



National Central Cooling Company PJSC

**REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024**



NATIONAL CENTRAL COOLING COMPANY PJSC
Interim condensed consolidated financial statements
For the three months period ended 31 March 2024

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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 2024, comprising of the interim consolidated statement of financial position as at 31 March 2024, and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three month period then ended and material accounting policy information. 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 May 2024
Abu Dhabi

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of profit or loss (unaudited)
For the three months period ended 31 March 2024

	Notes	Three months ended 31 March	
		2024 AED'000	2023 AED'000
Revenue	5	468,104	463,712
Direct costs		(229,634)	(224,144)
Gross profit		238,470	239,568
Administrative and other expenses		(76,435)	(67,558)
Operating profit		162,035	172,010
Finance costs	15	(60,457)	(73,864)
Finance income		20,980	16,191
Other gains and losses, net		553	119,130
Share of results of associates and joint ventures, net		6,240	8,983
Profit before tax		129,351	242,450
Income tax expense	16	(10,040)	-
Profit for the period		119,311	242,450
Attributable to:			
Equity holders of the parent		112,133	236,363
Non-controlling interest		7,178	6,087
		119,311	242,450
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	0.039	0.083

The attached notes 1 to 24 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of comprehensive income (unaudited)
For the three months period ended 31 March 2024

	Three months ended 31 March	
	2024 AED'000	2023 AED'000
Profit for the period	119,311	242,450
Other comprehensive (loss) income		
Exchange difference on translation of foreign operations	(2,842)	1,351
Net movement in fair value of derivatives in cash flow hedges	(16,097)	(44,817)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	14,484	(4,003)
Net other comprehensive loss that may be reclassified subsequently to profit or loss	(4,455)	(47,469)
Reclassification of fair value of derivatives in cash flow hedges to profit or loss statement upon termination (note 12)	-	(100,604)
Net other comprehensive loss reclassified to profit or loss	-	(100,604)
	(4,455)	(148,073)
Total comprehensive income for the period	114,856	94,377
Attributable to:		
Equity holders of the parent	107,678	88,290
Non-controlling interest	7,178	6,087
	114,856	94,377

The attached notes 1 to 24 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of financial position
As at 31 March 2024

		31 March 2024 (Unaudited) AED '000	31 December 2023 (Audited) AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	8, 22	4,436,761	4,471,687
Capital work in progress		318,969	258,276
Right-of-use assets	22	265,200	271,017
Intangible assets		4,023,623	4,049,445
Investments in associates and joint ventures		641,598	622,390
Finance lease receivables	9	2,492,856	2,522,872
Long term deposits	10	14,309	14,309
		<u>12,193,316</u>	<u>12,209,996</u>
Current assets			
Inventories		70,677	69,693
Trade and other receivables		635,472	691,040
Finance lease receivables	9	335,880	333,157
Cash and bank balances	11	1,632,918	1,509,804
		<u>2,674,947</u>	<u>2,603,694</u>
Total assets		<u>14,868,263</u>	<u>14,813,690</u>
EQUITY AND LIABILITIES			
Equity			
Issued share capital		2,845,261	2,845,261
Treasury shares		(3,296)	(3,296)
Statutory reserve		565,453	565,453
Retained earnings		2,433,193	2,762,076
Foreign currency translation reserve		(910)	1,932
Cumulative changes in fair value of derivatives in cash flow hedges		144,488	146,101
Equity attributable to the equity holders of the parent		<u>5,984,189</u>	<u>6,317,527</u>
Non-controlling interests		607,154	625,715
Total equity		<u>6,591,343</u>	<u>6,943,242</u>
Liabilities			
Non-current liabilities			
Trade and other payables		277,470	268,666
Interest bearing loans and borrowings	12	129,900	1,976,915
Islamic financing arrangement	13	-	638,135
Non-convertible bonds and sukuk	14	3,511,840	3,532,495
Deferred tax liabilities	16	356,409	358,795
Lease liabilities		166,375	176,999
Employees' end of service benefits		46,639	45,258
		<u>4,488,633</u>	<u>6,997,263</u>
Current liabilities			
Trade and other payables		1,193,181	759,098
Interest bearing loans and borrowings	12	1,903,895	61,037
Islamic financing arrangement	13	638,767	-
Lease liabilities		52,444	53,050
		<u>3,788,287</u>	<u>873,185</u>
Total liabilities		<u>8,276,920</u>	<u>7,870,448</u>
Total equity and liabilities		<u>14,868,263</u>	<u>14,813,690</u>



