



National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2022 (UNAUDITED)



NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated financial statements
30 September 2022 (Unaudited)

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF NATIONAL CENTRAL COOLING COMPANY PJSC**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of National Central Cooling Company PJSC (“the Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2022, comprising of the interim condensed consolidated statement of financial position as at 30 September 2022, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three months and nine months period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with 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.

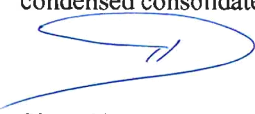
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, “Interim Financial Reporting”.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 14 February 2022.

The interim condensed consolidated financial statements of the Group for the nine months period ended 30 September 2021 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 11 November 2021.



Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No 811

14 November 2022
Abu Dhabi

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of profit or loss
For the three months and nine months periods ended 30 September 2022 (Unaudited)

	Notes	Three-months ended 30 September		Nine-months ended 30 September	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Revenue	5	683,795	595,709	1,659,523	1,464,711
Direct costs		(405,925)	(381,105)	(878,653)	(809,946)
Gross profit		277,870	214,604	780,870	654,765
Administrative and other expenses		(64,100)	(57,177)	(190,499)	(171,317)
Operating profit		213,770	157,427	590,371	483,448
Finance costs	15	(70,839)	(63,420)	(216,493)	(187,189)
Finance income		5,228	456	8,745	1,668
Other gains and losses, net		11,781	105	12,932	(2,178)
Share of results of associates and joint ventures, net		9,044	8,793	27,899	33,653
Profit from continuing operations		168,984	103,361	423,454	329,402
Profit from discontinued operations		-	60,422	-	80,207
Profit for the period		168,984	163,783	423,454	409,609
Attributable to:					
Equity holders of the parent					
Profit from continuing operations		159,250	94,081	399,618	307,795
Profit from discontinued operations		-	60,422	-	80,207
		159,250	154,503	399,618	388,002
Non-controlling interests					
Profit from continuing operations		9,734	9,280	23,836	21,607
Profit from discontinued operations		-	-	-	-
		9,734	9,280	23,836	21,607
		168,984	163,783	423,454	409,609
Basic and diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (AED)		0.056	0.033	0.141	0.108
Basic and diluted earnings per share from discontinued operations attributable to ordinary equity holders of the parent (AED)		-	0.021	-	0.028
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	0.056	0.054	0.141	0.136

The attached notes 1 to 22 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of comprehensive income
For the three months and nine months periods ended 30 September 2022 (Unaudited)

	Three-months ended 30 September		Nine-months ended 30 September	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Profit for the period	168,984	163,783	423,454	409,609
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net movement in fair value of derivatives in cash flow hedges	82,165	5,647	289,724	39,348
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	5,606	5,272	16,481	28,580
Exchange difference on translation of foreign operations	(1,154)	14	(1,020)	(299)
Total other comprehensive income for the period	86,617	10,933	305,185	67,629
Total comprehensive income for the period	255,601	174,716	728,639	477,238
Attributable to:				
Equity holders of the parent				
Profit from continuing operations	245,867	105,014	704,803	375,424
Profit from discontinued operations	-	60,422	-	80,207
	245,867	165,436	704,803	455,631
Non-controlling interests				
Profit from continuing operations	9,734	9,280	23,836	21,607
Profit from discontinued operations	-	-	-	-
	9,734	9,280	23,836	21,607
	255,601	174,716	728,639	477,238

The attached notes 1 to 22 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of financial position
As at 30 September 2022

