



National Central Cooling Company PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE THREE-MONTHS PERIOD ENDED
31 MARCH 2022



NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated financial statements
for the three-months period ended 31 March 2022

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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 31 March 2022, comprising of the condensed consolidated interim statement of financial position as at 31 March 2022, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three 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 condensed consolidated interim 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 three months period ended 31 March 2021 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 6 May 2021.

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

11 May 2022
Abu Dhabi

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of profit or loss (unaudited)
For the three-months period ended 31 March 2022

	Notes	Three-months period ended 31 March	
		2022 AED'000	2021 AED'000
Continuing operations			
Revenue	5	419,929	357,555
Direct costs		(206,159)	(169,581)
Gross profit		213,770	187,974
Administrative and other expenses		(60,090)	(53,405)
Operating profit		153,680	134,569
Finance costs	15	(72,481)	(62,199)
Finance income		1,311	925
Other gains and losses, net		306	(2,426)
Share of results of associates and joint ventures, net		10,505	12,385
Profit from continuing operations		93,321	83,254
Profit from discontinued operations		-	6,969
Profit for the period		93,321	90,223
Attributable to:			
Equity holders of the parent			
Profit from continuing operations		88,211	78,567
Profit from discontinued operations		-	6,969
		88,211	85,536
Non-controlling interests			
Profit from continuing operations		5,110	4,687
Profit from discontinued operations		-	-
		5,110	4,687
		93,321	90,223
Basic and diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (AED)		0.031	0.028
Basic and diluted earnings per share from discontinued operations attributable to ordinary equity holders of the parent (AED)		-	0.002
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	0.031	0.030

The attached notes 1 to 21 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Interim condensed consolidated statement of comprehensive income (unaudited)
For the three-months period ended 31 March 2022

	Three-months period ended	
	31 March	
	2022	2021
	AED'000	AED'000
Profit for the period	93,321	90,223
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign operations	1,107	-
Net movement in fair value of derivatives in cash flow hedges	147,818	38,826
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	6,940	25,174
Total other comprehensive income for the period	155,865	64,000
Total comprehensive income for the period	249,186	154,223
Attributable to:		
Equity holders of the parent		
Total comprehensive income from continuing operations	244,076	142,567
Total comprehensive income from discontinued operations	-	6,969
	244,076	149,536
Non-controlling interest		
Total comprehensive income from continuing operations	5,110	4,687
Total comprehensive income from discontinued operations	-	-
	5,110	4,687
	249,186	154,223

The attached notes 1 to 21 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 31 March 2022

	Notes	As at	
		31 March 2022 (Unaudited) AED '000	31 December 2021 (Audited) AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,831,287	4,812,702
Capital work in progress		168,121	201,656
Right-of-use assets		204,679	210,331
Intangible assets		4,257,285	4,284,452
Investments in associates and joint ventures		388,636	372,790
Finance lease receivables	10	2,663,001	2,688,690
		<u>12,513,009</u>	<u>12,570,621</u>
Current assets			
Inventories		52,807	50,838
Trade and other receivables		728,848	691,007
Finance lease receivables	10	321,707	323,588
Cash and bank balances	11	1,479,013	1,197,273
		<u>2,582,375</u>	<u>2,262,706</u>
Total assets		<u>15,095,384</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		2,312,704	2,460,147
Foreign currency translation reserve		3,828	2,721
Cumulative changes in fair value of derivatives in cash flow hedges		208,728	53,970
Equity attributable to the equity holders of the parent		<u>5,823,873</u>	<u>5,746,145</u>
Non-controlling interests		675,361	700,251
Total equity		<u>6,499,234</u>	<u>6,446,396</u>
Liabilities			
Non-current liabilities			
Trade and other payables		218,559	215,059
Interest bearing loans and borrowings	12	2,489,203	2,495,034
Islamic financing arrangement	13	934,261	932,994
Non-convertible Bonds and Sukuk	14	3,644,369	3,643,080
Lease liabilities		191,499	200,579
Employees' end of service benefits		42,950	41,291
		<u>7,520,841</u>	<u>7,528,037</u>
Current liabilities			
Trade and other payables		985,141	768,777
Interest bearing loans and borrowings	12	34,081	35,014
Islamic financing arrangement	13	8,418	8,418
Lease liabilities		47,669	46,685
		<u>1,075,309</u>	<u>858,894</u>
Total liabilities		<u>8,596,150</u>	<u>8,386,931</u>
Total equity and liabilities		<u>15,095,384</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 21 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 three-months period ended 31 March 2022