Khaled Abdulla Al Qubaisi
Chairman



Khalid Abdulla Al Marzooqi
Chief Executive Officer



Adel Al Wahedi
Chief Financial Officer

The attached notes 1 to 24 form part of the interim condensed consolidated financial statements



NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of changes in equity
For the three months period ended 31 March 2024

	Attributable to equity holders of the parent							Total equity AED '000	
	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
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	-	-	-	236,363	-	-	236,363	6,087	242,450
Other comprehensive loss for the period	-	-	-	-	1,351	(149,424)	(148,073)	-	(148,073)
Total comprehensive income for the period	-	-	-	236,363	1,351	(149,424)	88,290	6,087	94,377
Dividend paid to shareholders (note 19)	-	-	-	(384,111)	-	-	(384,111)	-	(384,111)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(23,400)	(23,400)
Balance at 31 March 2023 (unaudited)	2,845,261	(3,296)	522,947	2,609,509	2,502	202,066	6,178,989	661,952	6,840,941
Balance at 1 January 2024 (audited)	2,845,261	(3,296)	565,453	2,762,076	1,932	146,101	6,317,527	625,715	6,943,242
Profit for the period	-	-	-	112,133	-	-	112,133	7,178	119,311
Other comprehensive loss for the period	-	-	-	-	(2,842)	(1,613)	(4,455)	-	(4,455)
Total comprehensive income for the period	-	-	-	112,133	(2,842)	(1,613)	107,678	7,178	114,856
Dividend payable to shareholders (note 19)	-	-	-	(441,016)	-	-	(441,016)	-	(441,016)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(25,739)	(25,739)
Balance at 31 March 2024 (unaudited)	2,845,261	(3,296)	565,453	2,433,193	(910)	144,488	5,984,189	607,154	6,591,343

The attached notes 1 to 24 form part of the interim condensed consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC

Interim consolidated statement of cash flows (unaudited) For the three months period ended 31 March 2024

	Notes	Three months ended 31 March	
		2024 AED '000	2023 AED '000
Operating activities			
Profit before tax		129,351	242,450
Non-cash adjustments:			
Depreciation of property, plant and equipment	8	49,783	49,845
Depreciation of right-of-use assets		7,267	6,031
Amortisation of intangible assets		25,822	27,919
Finance lease income	9	(60,033)	(74,670)
Share of results of associates and joint ventures		(6,240)	(8,983)
Provision for employees' end of service benefits		1,445	1,320
Finance income		(20,980)	(16,191)
Finance costs	15	60,457	73,864
Other income and charges		(553)	(119,130)
Operating cash flows before changes in working capital		186,319	182,455
Working capital changes:			
Inventories		(984)	(6,477)
Trade and other receivables		31,255	82,995
Trade and other payables		(60,199)	(22,075)
Lease rentals received	9	87,326	86,436
Employees' end of service benefits paid		(64)	(607)
Net cash flows generated from operating activities		243,653	322,727
Investing activities			
Purchase of property, plant and equipment	8	(5,727)	(1,241)
Payments for capital work in progress		(50,820)	(15,653)
Finance income received		19,741	17,561
Net cash flows (used in) from investing activities		(36,806)	667
Financing activities			
Interest bearing loans and borrowings repaid		(3,556)	(348,652)
Sukuk purchased		(22,035)	-
Islamic financing arrangement repaid		-	(312,371)
Principal portion of lease payments		(15,542)	(13,187)
Finance costs paid		(16,861)	(9,721)
Dividends paid to non-controlling interests		(25,739)	(23,400)
Net cash flows used in financing activities		(83,733)	(707,331)
Net increase (decrease) in cash and cash equivalents		123,114	(383,937)
Cash and cash equivalents at 1 January		1,509,804	1,773,301
Cash and cash equivalents at 31 March	11	1,632,918	1,389,364

The attached notes 1 to 24 form part of the interim condensed consolidated financial statements

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (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. (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 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 Dirham (AED), which is the reporting 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 2023. In addition, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (unaudited)

3 MATERIAL ACCOUNTING POLICY INFORMATION

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 2023, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

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 is subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes are accounted for as appropriate in the consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (unaudited)

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 2023.