	Notes	As at	
		30 September 2022 (Unaudited) AED '000	31 December 2021 (Audited) AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,781,646	4,812,702
Capital work in progress		211,424	201,656
Right-of-use assets		192,725	210,331
Intangible assets and goodwill		4,179,537	4,284,452
Investments in associates and joint ventures		409,547	372,790
Finance lease receivables	10	2,607,802	2,688,690
		<u>12,382,681</u>	<u>12,570,621</u>
Current assets			
Inventories		52,332	50,838
Trade and other receivables		1,130,159	691,007
Finance lease receivables	10	322,695	323,588
Cash and bank balances	11	1,491,741	1,197,273
		<u>2,996,927</u>	<u>2,262,706</u>
Total assets		<u>15,379,608</u>	<u>14,833,327</u>
EQUITY AND LIABILITIES			
Equity			
Issued share capital		2,845,261	2,775,874
Treasury shares		(3,296)	(3,215)
Statutory reserve		456,648	456,648
Retained earnings		2,622,986	2,460,147
Foreign currency translation reserve		1,701	2,721
Cumulative changes in fair value of derivatives in cash flow hedges		360,175	53,970
Equity attributable to the equity holders of the parent		<u>6,283,475</u>	<u>5,746,145</u>
Non-controlling interests		669,884	700,251
Total equity		<u>6,953,359</u>	<u>6,446,396</u>
Liabilities			
Non-current liabilities			
Trade and other payables		218,559	215,059
Interest bearing loans and borrowings	12	2,479,230	2,495,034
Islamic financing arrangement	13	933,426	932,994
Non-convertible Bonds and Sukuk	14	3,646,977	3,643,080
Lease liabilities		173,174	200,579
Employees' end of service benefits		43,283	41,291
		<u>7,494,649</u>	<u>7,528,037</u>
Current liabilities			
Trade and other payables		842,010	768,777
Interest bearing loans and borrowings	12	34,546	35,014
Islamic financing arrangement	13	7,745	8,418
Lease liabilities		47,299	46,685
		<u>931,600</u>	<u>858,894</u>
Total liabilities		<u>8,426,249</u>	<u>8,386,931</u>
Total equity and liabilities		<u>15,379,608</u>	<u>14,833,327</u>



Khaled Abdulla Al Qubaisi
Chairman



Khalid Abdulla Al Marzooqi
Chief Executive Officer



Adel AlWahedi
Chief Financial Officer

The attached notes 1 to 22 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2022 (Unaudited)

	Attributable to equity holders of the parent company								
	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	Total AED '000	Non – controlling interests AED '000	Total equity AED '000
Balance at 1 January 2021 (audited)	2,715,529	(2,016)	413,020	2,133,906	(1,480)	(94,078)	5,154,881	710,289	5,875,170
Profit for the period	-	-	-	388,002	-	-	388,002	21,607	409,609
Other comprehensive income for the period	-	-	-	-	(299)	67,928	67,629	-	67,629
Total comprehensive income for the period	-	-	-	388,002	(299)	67,928	455,631	21,607	477,238
Dividend paid to shareholders (note 18)	-	-	-	(156,141)	-	-	(156,141)	-	(156,141)
Issuance of bonus shares (note 18)	60,345	-	-	(60,345)	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(35,128)	(35,128)
Balance at 30 September 2021 (unaudited)	2,775,874	(2,016)	413,020	2,305,422	(1,779)	(26,150)	5,464,371	696,768	6,161,139
Balance at 1 January 2022 (audited)	2,775,874	(3,215)	456,648	2,460,147	2,721	53,970	5,746,145	700,251	6,446,396
Profit for the period	-	-	-	399,618	-	-	399,618	23,836	423,454
Other comprehensive income for the period	-	-	-	-	(1,020)	306,205	305,185	-	305,185
Total comprehensive income for the period	-	-	-	399,618	(1,020)	306,205	704,803	23,836	728,639
Dividend paid to shareholders (note 18)	-	-	-	(166,348)	-	-	(166,348)	-	(166,348)
Issuance of bonus shares (note 18)	69,387	(81)	-	(69,306)	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(48,625)	(48,625)
Capital injection by a non-controlling interest (note 19.2)	-	-	-	-	-	-	-	5,509	5,509
Disposal of partial interest in a subsidiary (note 19.3)	-	-	-	(1,125)	-	-	(1,125)	1,125	-
Disposal of a subsidiary (note 19.1)	-	-	-	-	-	-	-	(12,212)	(12,212)
Balance at 30 September 2022 (unaudited)	2,845,261	(3,296)	456,648	2,622,986	1,701	360,175	6,283,475	669,884	6,953,359