	Attributable to equity holders of the parent						Total	Non – controlling interests	Total equity
	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			
Balance at 1 January 2021 (audited)	2,715,529	(2,016)	413,020	2,133,906	(1,480)	(94,078)	5,164,881	710,289	5,875,170
Profit for the period	-	-	-	85,536	-	-	85,536	4,687	90,223
Other comprehensive income for the period	-	-	-	-	-	64,000	64,000	-	64,000
Total comprehensive income for the period	-	-	-	85,536	-	64,000	149,536	4,687	154,223
Dividend payable to ordinary shareholders (note 18)	-	-	-	(156,141)	-	-	(156,141)	-	(156,141)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(20,638)	(20,638)
Balance at 31 March 2021 (unaudited)	<u>2,715,529</u>	<u>(2,016)</u>	<u>413,020</u>	<u>2,063,301</u>	<u>(1,480)</u>	<u>(30,078)</u>	<u>5,158,276</u>	<u>694,338</u>	<u>5,852,614</u>
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	-	-	-	88,211	-	-	88,211	5,110	93,321
Other comprehensive income for the period	-	-	-	-	1,107	154,758	155,865	-	155,865
Total comprehensive income for the period	-	-	-	88,211	1,107	154,758	244,076	5,110	249,186
Dividend payable to ordinary shareholders (note 18)	-	-	-	(166,348)	-	-	(166,348)	-	(166,348)
Bonus Share	69,387	(81)	-	(69,306)	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(30,000)	(30,000)
Balance at 31 March 2022 (unaudited)	<u>2,845,261</u>	<u>(3,296)</u>	<u>456,648</u>	<u>2,312,704</u>	<u>3,828</u>	<u>208,728</u>	<u>5,823,873</u>	<u>675,361</u>	<u>6,499,234</u>

The attached notes 1 to 21 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 three-months period ended 31 March 2022

	Note	Three-months period ended 31 March	
		2022 AED '000	2021 AED '000
Operating activities			
Profit from continuing operations		93,321	83,254
Profit from discontinued operations		-	6,969
Profit for the period including discontinued operations		93,321	90,223
Non-cash adjustments:			
Depreciation of property, plant and equipment	9	49,377	44,041
Depreciation of right-of-use assets		5,801	5,689
Amortisation of intangible assets		27,167	13,096
Finance lease income	10	(56,661)	(47,748)
Share of results of associates and joint ventures including, discontinued operations, net		(10,505)	(19,354)
Provision for employees' end of service benefits		3,432	1,441
Finance income		(1,311)	(925)
Finance costs	15	72,481	62,199
Other gains and losses		(306)	2,426
Operating cash flows before changes in working capital		182,796	151,088
Working capital changes:			
Inventories		(1,969)	(2,959)
Trade and other receivables		93,322	(6,157)
Trade and other payables		34,553	(48,945)
Net cashflows from operation		308,702	93,027
Lease rentals received	10	84,231	77,176
Employees' end of service benefits paid		(1,773)	(860)
Net cash flows generated from operating activities		391,160	169,343
Investing activities			
Term deposits with original maturity of more than 3 months		-	(50,000)
Purchase of property, plant and equipment	9	(2,614)	(5,482)
Payments for capital work in progress		(30,730)	(40,300)
Dividends from associates and joint ventures		-	5,751
Finance income received		1,738	1,465
Net cash paid on acquisition of subsidiaries	8	-	(641,328)
Net cash flows used in investing activities		(31,606)	(729,894)
Financing activities			
Interest bearing loans and borrowings repaid		(9,456)	(6,985)
Principal portion of lease payments		(11,391)	(13,319)
Finance costs paid		(26,967)	(16,569)
Dividends paid to non-controlling interests		(30,000)	(20,638)
Net cash flows used in financing activities		(77,814)	(57,511)
Net increase (decrease) in cash and cash equivalents		281,740	(618,062)
Cash and cash equivalents at 1 January		1,197,273	1,312,894
Cash and cash equivalents at 31 March	11	1,479,013	694,832

The attached notes 1 to 21 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
For the three-months period ended 31 March 2022

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 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 three-months period ended 31 March 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
For the three-months period ended 31 March 2022

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

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.