5 Revenue

	<i>Three months period ended</i>	
	<i>31 March (unaudited)</i>	
	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Revenue from supply of chilled water business segment	448,093	446,864
Revenue from value chain business segment	20,011	16,848
	468,104	463,712
<i>Timing of transfer of goods and services:</i>		
At a point in time	8,849	7,920
Over time	459,255	455,792
	468,104	463,712
<i>Geographical location:</i>		
Inside UAE	444,974	440,519
Outside UAE	23,130	23,193
	468,104	463,712

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 pre-insulated 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.



NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (unaudited)

6 SEGMENT INFORMATION (continued)

	Three months period ended 31 March 2024 (unaudited)			Three months period ended 31 March 2023 (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	448,093	20,011	-	468,104	446,864	16,848	-	463,712
Inter-segment revenue	-	8,234	(8,234)	-	-	8,898	(8,898)	-
Total revenue	448,093	28,245	(8,234)	468,104	446,864	25,746	(8,898)	463,712
Direct costs	(217,298)	(15,155)	2,819	(229,634)	(214,117)	(13,944)	3,917	(224,144)
Gross profit	230,795	13,090	(5,415)	238,470	232,747	11,802	(4,981)	239,568
Administrative and other expenses	(71,511)	(8,888)	3,964	(76,435)	(63,179)	(7,765)	3,386	(67,558)
Operating profit	159,284	4,202	(1,451)	162,035	169,568	4,037	(1,595)	172,010
Finance costs	(60,175)	(282)	-	(60,457)	(73,577)	(287)	-	(73,864)
Finance income	20,967	13	-	20,980	16,165	26	-	16,191
Other gains and losses, net	553	-	-	553	119,130	-	-	119,130
Share of results of associates and joint ventures, net	6,240	-	-	6,240	8,983	-	-	8,983
Segment profit before tax	126,869	3,933	(1,451)	129,351	240,269	3,776	(1,595)	242,450

Inter-segment revenues and expenses are eliminated on consolidation.

	31 March 2024 (unaudited)			31 December 2023 (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	14,765,788	102,475	14,868,263	14,699,070	114,620	14,813,690
Total liabilities	8,172,961	103,959	8,276,920	7,759,816	110,632	7,870,448

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (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:

	<i>Three months period ended</i>	
	<i>31 March (unaudited)</i>	
	2024	2023
	AED'000	AED'000
Profit attributable to the equity holders of the parent (AED '000)	<u>112,133</u>	<u>236,363</u>
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000)	<u>2,841,965</u>	<u>2,841,965</u>
Total basic earnings per share (AED)	<u>0.039</u>	<u>0.083</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 31 March 2024 and 2023.

8 PROPERTY, PLANT AND EQUIPMENT

	31 March	31 December
	2024	2023
	AED '000	AED '000
	(Unaudited)	(Audited)
At beginning of the period / year	4,471,687	4,704,252
Additions	5,727	57,678
Transfer from capital work in progress	12,254	128,825
Depreciation expense	(49,783)	(209,270)
Transfer to finance lease	-	(4,412)
Disposals (i)	(3,124)	(205,386)
At end of the period / year	<u>4,436,761</u>	<u>4,471,687</u>

(i) This includes disposal of property, plant and equipment of AED 203.9 million in prior period pertaining to disposal of Tabreed Park Investment LLC (note 20).

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (unaudited)

9 FINANCE LEASE RECEIVABLES

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

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At the beginning of the period / year	2,856,029	2,902,170
Finance lease income	53,631	218,110
Variable lease payment CPI indexation	6,402	77,480
Total finance lease income	60,033	295,590
Additions	-	4,412
Lease rentals received	(87,326)	(346,143)
At the end of the period / year	2,828,736	2,856,029

Finance lease receivables are allocated in the interim condensed consolidated statement of financial position as follows:

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Current	335,880	333,157
Non-current	2,492,856	2,522,872
	2,828,736	2,856,029

10 LONG TERM DEPOSITS

During the year ended 31 December 2023, 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. These deposits are classified as non-current assets at 31 March 2024.

