)	(2,537)
Payments for capital work in progress		(52,474)	(14,149)
Dividends from associates and joint ventures	8	2,750	-
Interest received		491	783
Net cash flows used in investing activities		(51,136)	(15,903)
Financing activities			
Interest bearing loans and borrowings received		2,511,777	-
Interest bearing loans and borrowings repaid		(5,425)	(6,724)
Principal elements of lease payments		(13,590)	(14,333)
Interest paid		(12,124)	(16,010)
Dividend paid to non-controlling interests		(390)	(600)
Net cash flows from/(used in) financing activities		2,480,248	(37,667)
Net increase in cash and cash equivalents		2,478,502	184,590
Cash and cash equivalents at 1 January		226,902	248,946
Cash and cash equivalents at 31 March	9	2,705,404	433,536

The accompanying notes on pages 7 to 17 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020

1 General information

National Central Cooling Company PJSC (“Tabreed” or the “Company”) is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (2) of 2015 and is listed on the Dubai Financial Market. The principal activities of the Company and its subsidiaries (the “Group”) are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy.

The Group’s registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

The Group’s non-convertible sukuk is listed in the London Stock Exchange (Note 11).

The Group does not have any exposure to Abraaj Group and/or any of the funds managed by Abraaj Group.

2 Application of new and revised International Financial Reporting Standards (“IFRS”)

2.1 New and revised IFRS effective for accounting periods beginning on or after 1 January 2020

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- Definition of Material – amendments to IAS 1 and IAS 8 - These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.
- Definition of a Business – amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- Interest Rate Benchmark Reform – amendments to IFRS 9 and IFRS 7 - The United Kingdom Financial Conduct Authority (‘FCA’), which regulates the London Interbank Offered Rate (‘LIBOR’), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms and expectation of cessation of LIBOR will impact the Group’s current risk management strategy and possibly accounting for certain financial instruments. At this early stage, the Group is in the process of discussing with the relevant counter-parties (banks) the arrangements regarding the new benchmark for their hedged contracts. The Group expects to finalise their plan as early as practicable to ensure smooth transition from LIBOR to the new benchmark.

Other than the above, there are no other significant IFRS and amendments that were effective for the first time for the financial year beginning on or after 1 January 2020.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted new and revised IFRS that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for periods beginning on or after
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IFRS 17 Insurance Contracts requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

1 January 2023

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these IFRS and amendments will be adopted in the condensed consolidated interim financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

3 Summary of significant accounting policies

3.1 Basis of preparation

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

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

The condensed consolidated interim financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019. In addition, results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

3 Summary of significant accounting policies (continued)

3.2 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the new and amended standards. The implementation of the new accounting standards did not have a significant impact on this condensed consolidated interim financial information. The accounting policies for the comparatives are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2019 except as given below.

The economic fallout of COVID-19 crisis is expected to be significant in the region the Group operates and is rapidly evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. However, due to the nature of the services, the Group provides, there is no direct impact of COVID-19 on the business. The Group is continuously monitoring the indirect impact of the pandemic on the business, operations and its finances, particularly on the usage of chilled water consumption which affects the consumption revenue.

Business continuity planning

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service. Alternative working arrangements have been made and administrative staff are currently working remotely.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the Expected Credit Loss (ECL) from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. Even if the quantification of such increase in risk remains very difficult in the current uncertain environment and the absence of enough statistical historical data, certain additional loss allowances have been taken. An additional provision of AED 10.1 million was booked as a result of the assessment. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

5 Segment information

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are 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 systems.
- The 'Value chain business' support segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

Segment performance is evaluated based on operating profit or loss and is measured consistently with the Group's operating profit or loss in the condensed consolidated interim financial information.

