National Central Cooling Company PJSC
and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated financial statements
31 December 2024

Building a better working world

Ernst & Young Middle East
(Abu Dhabi Branch)
P.O. Box 136
Nation Towers, Tower 2, Floor 27
Corniche Road West
Emirate of Abu Dhabi
United Arab Emirates

Tel: +971 2 417 4400
+971 2 627 7522
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com

CL No. 1001276

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of National Central Cooling Company PJSC (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC continued

Report on the audit of the consolidated financial statements continued

Key audit matters continued

Revenue recognition
The Group generates revenue from its contracts with customers for the supply of chilled water and associated value chain in the UAE, Bahrain, and Oman through its controlled subsidiaries. A significant proportion of the Group's revenues and profits is derived from long term contracts including lease arrangements.

Revenue from the supply of chilled water is recognized over time. The Group has applied judgement in classification of certain long-term customer contracts as operating or finance leases depending on the terms and conditions of the contracts.

Revenue from the value chain business is recognized over time for supervision and design of district cooling networks and at point in time for the sale of related equipment.

The Group's revenue recognition accounting policy is included in note 2.3.2 to the consolidated financial statements.

The Group recognised revenue of AED 2,434 million for the year ended 31 December 2024. Revenue recognition is considered a key audit matter given the Group's varied nature of revenue arrangements and the magnitude of the amounts involved.

The audit procedures performed over this key audit matter include the following:

- We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls;
- We assessed the relevant controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively;
- We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and in accordance with the Group's accounting policy and the requirements of the IFRS Accounting Standards;
- We performed analytical procedures including data analytics on major revenue streams to test transaction initiation to recording process and compared the major revenue streams to prior year results;
- We obtained the key items and representative sample of revenue transactions and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
- We recalculated the finance lease income, on a sample basis, with reference to the respective lease models; and
- We assessed the disclosure in the consolidated financial statements relating to revenue recognition for compliance with the requirements of the IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC continued

Report on the audit of the consolidated financial statements continued

Key audit matters continued

Impairment assessment of goodwill
The Group has recorded goodwill amounting to AED 319 million arising from the acquisition of two of its subsidiaries.

Management carries out impairment assessments of goodwill annually. Goodwill impairment testing is considered a key audit area given the significant estimates and assumptions involved in determining the value in use of the respective cash generating units. These estimates and assumptions relate to future cash flows, consumer price index and discount rates.

The audit procedures performed over this key audit matter include the following:

- We tested, together with our valuation specialists, the Group's impairment testing methodology and inputs used in the models as well as the assumptions relating to consumer price index and discount rates;
- We tested the mechanical accuracy of the cash flow models;
- We assessed the sensitivity of available headroom in the respective CGUs to changes in key assumptions;
- We compared actual performance of cash generating units to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates;
- We performed earnings multiples cross checks in comparison with other comparable businesses to assess the impairment testing model outcomes; and
- We assessed the adequacy of the disclosure in the consolidated financial statements in compliance with the requirements of the IFRS Accounting Standards.

Other information
Other information consists of the information included in the Group's Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC continued

Report on the audit of the consolidated financial statements continued

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Memorandum of Association of the Company and the UAE Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC continued

Report on the audit of the consolidated financial statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC continued

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2024:

i) the Group has maintained proper books of account;

ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, and the Memorandum of Association of the Company;

iv) investments in shares are included in note 9, 12 and 13 to the consolidated financial statements and include the purchases and investments made by the Group during the year ended 31 December 2024;

v) note 30 reflects material related party transactions and the terms under which they were conducted;

vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2024; and

vii) note 1 reflects the social contributions made during the year.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (88) of 2021 regarding financial statements Audit Standards for the Subject Entities, we report that, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2024:

i) Its Memorandum of Association or Law of Establishment which would materially affect its activities or its consolidated financial position as at 31 December 2024; and

ii) Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

For Ernst & Young

Raed Ahmad
Registration No 811

13 February 2025
Abu Dhabi, United Arab Emirates

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated statement of profit or loss
For the year ended 31 December 2024

	Notes	For the year ended 31 December 2024 AED '000	2023 AED '000
Revenues	3	2,433,769	2,415,475
Direct costs	6.1	(1,352,734)	(1,333,390)
Gross profit		1,081,035	1,082,085
Provision for expected credit losses on trade receivables	20	(906)	(3,895)
Administrative and other expenses	6.2	(287,047)	(272,446)
Operating profit		793,082	805,744
Finance costs	5	(215,263)	(264,623)
Finance income		40,893	60,540
Other gains and losses, net	6.4	5,965	148,770
Share of results of associates and joint ventures, net	12, 13	37,598	34,923
Profit before tax		662,275	785,354
Income tax expense	14	(59,523)	(358,795)
Profit for the year		602,752	426,559
Attributable to:			
Equity holders of the parent		570,219	431,141
Non-controlling interests		32,533	(4,582)
		602,752	426,559
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	0.20	0.15