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (unaudited)

11 CASH AND BANK BALANCES

Cash and bank balances 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:

	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Bank balances and cash	224,292	364,245	150,061
Bank deposits	<u>1,408,626</u>	<u>1,025,119</u>	<u>1,359,743</u>
Cash and cash equivalents	<u>1,632,918</u>	<u>1,389,364</u>	<u>1,509,804</u>

Geographical concentration of cash and bank balances is as follows:

	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Within UAE	1,615,426	1,365,930	1,495,903
Outside UAE	<u>17,492</u>	<u>23,434</u>	<u>13,901</u>
	<u>1,632,918</u>	<u>1,389,364</u>	<u>1,509,804</u>

12 INTEREST BEARING LOANS AND BORROWINGS

		31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Term loan 1 (i)	SOFR / LIBOR + margin	1,889,617	1,887,623
Term loan 2	4.75% / 5.75%	44,504	50,578
Term loan 3	4.75% / 5.75%	47,677	46,759
Term loan 4	EIBOR + margin	<u>51,997</u>	<u>52,992</u>
		<u>2,033,795</u>	<u>2,037,952</u>

NATIONAL CENTRAL COOLING COMPANY PJSC
Notes to the interim condensed consolidated financial statements
31 March 2024 (unaudited)

12 INTEREST BEARING LOANS AND BORROWINGS (continued)

- (i) Effective 30 June 2023, USD LIBOR rates discontinued and were 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 successfully transitioned the loan and the associated derivative from LIBOR to SOFR in prior period with no impact on the profit or loss or equity of the Group.

The facility is repayable with a 100% bullet payment in March 2025. Accordingly, classified as a current liability at 31 March 2024.

During the prior period, as permitted by the financing agreement, the Group early settled a term loan 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'.

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

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Current portion	1,903,895	61,037
Non-current portion	129,900	1,976,915
	<u>2,033,795</u>	<u>2,037,952</u>

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

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At the beginning of the period / year	2,037,952	2,506,481
Repayments (including interest) during the period / year	(3,556)	(491,044)
Transaction cost – amortised / written off	(601)	22,515
At the end of the period / year	<u>2,033,795</u>	<u>2,037,952</u>

Included in the interest-bearing loans and borrowing is an amount of AED 15.7 million (31 December 2023: AED 15.1 million) of unamortised transaction cost.

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13 ISLAMIC FINANCING ARRANGEMENT

		31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Islamic financing arrangement (i)	SOFR / LIBOR + margin	<u>638,767</u>	<u>638,135</u>
		<u>638,767</u>	<u>638,135</u>

- (i) Effective 30 June 2023, USD LIBOR rates discontinued and were replaced by Secured Overnight Financing Rate (SOFR).

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

The facility is repayable with a 100% bullet payment in March 2025. Accordingly, classified as a current liability at 31 March 2024.

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

		31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Current portion		638,767	-
Non-current portion		-	638,135
		<u>638,767</u>	<u>638,135</u>

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13 ISLAMIC FINANCING ARRANGEMENT (continued)

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

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At the beginning of the period / year	638,135	937,391
Repayments during the period / year	-	(312,371)
Transaction cost – amortised / written off	632	13,115
At the end of the period / year	638,767	638,135

Included in the Islamic financing arrangement is an amount of AED 2.5 million (31 December 2023: AED 3.2 million) of unamortised transaction cost.

14 NON-CONVERTIBLE BONDS AND SUKUK

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Non-convertible bonds (i)	1,820,930	1,819,897
Non-convertible sukuk (ii)	1,690,910	1,712,598
	3,511,840	3,532,495

(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 15.6 million, which are amortised 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 2.3 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.

During 2024, Sukuk amounting to US\$ 6.0m were purchased from open market, with total buyback amounting to US\$ 39.0m as at 31 March 2024. During 2023, Sukuk amounting to US\$ 33.0m were purchased as part of its liability management. The Management intends to hold these instruments without cancellation.

15 FINANCE COSTS

	<i>Three months ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Interest on interest bearing loans	12,523	20,805
Profit on sukuk	25,332	25,307
Interest on bonds	11,488	11,489
Profit on Islamic financing arrangement	3,408	8,029
Amortisation of transaction costs	4,115	4,377
Finance cost related to lease liabilities	2,860	2,875
Other finance costs	731	982
	60,457	73,864

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16 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	At 31 March 2024 AED '000 (Unaudited)	At 31 March 2023 AED '000 (Unaudited)
Income taxes		
Current income tax expense	12,426	-
Deferred income tax expense relating to temporary differences	(2,386)	-
Income tax expense recognised in statement of profit or loss	10,040	-
	At 31 March 2024 AED '000 (Unaudited)	At 31 December 2023 AED '000 (Audited)
Deferred taxes		
Goodwill acquired through business combination – prior to enactment of UAE CT Law	28,729	28,729
Intangible assets acquired through business combination – prior to enactment of UAE CT Law	335,062	337,858
Fair value of PP&E	(7,382)	(7,792)
Deferred tax liabilities - net	356,409	358,795

17 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted as at 31 March 2024 amounted to AED 501 million (31 December 2023: AED 591 million) and relates to capital work in progress.