The attached notes 1 to 22 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of cash flows (unaudited)
For the nine months period ended 30 September 2022 (Unaudited)

	Note	Nine months ended 30 September	
		2022 AED '000	2021 AED '000
Operating activities			
Profit from continuing operations		423,454	329,402
Profit from discontinued operations		-	80,207
Profit for the period including discontinued operations		423,454	409,609
Non-cash adjustments:			
Depreciation of property, plant and equipment	9	143,344	135,942
Depreciation of right-of-use assets		17,944	17,610
Amortisation of intangible assets		78,290	39,094
Finance lease income, net	10	(171,227)	(142,367)
Share of results of associates and joint ventures including, discontinued operations, net		(27,899)	(58,385)
Loss on disposal of subsidiary	19	2,016	-
Gain on disposal of associate		-	(55,475)
Net movement in employees' end of service benefits		1,992	3,166
Finance income		(8,745)	(1,668)
Finance costs	15	216,493	187,189
Other gains and losses		(14,948)	2,178
Operating cash flows before changes in working capital		660,714	536,893
Working capital changes:			
Inventories		(1,494)	(6,784)
Trade and other receivables		(175,167)	34,604
Trade and other payables		129,368	100,501
Lease rentals received	10	253,008	242,003
Net cash flows generated from operating activities		866,429	907,217
Investing activities			
Purchase of property, plant and equipment		(7,925)	(17,437)
Payments for capital work in progress		(135,673)	(147,197)
Dividends from associates and joint ventures		2,700	9,307
Finance income received		7,909	2,159
Payment for acquisition of shares in subsidiaries		-	(961,762)
Proceeds from disposal of interest in associate		-	410,092
Net cash paid on disposal of a subsidiary	19.1	(10,596)	-
Net cash flows used in investing activities		(143,585)	(704,838)
Financing activities			
Interest bearing loans and borrowings repaid	12	(23,670)	(16,122)
Islamic financing arrangement repaid		(3,580)	-
Finance costs paid		(155,089)	(127,987)
Principal elements of lease payments		(36,573)	(39,773)
Capital Injection by a non-controlling interest	19.2	5,509	-
Dividends paid to shareholders		(166,348)	(156,141)
Dividends paid to non-controlling interests		(48,625)	(35,128)
Net cash flows used in financing activities		(428,376)	(375,151)
Net increase (decrease) in cash and cash equivalents		294,468	(172,772)
Cash and cash equivalents at 1 January		1,197,273	1,312,894
Cash and cash equivalents at 30 September	11	1,491,741	1,140,122

The attached notes 1 to 22 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
30 September 2022 (Unaudited)

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 (as amended) and is listed on the Dubai Financial Market. The Company’s registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”).

The principal activities of 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 non-convertible bonds and sukuk are listed in the London Stock Exchange (note 14).

2 BASIS OF PREPARATION

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

The interim condensed consolidated financial statements are prepared under the historical cost basis, except for derivative financial instruments which are measured at fair value.

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

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. In addition, results for the nine-months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
30 September 2022 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – amendments to IFRS 10 and IAS 28
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
30 September 2022 (Unaudited)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed consolidated interim financial statements 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 these interim condensed consolidated financial statements, 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 2021.