Consolidated statement of comprehensive income
For the year ended 31 December 2024

	Notes	For the year ended 31 December 2024 AED '000	2023 AED '000
Profit for the year		602,752	426,559
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net movement in fair value of derivatives in cash flow hedges related to Interest Rate Swaps ("IRS")	20	(113,022)	(99,952)
Share of changes in fair value of derivatives of associates in cash flow hedges related to IRS	12	12,146	(4,833)
Exchange differences arising on translation of overseas operations		(2,297)	781
Net other comprehensive loss that may be reclassified subsequently to profit or loss		(103,173)	(104,004)
Reclassification of fair value of derivatives in cash flow hedges to profit or loss statement upon termination (note 24)		-	(100,604)
Net other comprehensive loss reclassified to profit or loss		-	(100,604)
Total comprehensive income for the year		499,579	221,951
Attributable to:			
Equity holders of the parent		467,046	226,533
Non-controlling interests		32,533	(4,582)
		499,579	221,951

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NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated statement of financial position
As at 31 December 2024

		As at 31 December	
		2024	2023
ASSETS	**Notes**	**AED '000**	AED '000
Non-current assets			
Capital work in progress	10	**306,576**	258,276
Property, plant and equipment	11	**4,449,578**	4,471,687
Right-of-use assets	17	**252,936**	271,017
Intangible assets	15	**3,981,139**	4,049,445
Investments in associates and joint ventures	12,13	**622,420**	622,390
Finance lease receivables	16	**2,444,732**	2,522,872
Long term deposits	18	**9,538**	14,309
		12,066,919	12,209,996
Current assets			
Inventories		**74,195**	69,693
Trade and other receivables	20	**615,207**	717,473
Finance lease receivables	16	**338,440**	333,157
Cash and bank balances	21	**1,022,776**	1,509,804
		2,050,618	2,630,127
Total assets		**14,117,537**	14,840,123
EQUITY AND LIABILITIES			
Equity			
Issued capital	22	**2,845,271**	2,845,261
Treasury shares		**(3,314)**	(3,296)
Statutory reserve	23	**625,728**	565,453
Retained earnings		**2,831,012**	2,762,076
Foreign currency translation reserve		**(365)**	1,932
Cumulative changes in fair value of derivatives in cash flow hedges		**45,225**	146,101
Equity attributable to the equity holders of the parent		**6,343,557**	6,317,527
Non-controlling interests		**618,313**	625,715
Total equity		**6,961,870**	6,943,242
Liabilities			
Non-current liabilities			
Trade and other payables	28	**331,580**	268,666
Interest bearing loans and borrowings	24	**133,380**	1,976,915
Islamic financing arrangement	25	**-**	638,135
Non-convertible Bonds and Sukuk	26	**1,824,082**	3,532,495
Lease liabilities	19	**139,944**	176,999
Deferred tax liabilities	14	**360,941**	358,795
Employees' end of service benefits	27	**50,179**	45,258
		2,840,106	6,997,263
Current liabilities			
Trade and other payables	28	**765,285**	785,531
Interest bearing loans and borrowings	24	**1,911,230**	61,037
Islamic financing arrangement	25	**640,666**	-
Non-convertible Bonds and Sukuk	26	**946,466**	-
Lease liabilities	19	**51,914**	53,050
		4,315,561	899,618
Total liabilities		**7,155,667**	7,896,881
Total equity and liabilities		**14,117,537**	14,840,123

Dr. Bakheet Al Katheeri
Chairman

Khalid Abdulla Al Marzooqi
Chief Executive Officer

Adel Al Wahedi
Chief Financial Officer

The attached notes 1 to 35 form part of these consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated statement of changes in equity
As at 31 December 2024