	Three-month period ended 31 March 2020 (unaudited)				Three-month period ended 31 March 2019 (unaudited)			
	Chilled water AED '000	Value chain Business AED '000	Eliminations AED '000	Total AED '000	Chilled water AED '000	Value chain business AED '000	Eliminations AED '000	Total AED '000
Revenue								
External revenue	277,271	17,088	-	294,359	276,133	20,636	-	296,769
Inter-segment revenue	-	6,652	(6,652)	-	-	3,394	(3,394)	-
Total revenue	277,271	23,740	(6,652)	294,359	276,133	24,030	(3,394)	296,769
Direct costs	(119,022)	(12,602)	450	(131,174)	(120,626)	(14,753)	344	(135,035)
Gross profit	158,249	11,138	(6,202)	163,185	155,507	9,277	(3,050)	161,734
Administrative and other expenses	(53,835)	(8,533)	3,979	(58,389)	(46,540)	(6,717)	1,127	(52,130)
Operating profit	104,414	2,605	(2,223)	104,796	108,967	2,560	(1,923)	109,604
Finance costs	(42,707)	(127)	-	(42,834)	-	-	-	(45,409)
Finance income	486	21	-	507	-	-	-	778
Other gains and losses	1,461	-	-	1,461	265	-	-	265
Share of results of associates and joint ventures	19,582	-	-	19,582	15,544	-	-	15,544
Profit for the period				83,512				80,782

Inter-segment revenues and expenses are eliminated on consolidation.

	31 March 2020			31 December 2019		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Total assets	11,270,881	135,903	11,406,784	8,766,295	137,327	8,903,622
Total liabilities	6,564,824	67,947	6,632,771	3,820,888	67,079	3,887,967

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

6 Basic and diluted earnings per share attributable to equity holders of the parent

The following reflects the profit and shares data used in the basic and dilutive earnings per share computations:

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Profit for the period attributable to equity holders of the parent for basic earnings (AED '000)	82,217	80,033
Weighted average number of shares (excluding treasury shares) outstanding during the period (in thousand)	2,713,513	2,713,513
Basic and dilutive earnings per share (AED)	0.03	0.03

7 Capital work in progress

During the three-month period ended 31 March 2020, the Group has incurred capital expenditure of AED 37.2 million (31 March 2019: AED 10.3 million) primarily relating to construction of district cooling plants and distribution networks.

8 Investment in associates and joint ventures

	AED '000 (unaudited)
At 1 January	605,708
Share of results for the period (note 5)	19,582
Additions during the period (i)	126,274
Dividends paid	(2,750)
Share of changes in fair value of effective cash flow hedges	(34,162)
Adjustments for inter-group transactions	(2,197)
At 31 March	712,455

(i) During the period, upon completion of the regulatory approvals, the Group recorded acquisition of 8% additional shares from an existing shareholder of Tabreed District Cooling Company (Saudi), at a price of AED 126.3 million. Accordingly, this amount is transferred from 'Advance towards investment in an associate' to 'investment in associate and joint venture'. The transaction resulted in an increase in the Group's shareholding in Tabreed District Cooling Company (Saudi) from 20% to 28% in 2020.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

9 Cash and cash equivalents

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the condensed consolidated interim statement of cash flows can be reconciled to the related items in the condensed consolidated interim statement of financial position as follows:

	31 March 2020 AED '000 (unaudited)	31 December 2019 AED '000 (audited)	31 March 2019 AED '000 (unaudited)
Bank balances and cash	177,916	120,646	283,336
Bank deposits	46,866	106,256	150,200
Restricted cash	2,480,622	-	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents	2,705,404	226,902	433,536
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The cash and cash equivalents disclosed above and in the condensed consolidated statement of cash flows include AED 2.5 billion which have been obtained to fund an acquisition transaction and are held in an escrow account as at 31 March 2020 (note 19). These funds are therefore not available for general use by the parent or other entities within the Group.

