

## National Central Cooling Company PJSC and Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)



## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES Interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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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 2023, comprising of the interim consolidated statement of financial position as at 30 September 2023, and the related interim consolidated statements of profit or loss and comprehensive income for the three months and nine months periods then ended, and the related interim consolidated statements of changes in equity and cashflows 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 the 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".

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

14 November 2023 Abu Dhabi



## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES Interim consolidated statement of profit or loss (unaudited) For the three month and nine month periods ended 30 September 2023

		Three months ended 30 September		Nine months ended 30 September		
	· ·	2023	2022	2023	2022	
	Notes	AED'000	AED'000	AED'000	AED'000	
Revenue	5	755,397	683,795	1,822,884	1,659,523	
Direct costs		(477,829)	(405,925)	(1,018,849)	(878,653)	
Gross profit		277,568	277,870	804,035	780,870	
Administrative and other expenses		(61,125)	(64,100)	(193,473)	(190,499)	
Operating profit		216,443	213,770	610,562	590,371	
Finance costs	16	(65,411)	(70,839)	(208,718)	(216,493)	
Finance income		15,170	5,228	42,256	8,745	
Other gains and losses, net		54,418	11,781	161,124	12,932	
Share of results of associates and joint ventures, net		10,307	9,044	27,548	27,899	
Profit before tax		230,927	168,984	632,772	423,454	
Income tax expense	17	(358,795)	-	(358,795)	-	
(Loss) profit after tax	_	(127,868)	168,984	273,977	423,454	
Attributable to:						
Equity holders of the parent		(101,256)	159,250	285,138	399,618	
Non-controlling interest		(26,612)	9,734	(11,161)	23,836	
Non-controlling interest	_	(127,868)	168,984	273,977	423,454	
Total basic and diluted earnings per share attributable to ordinary equity holders of the	7	(0.04)	0.06	0.10	0.14	
parent (AED)	7 _	(0.04)	0.00		0.14	



# NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES Interim consolidated statement of comprehensive income (unaudited) For the three month and nine month periods ended 30 September 2023

		onths ended eptember	Nine months ended 30 September		
· ·	2023	2022	2023	2022	
	AED'000	AED'000	AED'000	AED'000	
Profit for the period	(127,868)	168,984	273,977	423,454	
Other comprehensive (loss) income					
Exchange difference on translation of foreign operations	(1,118)	(1,154)	193	(1,020)	
Net movement in fair value of derivatives in cash	(-//				
flow hedges	(13,027)	82,165	(51,714)	289,724	
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	586	5,606	(1,802)	16,481	
Net other comprehensive (loss) income that may					
be reclassified subsequently to profit or loss	(13,559)	86,617	(53,323)	305,185	
Reclassification of fair value of derivatives in cash					
flow hedges to profit or loss statement upon					
termination (note 13)	-		(100,604)	-	
Net other comprehensive loss reclassified to					
profit or loss		3 <b>=</b> 0	(100,604)		
Total comprehensive (loss) income for the period	(141,427)	255,601	120,050	728,639	
Attributable to:					
Equity holders of the parent	(114,815)	245,867	131,211	704,803	
Non-controlling interest	(26,612)	9,734	(11,161)	23,836	
	(141,427)	255,601	120,050	728,639	
-			_		



## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES Interim consolidated statement of financial position As at 30 September 2023