5 REVENUE

	<i>Three-months period ended</i>		<i>Nine-months period ended</i>	
	<i>30 September (unaudited)</i>		<i>30 September (unaudited)</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue from supply of chilled water business segment	660,702	580,732	1,607,209	1,412,858
Revenue from value chain business segment	23,093	14,977	52,314	51,853
	683,795	595,709	1,659,523	1,464,711
<i>Timing of transfer of goods and services:</i>				
At a point in time	11,992	7,179	26,115	24,105
Over time	671,803	588,530	1,633,408	1,440,606
	683,795	595,709	1,659,523	1,464,711
<i>Geographical location:</i>				
Inside UAE	649,602	571,295	1,575,657	1,406,157
Outside UAE	34,193	24,414	83,866	58,554
	683,795	595,709	1,659,523	1,464,711

6 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** segment is engaged in various ancillary activities relating to the Group's chilled water business. These services consist of manufacturing of preinsulated systems of pipes and fittings for applications involving the transport and distribution of hot and cold fluids, design and supervision of mechanical and electrical systems and its installations in buildings and specialized facilities.

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 statements.



NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
30 September 2022 (Unaudited)

6 SEGMENT INFORMATION (continued)

	Nine-months period ended 30 September 2022 (unaudited)			Nine-months period ended 30 September 2021 (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	1,607,209	52,314	-	1,659,523	1,412,858	51,853	-	1,464,711
Inter-segment revenue	-	32,689	(32,689)	-	-	32,755	(32,755)	-
Total revenue	1,607,209	85,003	(32,689)	1,659,523	1,412,858	84,608	(32,755)	1,464,711
Direct costs	(852,172)	(44,320)	17,839	(878,653)	(776,490)	(47,557)	14,101	(809,946)
Gross profit	755,037	40,683	(14,850)	780,870	636,368	37,051	(18,654)	654,765
Administrative and other expenses	(181,155)	(19,823)	10,479	(190,499)	(157,740)	(25,271)	11,694	(171,317)
Operating profit	573,882	20,860	(4,371)	590,371	478,628	11,780	(6,960)	483,448
Finance costs	(215,708)	(785)	-	(216,493)	(186,701)	(488)	-	(187,189)
Finance income	8,697	48	-	8,745	1,588	80	-	1,668
Other gains and losses, net	12,932	-	-	12,932	(2,178)	-	-	(2,178)
Share of results of associates and joint ventures, net	27,899	-	-	27,899	33,653	-	-	33,653
Profit from continuing operations				423,454	80,207	-	-	329,402
Profit from discontinued operations	-	-	-	-	-	-	-	80,207
Profit for the period				423,454	80,207	-	-	409,609

Inter-segment revenues and expenses are eliminated on consolidation.

	30 September 2022 (unaudited)			31 December 2021 (Audited)		
	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	15,280,181	99,427	15,379,608	14,673,625	159,702	14,833,327
Total liabilities	8,337,861	88,388	8,426,249	8,306,227	80,704	8,386,931

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
30 September 2022 (Unaudited)

7 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Basic earnings per share are calculated by dividing the profit for the period attributed to the equity holders of the parent by the weighted average number of shares in issue throughout the period as follows:

	Three-months period ended 30 September		Nine-months period ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Profit for the period attributable to the equity holders of the parent (AED '000)				
- From continuing operations	159,250	94,081	399,618	307,795
- From discontinued operations	-	60,422	-	80,207
	<u>159,250</u>	<u>154,503</u>	<u>399,618</u>	<u>388,002</u>
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000)	<u>2,841,965</u>	<u>2,841,965</u>	<u>2,841,965</u>	<u>2,841,965</u>
Basic and diluted earnings per share from continuing operations (AED)	0.056	0.033	0.141	0.108
Basic and diluted earnings per share from discontinued operations (AED)	-	0.021	-	0.028
Total basic earnings per share (AED)	<u>0.056</u>	<u>0.054</u>	<u>0.141</u>	<u>0.136</u>

The Company does not have any instruments which would have a dilutive impact on earnings per share. Therefore, basic and diluted earnings per share are same for the period ended 30 September 2022 and 2021.

*The basic and diluted earnings per share for the period ended 30 September 2022 and 2021 have been adjusted to reflect the issuance of 69,386,375 bonus shares on 31 March 2022 (note 18).