Geographical concentration of cash and bank balances and deposits is as follows:

	31 March 2020 AED '000 (unaudited)	31 December 2019 AED '000 (audited)	31 March 2019 AED '000 (unaudited)
Within UAE	2,674,208	196,436	398,653
Outside UAE	31,196	30,466	34,883
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	2,705,404	226,902	433,536
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NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2020 (continued)**

10 Interest bearing loans and borrowings

	<i>Effective interest rate %</i>	31 March 2020 AED '000 (unaudited)	31 December 2019 AED '000 (audited)
Term loan 1 (i)	LIBOR + margin	715,377	714,676
Term loan 2 (ii)	5.25%	67,311	67,311
Term loan 3 (iii)	EIBOR + margin	161,684	166,114
Term loan 4 (iv)	EIBOR + margin	68,765	69,610
Term loan 5 (v)	LIBOR + margin	2,511,777	-
		3,524,914	1,017,711

Interest bearing loans and borrowings are presented in the consolidated statement of financial position as follows:

	31 March 2020 AED '000 (unaudited)	31 December 2019 AED '000 (audited)
Current portion	148,392	147,234
Non-current portion	3,376,522	870,477
	3,524,914	1,017,711

(i) Term loan 1

Facility of US\$ 250 million from the local banks. The facility carries interest rate of LIBOR plus a margin, payable in cash on a quarterly basis. The facility is repayable in 10 fixed semi-annual instalments commencing with a bullet payment of 30% on 31 December 2023.

It is an un-secured facility, ranks pari passu with all other unsecured and unsubordinated liabilities of the group.

(ii) Term loan 2

Term loan 2 relates to a subsidiary and represents borrowing with a local commercial bank. This facility is secured against the receivables and commercial charge over Fixed assets (Plant & Machinery). The loan is repayable in quarterly instalments and maturing in 2028 and carries fixed interest of 5.25% per annum (December 2019: 5.25% per annum).

(iii) Term loan 3

This facility amounting to AED 192.5 million was obtained to finance the construction of a new plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 23 semi-annual instalments commencing on March 2017 with a bullet payment of AED 48.1 million in March 2028.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

10 Interest bearing loans and borrowings (continued)

(iv) Term loan 4

This facility amounting to AED 77.9 million was obtained to finance the acquisition of a new plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 60 quarterly instalments with the last instalment due on 30 June 2031.

(v) Term loan 5

During the quarter ended 31 March 2020, the Group secured a facility of US\$ 692 million from an international bank to finance the acquisition of a cooling services provider. The facility carries interest rate of LIBOR plus a margin, payable in cash on a flexible basis as agreed with the Bank at every interest reset period. The facility is repayable with a 100% bullet payment on March 2025.

It is an un-secured facility, ranks pari passu with all other unsecured and unsubordinated liabilities of the group.

11 Non-convertible sukuk

In 2018, the Group issued 7 year investment grade Islamic Bonds (Sukuk) of US\$ 500 million which are listed on the London Stock Exchange. The bonds carry a profit rate of 5.5% payable semi-annually. The bonds are repayable on 31 October 2025.

The bonds are stated net of discount and transaction costs incurred in connection with the arrangements, amounting to AED 7.3 million, which are amortised to the condensed consolidated interim statement of profit or loss over the repayment period of the bonds using effective interest rate method.

12 Finance costs

	Three-month period ended	
	31 March	
	2020	2019
	AED '000	AED '000
	(unaudited)	(unaudited)
Interest charged to condensed consolidated interim statement of profit or loss during the period	42,834	45,409
<i>Interest charged to condensed consolidated interim statement of profit or loss comprises of:</i>		
Interest on interest bearing loans, sukuk, amortisation and other charges	38,807	41,210
Accretion on lease liabilities	4,027	4,199
	42,834	45,409

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

13 Commitments and contingencies

Capital commitments

The authorised capital expenditure contracted for at 31 March 2020 but not provided for amounted to AED 157 million (31 December 2019: AED 148 million) related to capital work in progress (note 7).