		As	at
		30 September 2023	31 December 2022
		(Unaudited)	(Audited)
ASSETS	Notes	AED '000	AED '000
Non-current assets			
Property, plant and equipment	8	4,497,130	4,752,673
Capital work in progress		240,179	252,041
Right-of-use assets		221,508	192,849
		4,075,102	4,152,090
Intangible assets Investments in associates and joint ventures	9	625,047	457,288
Deferred tax asset	17	11,050	-
Finance lease receivables	10	2,536,410	2,577,891
	11	14,309	-
Long term deposits		12,220,735	12,384,832
Current assets			CO 030
Inventories		64,360	60,029
Trade and other receivables		894,397	908,476
Finance lease receivables	10	333,157	324,279
Cash and bank balances	12	1,413,970	1,773,301
		2,705,884	3,066,085
Total assets		14,926,619	15,450,917
EQUITY AND LIABILITIES			
Equity			
Issued share capital		2,845,261	2,845,261
Treasury shares		(3,296)	(3,296)
Statutory reserve		522,797	522,947
Retained earnings		2,658,729	2,757,257
Foreign currency translation reserve		1,344	1,151
Cumulative changes in fair value of			
derivatives in cash flow hedges		197,370	351,490
Equity attributable to the equity holders of the parent		6,222,205	6,474,810
Non-controlling interests		619,135	679,265
Total equity		6,841,340	7,154,075
Liabilities			
Non-current liabilities			240 550
Trade and other payables	*Contraged	218,559	218,559
Interest bearing loans and borrowings	13	2,026,165	2,468,855
Islamic financing arrangement	14	637,502	929,318
Non-convertible bonds and sukuk	15	3,652,324	3,648,295
Deferred tax liabilities	17	369,845	170 107
Lease liabilities		183,187	170,487
Employees' end of service benefits		45,923	42,706
		7,133,505	7,478,220
Current liabilities			726 621
Trade and other payables		882,215	726,601
Interest bearing loans and borrowings	13	16,509	37,626
Islamic financing arrangement	14	-	8,073
Lease liabilities		53,050	46,322
		951,774	818,622
Total liabilities		8,085,279	8,296,842
Total equity and liabilities		14,926,619	15,450,917

Khaled Abdulla Al Qubaisi Chairman

Khalid Abdulla Al Marzooqi Chief Executive Officer Adel Al Wahedi Chief Financial Officer

The attached notes 1 to 25 form part of the interim condensed consolidated financial statements



## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Interim consolidated statement of changes in equity For the nine months period ended 30 September 2023

	Attributable to equity holders 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	Total AED '000	Non – controlling interests AED '000	Total equity AED '000
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		-		/=0	(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 20)		-	-	(166,348)	-	-	(166,348)	0 <b>-</b> 0	(166,348)
Issuance of bonus shares (note 20)	69,387	(81)	=	(69,306)	-		-	(48,625)	(48,625)
Dividend paid to non-controlling interests	-	-	-	-	-	-	1-0	(46,023)	(48,023)
Capital injection by a non-controlling interest (note					10			5,509	5,509
21.3)	-	-	-	(1,125)		-	(1,125)	1,125	-
Disposal of partial interest in a subsidiary (note 21.4) Disposal of a subsidiary (note 21.2)	-	-		(1,123)	-	-	-	(12,212)	(12,212)
Disposal of a subsidiary (note 21.2)					(//				
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
Balance at 1 January 2023 (audited)	2,845,261	(3,296)	522,947	2,757,257	1,151	351,490	6,474,810	679,265	7,154,075
Profit for the period	-	-	-	285,138	5 <b>-</b> 5	-	285,138	(11,161)	273,977
Other comprehensive income for the period	-	18	-	-	193	(154,120)	(153,927)		(153,927)
Total comprehensive income for the period	-	-	-	285,138	193	(154,120)	131,211	(11,161)	120,050
Dividend paid to ordinary									
shareholders (note 20)	-	-		(383,666)		-	(383,666)	-	(383,666)
Dividend paid to non-controlling interests		16	-	1941			(*)	(48,967)	(48,967)
Others	-	-	(150)	10.00	-		(**)	(2)	(152)
Balance at 30 September 2023 (unaudited)	2,845,261	(3,296)	522,797	2,658,729	1,344	197,370	6,222,205	619,135	6,841,340

The attached notes 1 to 25 form part of the interim condensed consolidated financial statements.



# NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES Interim consolidated statement of cash flows (unaudited) For the nine months period ended 30 September 2023

		ns ended mber	
	_	2023	2022
	Notes	AED '000	AED '000
Operating activities			
Profit before tax		632,772	423,454
Non-cash adjustments:			
Depreciation of property, plant and equipment	8	168,123	143,344
Depreciation of right-of-use assets		21,131	17,944
Amortisation of intangible assets		76,988	78,290
Finance lease income	10	(222,454)	(171,227)
Share of results of associates and joint ventures		(27,548)	(27,899)
Provision for employees' end of service benefits		3,217	1,992
Finance income	No.	(42,256)	(8,745)
Finance costs	16	208,718	216,493
Other income and charges		(161,124)	(12,932)
Operating cash flows before changes in working capital		657,567	660,714
Working capital changes:			(4.404)
Inventories		(4,331)	(1,494)
Trade and other receivables		(110,536)	(175,167)
Trade and other payables		156,899	129,368
Lease rentals received	10 _	259,491	253,008
Net cash flows generated from operating activities	_	959,090	866,429
Investing activities	•	(40.500)	(7.025)
Purchase of property, plant and equipment	8	(18,508)	(7,925)
Payments for capital work in progress		(113,311)	(135,673)
Dividends from associates and joint ventures		6,116	2,700
Finance income received		41,721	7,909
Long term deposits placed	11	(14,309)	
Proceeds from disposal of property, plant and equipment	21	1,458	(10,596)
Net cash received (paid) on disposal of a subsidiary	21 _	68,067	
Net cash flows used in investing activities	_	(28,766)	(143,585)
Financing activities	13	(252 610)	(23,670)
Interest bearing loans and borrowings repaid	15 14	(353,610) (312,371)	(3,580)
Islamic financing arrangement repaid	14	(40,845)	(36,573)
Principal portion of lease payments		(150,196)	(155,089)
Finance costs paid	20	(383,666)	(166,348)
Dividends paid to shareholders	20	(383,000)	5,509
Capital Injection by a non-controlling interest		- (48,967)	(48,625)
Dividends paid to non-controlling interests	-	(1,289,655)	(428,376)
Net cash flows used in financing activities		(1,203,033)	(420,370)
Net (decrease) increase in cash and cash equivalents		(359,331)	294,468
Cash and cash equivalents at 1 January		1,773,301	1,197,273
Cash and cash equivalents at 30 September	12	1,413,970	1,491,741



#### 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. (32) of 2021 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 on the London Stock Exchange (note 15).

#### 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 Dirham (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 and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the nine months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.



#### 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 2022, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates Amendments to IAS 8
- Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12

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.

#### **UAE Corporate Income Tax Law**

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the consolidated statement of financial position for the financial year / period beginning 1 January 2024.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Group has considered related deferred tax accounting impact as at the reporting date, as follows:

The Group considers that taxable temporary differences arise in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and relating to business combinations undertaken in UAE prior to 16 January 2023. The Group has recognized deferred tax liabilities of AED 369.8 million and deferred tax assets of AED 11.1 million, relating to such business combinations.

No other potential deferred tax assets or liabilities have been identified as at the reporting date.



#### 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 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 2022.

#### 5 Revenue

	Three months	period ended	Nine month	s period ended	
		er (unaudited)	30 September (unaudited)		
-	2023	2022	2023	2022	
	AED'000	AED'000	AED'000	AED'000	
Revenue from supply of chilled					
water business segment	736,085	660,702	1,762,410	1,607,209	
Revenue from value chain					
business segment	19,312	23,093	60,474	52,314	
	755,397	683,795	1,822,884	1,659,523	
Timing of transfer of goods and services:					
At a point in time	12,763	11,992	36,052	26,115	
Over time	742,634	671,803	1,786,832	1,633,408	
	755,397	683,795	1,822,884	1,659,523	
Geographical location:					
Inside UAE	718,325	649,602	1,732,812	1,575,657	
Outside UAE	37,072	34,193	90,072	83,866	
	755,397	683,795	1,822,884	1,659,523	