8 ACQUISITION OF COOLING PLANT

Effective 23 January 2022, the Group acquired a district cooling plant from a real estate developer in Oman for a total consideration of AED 65.4 million. The net assets recognised are based on provisional accounting. The Group will finalise the assessment before the end of 2022.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
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9 PROPERTY, PLANT AND EQUIPMENT

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
At beginning of the period / year	4,812,702	4,437,282
Additions	7,925	20,003
Acquisition of cooling plant / through business combination	65,355	265,651
Transfer from Capital work in progress	39,262	278,145
Depreciation expense	(143,344)	(188,379)
Disposal of a subsidiary	(254)	-
At end of the period / year	<u>4,781,646</u>	<u>4,812,702</u>

10 FINANCE LEASE RECEIVABLES

Movement in the finance lease receivables during the period / year is as follows:

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
At the beginning of the period / year	3,012,278	3,108,650
Finance lease income	166,472	227,062
Variable lease payment CPI indexation	4,755	(37,073)
Total finance lease income	<u>171,227</u>	<u>189,989</u>
Initial recognition of new finance lease receivables	-	40,469
Lease rentals received	<u>(253,008)</u>	<u>(326,830)</u>
At the end of the period / year	<u>2,930,497</u>	<u>3,012,278</u>

Disclosed in the interim condensed consolidated statement of financial position as follows:

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Current	322,695	323,588
Non-current	<u>2,607,802</u>	<u>2,688,690</u>
	<u>2,930,497</u>	<u>3,012,278</u>

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11 CASH AND CASH EQUIVALENTS

For the purposes of the interim condensed consolidated 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 interim condensed consolidated statement of cash flows can be reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Cash on hand	728	1,191
Bank balances	247,803	353,026
Bank deposits	1,243,210	843,056
Cash and cash equivalents	<u>1,491,741</u>	<u>1,197,273</u>

Geographical concentration of cash and cash equivalents is as follows:

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Within UAE	1,460,705	1,166,399
Outside UAE	31,036	30,874
	<u>1,491,741</u>	<u>1,197,273</u>

Cash and cash equivalents as at 30 September 2021 (unaudited) amounted to AED 1,140,122 thousand.

12 INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Term loan 1	LIBOR + margin	1,880,214	1,873,755
Term loan 2	LIBOR + margin	331,896	334,297
Term loan 3	EIBOR + margin	134,824	146,474
Term loan 4	5.75%	109,073	115,067
Term loan 5	EIBOR + margin	57,769	60,455
		<u>2,513,776</u>	<u>2,530,048</u>

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12 INTEREST BEARING LOANS AND BORROWINGS (continued)

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

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Current portion	34,546	35,014
Non-current portion	2,479,230	2,495,034
	<u>2,513,776</u>	<u>2,530,048</u>

Movement in the interest-bearing loans and borrowing during the period / year is as follows:

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
At the beginning of the period / year	2,530,048	2,156,407
Additions during the period / year	-	391,716
Repayments during the period / year	(23,670)	(27,800)
Transaction cost – amortised	7,398	9,725
At the end of the period / year	<u>2,513,776</u>	<u>2,530,048</u>

Included in the interest-bearing loans and borrowing is an amount of AED 33.9 million (31 December 2021: AED 41.3 million) of unamortised transaction cost.

13 ISLAMIC FINANCING ARRANGEMENT

	Effective interest rate	30 September 2022 AED '000 (unaudited)	31 December 2021 AED '000 (audited)
Islamic financing arrangement - I	LIBOR + margin	634,971	632,990
Islamic financing arrangement - II	LIBOR + margin	306,200	308,422
		<u>941,171</u>	<u>941,412</u>

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13 ISLAMIC FINANCING ARRANGEMENT (continued)

Islamic financing arrangement are disclosed in the condensed consolidated interim statement of financial position as follows:

	30 September 2022	31 December 2021
	AED '000	AED '000
	(Unaudited)	(Audited)
Current portion	7,745	8,418
Non-current portion	933,426	932,994
	941,171	941,412

Included in the Islamic financing arrangement is an amount of AED 17.0 million (31 December 2021: AED 20.34 million) of unamortised transaction cost.