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 2021.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
For the three-months period ended 31 March 2022 (unaudited)

5 Revenue

	Three-months period ended	
	31 March (unaudited)	
	2022	2021
	AED '000	AED '000
Revenue from supply of chilled water business segment	405,739	339,134
Revenue value chain business segment	14,190	18,421
	419,929	357,555
Timing of transfer of goods and services:		
At a point in time	5,593	7,969
Over time	414,336	349,586
	419,929	357,555
Geographical location:		
Inside UAE	400,229	342,912
Outside UAE	19,700	14,643
	419,929	357,555

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 information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
For the three-months period ended 31 March 2022

6 SEGMENT INFORMATION (continued)

	Three-months period ended 31 March 2022 (unaudited)				Three-months period ended 31 March 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	405,739	14,190	-	419,929	339,134	18,421	-	357,555
Inter-segment revenue	-	8,022	(8,022)	-	-	7,477	(7,477)	-
Total revenue	405,739	22,212	(8,022)	419,929	339,134	25,898	(7,477)	357,555
Direct costs	(196,703)	(12,726)	3,270	(206,159)	(155,899)	(14,989)	-	(169,581)
Gross profit	209,036	9,486	(4,752)	213,770	183,235	10,909	(6,170)	187,974
Administrative and other expenses	(56,525)	(6,682)	3,117	(60,090)	(49,839)	(7,169)	3,603	(53,405)
Operating profit	152,511	2,804	(1,635)	153,680	133,396	3,740	(2,567)	134,569
Finance costs	(72,398)	(83)	-	(72,481)	(61,975)	(224)	-	(62,199)
Finance income	1,292	19	-	1,311	925	-	-	925
Other gains and losses, net	306	-	-	306	(2,426)	-	-	(2,426)
Share of results of associates and joint ventures, net	10,505	-	-	10,505	12,385	-	-	12,385
Profit from continuing operations	92,216	2,740	(1,635)	93,321	82,305	3,516	(2,567)	83,254
Profit from discontinued operations	-	-	-	-	6,969	-	-	6,969
Profit for the period	92,216	2,740	(1,635)	93,321	89,274	3,516	(2,567)	90,223

Inter-segment revenues and expenses are eliminated on consolidation.

	31 March 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	14,942,674	152,710	15,095,384	14,673,625	159,702	14,833,327
Total liabilities	8,501,977	94,173	8,596,150	8,306,227	80,704	8,386,931

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
For the three-months period ended 31 March 2022

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:

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Profit attributable to the equity holders of the parent (AED '000)		
- From continuing operations	88,211	78,567
- From discontinued operations	-	6,969
	88,211	85,536
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000)*	2,841,965	2,841,965
Basic earnings per share from continuing operations (AED)	0.031	0.028
Basic earnings per share from discontinued operations (AED)	-	0.002
Total basic earnings per share (AED)	0.031	0.030

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 31 March 2022 and 2021.

*The basic and diluted earnings per share for the period ended 31 March 2022 and 2021 have been adjusted to reflect the issuance of 69,386,375 bonus shares in 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 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
For the three-months period ended 31 March 2022

9 PROPERTY, PLANT AND EQUIPMENT

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
At beginning of the period / year	4,812,702	4,437,282
Additions	2,614	20,003
Acquisition of cooling plant / through business combination (note 8)	65,348	265,651
Transfer from Capital work in progress	-	278,145
Depreciation expense	(49,377)	(188,379)
At end of the period / year	<u>4,831,287</u>	<u>4,812,702</u>

10 FINANCE LEASE RECEIVABLES

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

	31 March 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	55,937	227,062
Variable lease payment CPI indexation	724	(37,073)
Total finance lease income	56,661	189,989
Initial recognition of new finance lease receivables	-	40,469
Lease rentals received	(84,231)	(326,830)
At the end of the period / year	<u>2,984,708</u>	<u>3,012,278</u>