#### **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 interim condensed consolidated financial information.



#### SEGMENT INFORMATION (continued)

	Nine months period ended 30 September 2023 (unaudited)			Nine mo	nths period ended 30	September 2022 (un	audited)	
	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	1,762,410	60,474		1,822,884	1,607,209	52,314	-	1,659,523
Inter-segment revenue	9 <b>-</b> 1	45,829	(45,829)		(-)	32,689	(32,689)	
Total revenue	1,762,410	106,303	(45,829)	1,822,884	1,607,209	85,003	(32,689)	1,659,523
Direct costs	(987,441)	(61,610)	30,202	(1,018,849)	(852,172)	(44,320)	17,839	(878,653)
Gross profit	774,969	44,693	(15,627)	804,035	755,037	40,683	(14,850)	780,870
Administrative and other expenses	(187,279)	(17,130)	10,936	(193,473)	(181,155)	(19,823)	10,479	(190,499)
Operating profit	587,690	27,563	(4,691)	610,562	573,882	20,860	(4,371)	590,371
Finance costs	(207,766)	(952)	-	(208,718)	(215,708)	(785)	-	(216,493)
Finance income	42,194	62	-	42,256	8,697	48	1-	8,745
Other gains and losses, net	161,124	-	-	161,124	12,932	H	1-	12,932
Share of results of associates and joint ventures, net	27,548	( <del>-</del> )		27,548	27,899	le le	-	27,899
Segment profit	610,790	26,673	(4,691)	632,772	407,702	20,123	(4,371)	423,454

Inter-segment revenues and expenses are eliminated on consolidation.

	30 September 2023 (unaudited)				31 December 2022 (Audited	i)
	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	14,819,154	107,465	14,926,619	15,339,757	111,160	15,450,917
Total liabilities	7,984,510	100,769	8,085,279	8,197,787	99,055	8,296,842



## 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:

		hs period ended nber (unaudited)	Nine months period ended 30 September (unaudited)		
_	2023	2022	2023	2022	
	AED'000	AED'000	AED'000	AED'000	
Profit attributable to the equity holders of the parent (AED '000)	(101,256)	159,250	285,138	399,618	
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000)	2,841,965	2,841,965	2,841,965	2,841,965	
Total basic earnings per share (AED)	(0.04)	0.06	0.10	0.14	

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 2023 and 2022.

#### 8 PROPERTY, PLANT AND EQUIPMENT

	30 September	31 December
	2023	2022
	AED '000	AED '000
	(Unaudited)	(Audited)
At beginning of the period / year	4,752,673	4,812,702
Additions	18,508	79,368
Transfer from capital work in progress	103,892	53,030
Depreciation expense	(168,123)	(192,165)
Transfer to finance lease	(4,434)	-
Disposals (i)	(205,386)	(262)
At end of the period / year	4,497,130	4,752,673

<sup>(</sup>i) This includes property, plant and equipment of AED 203.9 million pertaining to disposal of Tabreed Park Investment LLC (note 21).



#### 9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

During the period, an associate of the Group, Tabreed District Cooling Company (Saudi Tabreed), increased its share capital by issuing new shares to a new shareholder at a premium. As a result, the Group's ownership interest in Saudi Tabreed was diluted from 31.1% to 21.8% resulting in a gain of AED 49.1 million. The gain is recorded under 'other gains and losses' in the consolidated statement of profit or loss.

During the period, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Park Investment LLC, resulting in loss of control. The remaining 50% ownership interest provides the Group joint control over the investee which is now accounted for as investment in a joint venture under the equity method of accounting (note 21).

#### 10 FINANCE LEASE RECEIVABLES

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

	30 September	31 December
	2023	2022
	AED '000	AED '000
	(Unaudited)	(Audited)
	2 002 470	2 012 279
At the beginning of the period / year	2,902,170	3,012,278
Finance lease income	164,344	220,896
Variable lease payment CPI indexation	58,110	6,340
Total finance lease income	222,454	227,236
Additions	4,434	-
Lease rentals received	(259,491)	(337,344)
At the end of the period / year	2,869,567	2,902,170

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

	30 September	31 December
	2023	2022
	AED '000	AED '000
	(Unaudited)	(Audited)
Current	333,157	324,279
Non-current	2,536,410	2,577,891
	2,869,567	2,902,170

#### 11 LONG TERM DEPOSITS

During the period, various deposits amounting to AED 14.3 million were placed by a subsidiary of the Group, for a tenure of 5 years, with commercial banks, at rates ranging from 4.5% to 4.9% per annum.