14 NON-CONVERTIBLE BONDS AND SUKUK

	30 September 2022	31 December 2021
	AED '000	AED '000
	(Unaudited)	(Audited)
Non-convertible Bonds (i)	1,814,846	1,811,894
Non-convertible Sukuk (ii)	1,832,131	1,831,186
	3,646,977	3,643,080

(i) Non-convertible Bonds

In 2020, the Group issued 7-year investment grade Bonds of US\$ 500 million which is listed on the London Stock Exchange. The Bonds carry coupon rate of 2.5% payable semi-annually. The Bonds are repayable on 31 October 2027. The proceeds of the Bonds were utilised to repay the previous Term Loan and to fund the growth.

The Bonds are stated net of discount and transaction costs incurred in connection with the Bonds issuance, amounting to AED 21.7 million, which are amortised to the interim condensed consolidated statement of profit or loss over the repayment period of the Bonds using effective interest rate method.

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14 NON-CONVERTIBLE BONDS AND SUKUK (continued)

(ii) 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 Sukuk carries a profit rate of 5.5% payable semi-annually. The Sukuk is repayable on 31 October 2025.

The Sukuk is stated net of discount and transaction costs incurred in connection with the arrangements, amounting to AED 4.3 million, which are amortised to the interim condensed consolidated statement of profit or loss over the repayment period of the Sukuk using effective interest rate method.

15 FINANCE COSTS

Interest charged to the condensed consolidated interim statement of profit or loss comprises of:

	<i>Three-months period ended</i>		<i>Nine-months period ended</i>	
	<i>30 September (unaudited)</i>		<i>30 September (unaudited)</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Interest on interest bearing loans	17,569	15,509	54,949	43,434
Interest on bonds and sukuku	36,795	36,799	110,255	110,250
Profit on Islamic financing arrangement	6,649	3,179	20,868	9,297
Amortisation of transaction costs	6,722	4,348	15,771	13,293
Finance cost related to lease liabilities	3,055	3,502	9,535	10,672
Other finance costs	49	83	5,115	243
	70,839	63,420	216,493	187,189

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16 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted as at 30 September 2022 but not provided for amounted to AED 341 million (31 December 2021: AED 195 million) and relates to capital work in progress.

Contingencies

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Performance guarantees	99,258	96,508
Advance payment guarantees	633	633
Financial guarantees	50	50
	99,941	97,191

17 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, joint ventures, majority shareholders, 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:

	Nine-months period ended (unaudited)			
	30 September 2022		30 September 2021	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	8,518	46,583	13,428	47,616
Joint Venture	-	-	3,659	-
Non-controlling interest shareholders	250,209	-	235,729	-

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17 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	30 September 2022 (unaudited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	11,445	27,894
Non-controlling interest shareholders	94,605	-
	106,050	27,894

	31 December 2021 (audited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	9,666	26,189
Non-controlling interest shareholders	47,857	-
	57,523	26,189

Compensation of key management personnel

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

	Nine-months period ended 30 September (unaudited)	
	2022 AED'000	2021 AED'000
Short-term benefits	7,083	7,205
Employees' end of service benefits	113	129
	7,196	7,334
Number of key management personnel	5	5

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18 DIVIDENDS AND BOARD REMUNERATION

In 2022, the Board of Directors proposed the distribution of cash dividends of 6.0 fils per share and bonus shares of 2.5% to the shareholders in respect of the fiscal year ended 31 December 2021. The shareholders at the Annual General Assembly Meeting held on 21 March 2022 approved the dividend and the bonus shares. Accordingly, the bonus shares of 69,386,375 were issued on 31 March 2022 and the dividend amounted to AED 166.3 million was paid on 4 April 2022.