Contingencies

	At 31 March 2020 AED '000 (unaudited)	At 31 December 2019 AED '000 (audited)
Performance guarantees	100,637	100,257
Advance payment guarantees	633	633
Financial guarantees	50	50
	<u>101,320</u>	<u>100,940</u>

Business combination

In December 2019, the Group signed a Share Purchase Agreement (SPA) with Abu Dhabi Future Energy Company PJSC – Masdar to acquire 100% shares of Masdar City Cooling Company Limited for a value of AED 110 million. The transaction is subject to finalisation of all other incidental agreements and approval from local government body and transfer of various licenses etc and will therefore be recorded in the future once all conditions are met.

14 Related party transactions and balances

Related parties represent associated companies, joint ventures, majority shareholder, directors, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the condensed consolidated interim statement of profit or loss are as follows:

	Three-month period ended			
	31 March 2020 (unaudited)		31 March 2019 (unaudited)	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	<u>2,780</u>	<u>14,575</u>	<u>1,263</u>	<u>15,481</u>
Joint Venture	<u>1,155</u>	<u>-</u>	<u>1,201</u>	<u>-</u>

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2020 (continued)**

14 Related party transactions and balances (continued)

Balances with related parties included in the condensed consolidated interim statement of financial position are as follows:

	<i>31 March 2020 (unaudited)</i>	
	<i>Trade and other receivables</i>	<i>Trade and other payables</i>
	<i>AED '000</i>	<i>AED '000</i>
Associated companies	16,887	34,750
Joint venture	2,606	-
	<u>19,493</u>	<u>34,750</u>

	<i>31 December 2019 (audited)</i>	
	<i>Trade and other receivables</i>	<i>Trade and other payables</i>
	<i>AED '000</i>	<i>AED '000</i>
Associated companies	16,787	44,057
Joint venture	2,034	-
	<u>18,821</u>	<u>44,057</u>

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Three-month period ended 31 March	
	2020	2019
	AED'000	AED'000
	(unaudited)	(unaudited)
Short-term benefits	1,838	2,006
Employees' end of service benefits	43	60
	<u>1,881</u>	<u>2,066</u>
Number of key management personnel	<u>5</u>	<u>5</u>

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2020 (continued)

15 Dividends and board remuneration

The Board of Directors proposed a cash dividend of 10.5 fils per share to the shareholders in respect of the fiscal year ended 31 December 2019. The shareholders at the Annual General Assembly Meeting held on 15 March 2020 approved the dividend. The dividend amounted to AED 285.1 million and was paid in April 2020.

In 2019, the Board of Directors proposed a cash dividend of 9.5 fils per share to the shareholders in respect of the fiscal year ended 31 December 2018. The shareholders at the Annual General Assembly Meeting held on 6 March 2019 approved the dividend. The dividend amounted to AED 257.9 million and was paid in April 2019.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2019 was also approved at the Annual General Meeting held on 15 March 2020. Board remuneration of AED 7.1 million for the year ended 31 December 2018 was approved at the previous Annual General Meeting on 6 March 2019.

16 Seasonality of operations

Interim results fluctuate due to the seasonal demands for chilled water, in line with the average temperatures in the region. Tabreed's operations generally produce higher revenues in the summer due to increased customer consumption, while certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result, interim net profits are not indicative of net profits on an annual basis.

17 Fair value measurement

The carrying values of the Group's financial assets and financial liabilities as at 31 March 2020 are not materially different from their fair values as at 31 December 2019.

18 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information of the Group was authorised for issuance by the Board of Directors on 6 May 2020.

19 Subsequent event

On 5 April 2020, the Group acquired 80% shares in Downtown District Cooling LLC at a price of AED 2.48 billion. The Group secured a financing facility of US\$ 692 million from an international bank to fund the transaction (note 10). The financing proceeds were received and held in an escrow account as at 31 March 2020 which were subsequently transferred to the seller on 6 April 2020 upon successful completion of the transaction.