## 12 CASH AND CASH EQUIVALENTS

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

	30 September	30 September	31 December
	2023	2022	2022
	AED '000	AED '000	AED '000
	(Unaudited)	(Unaudited)	(Audited)
Bank balances and cash	194,938	248,531	331,722
Bank deposits	1,219,032	1,243,210	1,441,579
Cash and cash equivalents	1,413,970	1,491,741	1,773,301
the particular and the second			

Geographical concentration of cash and cash equivalents is as follows:

	30 September	30 September	31 December
	2023	2022	2022
	AED '000	AED '000	AED '000
	(Unaudited)	(Unaudited)	(Audited)
Within UAE Outside UAE	1,378,573 35,397 1,413,970	1,460,705 31,036 1,491,741	1,746,373 26,928 1,773,301

## 13 INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate %	30 September 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Term loan 1 (i) Term loan 2 (ii) Term loan 3 Term loan 4 Term loan 5 Term loan 6	SOFR / LIBOR + margin LIBOR + margin EIBOR + margin 5.75% 5.75% EIBOR + margin	1,888,822 - - 52,457 47,418 53,977 2,042,674	1,882,306 327,121 134,673 54,470 51,065 



## 13 INTEREST BEARING LOANS AND BORROWINGS (continued)

(i) Effective 30 June, USD LIBOR rates have been discontinued and replaced by Secured Overnight Financing Rate (SOFR).

Term loan 1 was denominated in USD with LIBOR as the benchmark rate. The loan is 100% hedged through a plain vanilla interest rate swap (IRS). The Company has successfully transitioned the loan and the associated derivatives from LIBOR to SOFR with no impact on the profit or loss or equity of the Group.

(ii) During the period, as permitted by the financing agreement, the Group early settled Term Loan 2 along with the associated hedging instrument as part of its liability management. This resulted in a reclassification of the cumulative fair value of derivatives in cash flow hedges amounting to AED 100.6 million, from other comprehensive income to profit or loss under 'other gains and losses'.

In addition, unamortized transaction cost of AED 10.5 million was written off as a result of the settlement. The write off is recorded under 'other gains and losses' in the consolidated statement of profit or loss.

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

	30 September	31 December
	2023	2022
	AED '000	AED '000
	(Unaudited)	(Audited)
Current portion	16,509	37,626
Non-current portion	2,026,165	2,468,855
,	2,042,674	2,506,481

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

	30 September 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
At the beginning of the period / year Repayments during the period / year Disposal of a subsidiary (note 21.1) Transaction cost – amortised / written off At the end of the period / year	2,506,481 (353,610) (129,054) 18,857 2,042,674	2,530,048 (32,748) - 9,181 2,506,481

Included in the interest-bearing loans and borrowing is an amount of AED 14.1 million (31 December 2022: AED 33 million) of unamortised transaction cost.



#### 14 ISLAMIC FINANCING ARRANGEMENT

	Effective profit rate %	30 September 2023 <i>AED '000</i> (Unaudited)	31 December 2022 AED '000 (Audited)
Islamic financing arrangement – I (i)	SOFR / LIBOR + margin	637,502	635,604
Islamic financing arrangement – II (ii)	LIBOR + margin	-	301,787
		637,502	937,391

(i) Effective 30 June, USD LIBOR rates have been discontinued and replaced by Secured Overnight Financing Rate (SOFR).

Islamic financing arrangement — I was denominated in USD with LIBOR as the benchmark rate and 100% hedged through a plain vanilla interest rate swap (IRS). The Company has successfully transitioned the financing and the associated derivatives from LIBOR to SOFR with no impact on the profit or loss or equity of the Group.

(ii) During the period, as permitted by the financing agreement, the Group early settled Islamic financing arrangement - II as part of its liability management resulting in unamortized transaction cost of AED 10.3 million being written off. The write off is recorded under 'other gains and losses' in the consolidated statement of profit or loss.

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

	30 September 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Current portion Non-current portion	637,502 637,502	8,073 929,318 937,391



#### 14 ISLAMIC FINANCING ARRANGEMENT (continued)

Movement in the Islamic financing arrangement during the period / year is as follows:

	30 September 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
At the beginning of the period / year Repayments during the period / year Transaction cost – amortised / written off At the end of the period / year	937,391 (312,371) 12,482 637,502	941,412 (8,433) 4,412 937,391

Included in the Islamic financing arrangement is an amount of AED 3.6 million (31 December 2022: AED 16.0 million) of unamortised transaction cost.