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

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Current	321,707	323,588
Non-current	2,663,001	2,688,690
	<u>2,984,708</u>	<u>3,012,278</u>

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the interim condensed consolidated financial statements
For the three-months period ended 31 March 2022

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:

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Cash on hand	836	1,191
Bank balances	553,332	353,026
Bank deposits	924,845	843,056
Cash and cash equivalents	<u>1,479,013</u>	<u>1,197,273</u>

Geographical concentration of cash and cash equivalents is as follows:

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Within UAE	1,446,156	1,166,399
Outside UAE	32,857	30,874
	<u>1,479,013</u>	<u>1,197,273</u>

12 INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Term loan 1	LIBOR + margin	1,875,871	1,873,755
Term loan 2	LIBOR + margin	334,721	334,297
Term loan 3	EIBOR + margin	140,767	146,474
Term loan 4	5.75%	112,341	115,067
Term loan 5	EIBOR + margin	59,584	60,455
		<u>2,523,284</u>	<u>2,530,048</u>

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
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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:

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Current portion	34,081	35,014
Non-current portion	2,489,203	2,495,034
	<u>2,523,284</u>	<u>2,530,048</u>

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

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Movement		
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	(9,456)	(27,800)
Transaction cost – amortised	2,692	9,725
At the end of the period / year	<u>2,523,284</u>	<u>2,530,048</u>

Included in the interest bearing loans and borrowing is an amount of AED 39.1 million (31 December 2021: AED 41.8 million) of unamortised transaction cost.

13 ISLAMIC FINANCING ARRANGEMENT

	Effective interest rate	31 March 2022 AED '000 (unaudited)	31 December 2021 AED '000 (audited)
Islamic financing arrangement - I	LIBOR + margin	633,705	632,990
Islamic financing arrangement - II	LIBOR + margin	308,974	308,422
		<u>942,679</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:

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Current portion	8,418	8,418
Non-current portion	934,261	932,994
	942,679	941,412

Included in the Islamic financing arrangement is an amount of AED 19.4 million (31 December 2021: AED 20.7 million) of unamortised transaction cost.

14 NON-CONVERTIBLE BONDS AND SUKUK

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Non-convertible Bonds (i)	1,812,872	1,811,894
Non-convertible Sukuk (ii)	1,831,497	1,831,186
	3,644,369	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 23.6 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 4.5 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

	Three-months period ended	
	31 March (unaudited)	
	2022	2021
	AED '000	AED '000
Interest on interest bearing loans and borrowing	19,867	14,058
Interest on bonds	11,489	11,489
Profit on sukuk	25,306	25,306
Profit on Islamic financing arrangement	6,682	2,991
Amortization	4,358	4,295
Finance charges on lease liabilities	3,295	3,578
Others	1,484	482
	72,481	62,199

16 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted as at 31 March 2022 but not provided for amounted to AED 321 million (31 December 2021: AED 195 million) and relates to capital work in progress.

Contingencies

	At 31 March	At 31 December
	2022	2021
	AED '000	AED '000
	(Unaudited)	(Audited)
Performance guarantees	97,708	96,508
Advance payment guarantees	633	633
Financial guarantees	50	50
	98,391	97,191

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17 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-months period ended			
	31 March 2022 (unaudited)		31 March 2021 (unaudited)	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	2,833	14,885	4,533	15,670
Joint Venture	-	-	1,216	-
Non-controlling interest shareholders	52,095	-	43,098	-

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

	31 March 2022 (unaudited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	11,224	36,909
Non-controlling interest shareholders	45,184	-
	56,408	36,909

	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

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17 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

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

	Three-months period ended 31 March	
	2022	2021
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,407	2,381
Employees' end of service benefits	42	42
	2,449	2,423
Number of key management personnel	5	5

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.

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19 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.

20 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>31 March 2022</i>	<i>31 December 2021</i>				
	<i>"000"</i>	<i>"000"</i>				
	<i>(unaudited)</i>	<i>(audited)</i>				
	<i>AED</i>	<i>AED</i>				
<i>Trade and other receivables</i>						
<i>Derivative financial assets (liabilities)</i>	131,590	(14,262)	Level 2	Significant Observable inputs.	None	Not applicable

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

21 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 11 May 2022.