Contingencies

	At 31 March 2024 AED '000 (Unaudited)	At 31 December 2023 AED '000 (Audited)
Performance guarantees	91,638	95,453
Advance payment guarantees	2,828	2,253
Financial guarantees	8,519	8,519
	102,985	106,225

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18 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:

	Three months ended			
	31 March 2024 (unaudited)		31 March 2023 (unaudited)	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	<u>2,333</u>	<u>15,116</u>	<u>2,857</u>	<u>15,313</u>
Non-controlling interest shareholders	<u>66,987</u>	<u>-</u>	<u>57,774</u>	<u>-</u>

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

	31 March 2024 (unaudited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	<u>5,994</u>	<u>36,062</u>
Non-controlling interest shareholders	<u>61,660</u>	<u>-</u>
	<u>67,654</u>	<u>36,062</u>

	31 December 2023 (Audited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	<u>8,210</u>	<u>28,505</u>
Non-controlling interest shareholders	<u>66,625</u>	<u>-</u>
	<u>74,835</u>	<u>28,505</u>

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18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

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

	Three months period ended 31 March	
	2024	2023
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Short-term benefits	3,075	2,763
Employees' end of service benefits	35	32
	3,110	2,795
Number of key management personnel	6	6

19 DIVIDENDS AND BOARD REMUNERATION

In 2024, the Board of Directors proposed the distribution of cash dividends of 15.5 fils per share in respect of the fiscal year ended 31 December 2023. The shareholders at the Annual General Assembly Meeting held on 19 March 2024 approved the dividend. Accordingly, dividend amounting to AED 441.0 million was paid on 16 April 2024.

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 384.1 million was paid on 17 April 2023.

Furthermore, Board of Directors' remuneration of AED 8.6 million for the year ended 31 December 2023 was also approved at the Annual General Meeting held on 19 March 2024. Board remuneration of AED 8.6 million for the year ended 31 December 2022 was approved at the previous Annual General Meeting held on 19 March 2023.

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

21 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: 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 2024</i>	<i>31 December 2023</i>				
	<i>AED 000' (unaudited)</i>	<i>AED 000' (audited)</i>				
<i>Trade and other receivables</i>						
<i>Derivative financial Assets</i>	120,226	136,309	Level 2	Significant observable inputs	None	Not applicable

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

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22 COMPARATIVE INFORMATION

In order to conform with current period presentation, the comparative figures for right of use assets and property, plant and equipment in the previous period have been reclassified. Such reclassification do not affect the previously reported profit, comprehensive income or equity.

Statement of financial position as at 31 December 2023

Property, plant and equipment	Previously reported figures	Reclassification	Revised
	AED '000	AED '000	AED '000
Cost – net of impairment	6,611,896	(59,246)	6,552,650
Accumulated depreciation	(2,090,865)	9,902	(2,080,963)
Net Change	4,521,031	(49,344)	4,471,687
Right-of-use asset	Previously reported figures	Reclassification	Revised
	AED '000	AED '000	AED '000
Cost – net of impairment	339,081	59,246	398,327
Accumulated depreciation	(117,408)	(9,902)	(127,310)
Net Change	221,673	49,344	271,017

Statement of comprehensive income for the year ended 31 December 2023

	Previously reported figures	Reclassification	Revised
	AED '000	AED '000	AED '000
Direct cost			
Depreciation of property, plant and equipment	202,992	(1,171)	201,821
Depreciation right-of-use assets	14,433	1,171	15,604

This above reclassification did not affect the previously reported profit, total assets and total equity of the Company.

23 SUBSEQUENT EVENTS

The Group has purchased additional Sukuk through tendering process amounting to US\$ 200 million during the month of April 2024.

24 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 May 2024.