#### 15 NON-CONVERTIBLE BONDS AND SUKUK

	30 September 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Non-convertible bonds (i) Non-convertible sukuk (ii)	1,818,874 1,833,450 3,652,324	1,815,842 1,832,453 3,648,295

#### (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 17.6 million, which are amortised to the interim consolidated statement of profit or loss over the repayment period of the bonds using effective interest rate method.



#### 15 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 3 million, which are amortised to the interim consolidated statement of profit or loss over the repayment period of the sukuk using effective interest rate method.

#### 16 FINANCE COSTS

	Three months ended 30 September (unaudited)		ended 30	months September audited)
<del></del>	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
Interest on interest bearing loans	12,742	17,569	48,386	54,949
Profit on sukuk	25,332	25,306	75,833	75,810
Interest on bonds	11,489	11,489	34,444	34,445
Profit on Islamic financing				
arrangement	4,968	6,649	14,958	20,868
Amortisation of transaction costs	5,750	6,722	14,511	15,771
Finance cost related to lease				
liabilities	4,695	3,055	10,486	9,535
Other finance costs	435	49	10,100	5,115
	65,411	70,839	208,718	216,493



#### 17 INCOME TAX

		At 30 Septen 2 AED (Unaud	2023 '000	ecember 2022 AED '000 Audited)
Consolidated statement of financial posit	ion:			
Deferred tax asset relating to business con prior to the enactment of UAE CT Law	nbinations	11	.,050	-
Deferred tax liability relating to business c prior to the enactment of UAE CT Law	ombinations	369	,845	-
	end Sept	months led 30 tember udited)	Nine mo ended 30 Se (unaud	eptember
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Consolidated statement of profit or loss:	ALD 000	7120 000	7.22 300	
Income tax expense (net) – deferred	358,795		358,795	-

## 18 COMMITMENTS AND CONTINGENCIES

#### **Capital commitments**

The authorised capital expenditure contracted as at 30 September 2023 but not provided for amounted to AED 617.4 million (31 December 2022: AED 339.7 million) and relates to capital work in progress.

#### **Contingencies**

	At 30 September 2023 AED '000 (Unaudited)	At 31 December 2022 AED '000 (Audited)
Performance guarantees Advance payment guarantees Financial guarantees	70,740 2,253 9,230 82,223	110,351 1,353 53 111,757



#### 19 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 interim consolidated statement of profit or loss are as follows:

	Nine months ended				
	30 September	2023 (unaudited)	30 September 2022 (unaudited)		
	Revenue	Revenue Direct costs		Direct costs	
	AED '000	AED '000	AED '000	AED '000	
Associated companies	8,377	46,657	8,518	46,583	
Non-controlling interest shareholders	293,120		250,209		

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

-	30 Septembe	30 September 2023 (unaudited)		
	Trade and other receivables <i>AED '000</i>	Trade and other payables <i>AED '000</i>		
Associated companies	7,413	27,047		
Non-controlling interest shareholders	108,495	-		
	115,908	27,047		
	31 Decembe	er 2022 (Audited)		
	Trade and other	Trade and other		
	receivables	payables		
	AED '000	AED '000		
Associated companies	9,530	28,092		
Non-controlling interest shareholders	58,279			
-	67,809	28,092		



#### 19 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### Compensation of key management personnel

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

	Nine months period ended 30 September		
	<b>2023</b> 20		
	AED'000	AED'000	
	(Unaudited)	(Unaudited)	
Short-term benefits	8,966	7,083	
Employees' end of service benefits	121	113	
	9,087	7,196	
Number of key management personnel	6	5	

#### 20 DIVIDENDS AND BOARD REMUNERATION

In 2023, the Board of Directors proposed the distribution of cash dividends of 13.5 fils per share in respect of the fiscal year ended 31 December 2022. The shareholders at the Annual General Assembly Meeting held on 20 March 2023 approved the dividend. Accordingly, dividend amounting to AED 383.6 million was paid on 17 April 2023.

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, 69,386,375 bonus shares were issued on 31 March 2022 and dividend amounting to AED 166.3 million was paid on 4 April 2022.