In 2021, the Board of Directors proposed the distribution of cash dividends of 5.75 fils per share and bonus shares of 2.22% to the shareholders in respect of the fiscal year ended 31 December 2020. The shareholders at the Annual General Assembly Meeting held on 21 March 2021 approved the dividend and the bonus shares. Accordingly, the dividend amounted to AED 156.1 million and was paid in April 2021 and the bonus shares comprising 60,345,091 shares were issued in April 2021.

Furthermore, Board of Directors' remuneration of AED 8.6 million for the year ended 31 December 2021 was also approved at the Annual General Meeting held on 21 March 2022. Board remuneration of AED 7.1 million for the year ended 31 December 2020 was approved at the previous Annual General Meeting held on 21 March 2021.

19 BUSINESS COMBINATIONS

19.1 Disposal of a subsidiary

Effective 20 May 2022, the Group disposed of its entire 70% shareholding in Ian Banham and Associates LLC to its existing non-controlling interest holder for a consideration of AED 5 million. The carrying value of the identifiable assets and liabilities disposed on the date of disposal are as follows:

	AED'000 (Unaudited)
Current assets	25,368
Non-current assets	26,869
Total assets	52,237
Current liabilities	30,006
Non-current liabilities	3,003
Total liabilities	33,009
Net assets	19,228
Less: non-controlling interest	(12,212)
Net assets attributable to equity holders of the parent	7,016
Less: consideration received on disposal	(5,000)
Loss on disposal	2,016

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19 BUSINESS COMBINATIONS

19.1 Disposal of a subsidiary (continued)

The results of Ian Banham and Associates LLC for the period are presented below:

	Nine-months period ended 30 September (unaudited)	
	2022	2021
	AED'000	AED'000
Revenue	1,670	8,223
Expenses	(1,382)	(4,494)
Gross profit	288	3,729
Other administrative expenses	-	(3,129)
Profit for the period from discontinued operation	288	600

The net cash outflows generated from the sale are as follows:

	AED'000 (Unaudited)
Cash received from sale	5,000
Cash sold as part of the sale	(15,596)
Net cash outflow on date of disposal	(10,596)

The results of the operations of Ian Banham and Associates LLC were not segregated on the face of the interim condensed consolidated profit or loss, as the amounts are insignificant.

19.2 Incorporation of Tabreed Asia Central Cooling Company Pte. Ltd

During the period, Tabreed Asia Central Cooling Company Pte. Ltd ("Tabreed Asia") was incorporated by the Group, with 75% shareholding by injecting a share capital of AED 16,526 thousand. Remaining portion of the share capital of AED 5,509 thousand was injected by a non-controlling interest.

19.3 Partial disposal of shareholding in a subsidiary due to reorganisation

During the period, the Group's shareholding in the Tabreed India decreased as a result of transferring the entire ownership to Tabreed Asia. Following is a summary of the reduction in shareholding, with corresponding increase in non-controlling interests:

	Tabreed India
Reduction in effective shareholding (%)	25%
Carrying value of the shareholding disposed-off (AED '000)	1,125
Less: consideration (AED '000)	-
Difference recognised directly in retained earnings (AED '000)	<u>1,125</u>

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20 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.

21 FAIR VALUE MEASUREMENT

Fair value of the Group’s assets that are measured at fair value on recurring basis.

Some of the Group’s financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instrument measured at fair value:

	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>30 September 2022</i>	<i>31 December 2021</i>				
	<i>(unaudited) AED '000</i>	<i>(audited) AED '000</i>				
<i>Trade and other receivables</i>						
<i>Derivative financial assets (liabilities)</i>	273,496	(16,228)	Level 2	Significant Observable inputs.	None	Not applicable

There were no transfers between each of levels during the period.

22 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

The condensed consolidated interim financial statement of the Group was authorised for issuance by the Board of Directors on 14 November 2022.