Furthermore, Board of Directors' remuneration of AED 8.6 million for the year ended 31 December 2022 was also approved at the Annual General Meeting held on 20 March 2023. Board remuneration of AED 8.6 million for the year ended 31 December 2021 was approved at the previous Annual General Meeting held on 21 March 2022.



#### 21 Subsidiaries

#### 21.1 Disposal of Tabreed Parks Investment LLC

Effective 14 August 2023, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Parks Investment LLC, resulting in loss of control. The carrying value of the identifiable assets and liabilities disposed, on the date of disposal, are as follows:

Gain on disposal	84,235
Less. Net assets disposed	(,)
Less: Net assets disposed	(112,188)
Fair value of remaining 50% shares	104,678
Consideration received in cash, net (ii)	91,745
Tet asses	-
Net assets	112,188
Total liabilities	130,333
Non-current liabilities (i)	136,953
	127,507
Current liabilities	9,446
Total assets	249,141
Non-current assets	203,928
Current assets	45,213
	AED '000
	2023
	14 August

- i) Includes interest bearing loans and borrowings, net of transaction costs, amounting to AED 127 million.
- ii) Net of cost of disposal amounting to AED 8 million.

The results of Tabreed Parks Investment LLC for the period until the date of disposal are presented below:

	Period ended
	14 August
	2023
	AED'000
Revenue	30,214
Operating expenses	(14,946)
Gross profit	15,268
Other administrative expenses	(210)
Net finance cost	(5,867)
Profit for the period from discontinued operation (i)	9,191



### 21 Subsidiaries (continued)

#### 21.1 Disposal of Tabreed Parks Investment LLC (continued)

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

Net cash inflow on disposal	68,067
Cash disposed as part of the sale	(23,678)
Consideration received less cost to sale	91,745
	AED '000
	2023
	14 August

(i) The results of the operations of Tabreed Parks Investment LLC, for the period ended 14 August 2023 i.e. the date of disposal, are not presented separately in the interim condensed consolidated statement of profit or loss, as the amounts are not material.

### 21.2 Disposal of Ian Banham and Associates LLC

Effective 20 May 2022, the Group disposed its entire 70% shareholding in Ian Banham and Associates LLC to its existing non-controlling interest 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 Non-current assets Total assets	25,368 26,869 <b>52,237</b>
Current liabilities Non-current liabilities Total liabilities	30,006 3,003 <b>33,009</b>
Net assets Less: non-controlling interest Net assets attributable to equity holders of the parent Less: consideration received	19,228 (12,212) <b>7,016</b> (5,000)
Loss on disposal	2,016



#### 21 Subsidiaries (continued)

#### 21.2 Disposal of Ian Banham and Associates LLC (continued)

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

	Nine-months 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)

#### 21.3 Incorporation of Tabreed Asia

Net cash outflow on date of disposal

Cash disposed as part of the sale

Cash received from sale

During 2022, Tabreed Asia Central Cooling Company Pte. Ltd ("Tabreed Asia") was incorporated by the Group with a share capital of AED 22,035 thousand. The Group held 75% ownership interest in Tabreed Asian while the remaining 25% of the share capital amounting to AED 5,509 thousand was injected by a non-controlling interest.

5,000

(15,596)

(10,596)

## 21.4 Partial disposal of shareholding in Tabreed India due to reorganization

During 2022, the Company's shareholding in Tabreed India Private Limited decreased due to transfer of its ownership interest 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) Less: consideration (AED '000) Difference recognized directly in	1,125 
retained earnings (AED '000)	1,125



#### 22 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 operational profits are not indicative of operational profits on an annual basis.

#### 23 FAIR VALUE MEASUREMENT

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: guoted (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:

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 September	31 December				
	2023	2022				
	AED 000'	AED 000'				
	(unaudited)	(audited)				
Trade and other received	ables			Significant		
assets	184,561	263,789	Level 2	observable inputs	None	Not applicable

The reduction in the fair value of derivatives is mainly due to the settlement of hedge associated with Term Loan 2 (note 13). There were no transfers between each of the levels during the period.



#### 24 SUBSEQUENT EVENTS

No subsequent events have taken place after 30 September 2023 which may require disclosure or adjustment in these interim condensed consolidated financial statements.

### 25 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Group were authorised for issuance by the Board of Directors on 14 November 2023.