	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 in cash flow hedges AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2023	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 year	-	-	-	431,141	-	-	431,141	(4,582)	426,559
Other comprehensive loss for the year	-	-	-		781	(205,389)	(204,608)		(204,608)
Total comprehensive income for the year	-	-	-	431,141	781	(205,389)	226,533	(4,582)	221,951
Transfer to statutory reserve	-	-	42,656	(42,656)	-	-	-	-	-
Dividends paid to shareholders (Note 8)	-	-	-	(383,666)	-	-	(383,666)	-	(383,666)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(48,966)	(48,966)
Others	-	-	(150)	-	-	-	(150)	(2)	(152)
Balance at 31 December 2023	2,845,261	(3,296)	565,453	2,762,076	1,932	146,101	6,317,527	625,715	6,943,242
Balance at 1 January 2024	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 year	-	-	-	570,219	-	-	570,219	32,533	602,752
Other comprehensive loss for the year	-	-	-	-	(2,297)	(100,876)	(103,173)	-	(103,173)
Total comprehensive income for the year	-	-	-	570,219	(2,297)	(100,876)	467,046	32,533	499,579
Transfer to statutory reserve	-	-	60,275	(60,275)	-	-	-	-	-
Dividends paid to shareholders (Note 8)	-	-	-	(441,016)	-	-	(441,016)	-	(441,016)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(27,832)	(27,832)
Increase in share capital in a subsidiary	-	-	-	-	-	-	-	7,897	7,897
Repayment of shareholder contribution to non-controlling interest	-	-	-	-	-	-	-	(20,000)	(20,000)
Other Movements	10	(18)	-	8	-	-	-	-	-
Balance at 31 December 2024	2,845,271	(3,314)	625,728	2,831,012	(365)	45,225	6,343,557	618,313	6,961,870

The attached notes 1 to 35 form part of these consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated statement of cash flows
For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 AED '000	2023 AED '000
Operating activities			
Profit before tax		662,275	785,354
Non-cash adjustments:			
Depreciation of property, plant and equipment	11	202,665	209,270
Depreciation of right-of-use assets	17	31,077	29,677
Amortisation of intangible assets	15	112,181	102,645
Finance lease income	3	(238,803)	(295,590)
Share of results of associates and joint ventures	12,13	(37,598)	(34,923)
Provision for employees' end of service benefits	27	8,572	8,062
Other gains and losses, net		(5,965)	(148,770)
Provision for impairment of trade receivables	20	906	3,895
Finance income		(40,893)	(60,540)
Finance costs	5	215,263	264,623
Net operating cash flows before changes in working capital		909,680	863,703
Working capital changes:			
Inventories		(4,502)	(9,664)
Trade and other receivables		2,619	6,179
Trade and other payables		(66,858)	84,247
Cash generated from operations		840,939	944,465
Lease rentals received	16	351,676	346,143
Employees' end of service benefits paid	27	(3,651)	(5,510)
Net cash flows generated from operating activities		1,188,964	1,285,098
Investing activities			
Purchase of property, plant and equipment	11	(20,263)	(59,772)
Payments for capital work in progress		(196,413)	(120,602)
Additions to Intangibles		(40,058)	-
Proceeds from disposal of interest in joint ventures	13	17,468	-
Proceeds from disposal of interest in subsidiary	29.1	-	68,067
Dividend received from a joint venture	13	11,000	-
Dividends received from associates	12	10,288	11,565
Disposal of property, plant and equipment		-	1,458
Proceeds from (Investment in) long term deposits		4,771	(14,309)
Finance income received		36,102	59,610
Net cash flows used in investing activities		(177,105)	(53,983)
Financing activities			
Interest bearing loans and borrowings drawn		104,883	-
Interest bearing loans and borrowings repaid		(104,343)	(358,566)
Sukuk purchased	26	(767,545)	(121,193)
Islamic financing arrangement repaid		-	(312,371)
Principal elements of lease payments	19	(51,219)	(43,672)
Finance cost paid on lease liabilities	19	(12,413)	(12,845)
Finance cost paid		(187,299)	(213,333)
Additional minority contribution in subsidiary		7,897	-
Dividends paid to shareholders	8	(441,016)	(383,666)
Repayment of shareholder contribution to NCI		(20,000)	-
Dividends paid to non-controlling interests		(27,832)	(48,966)
Net cash flows used in financing activities		(1,498,887)	(1,494,612)
Net decrease in cash and cash equivalents		(487,028)	(263,497)
Cash and cash equivalents at 1 January		1,509,804	1,773,301
Cash and cash equivalents at 31 December	21	1,022,776	1,509,804

The attached notes 1 to 35 form part of these consolidated financial statements.

1 General information

National Central Cooling Company PJSC ("Tabreed" or the "Company" or the "parent") 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.

The principal activities of the Company and its subsidiaries (the "Group") are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy. Activities of subsidiaries are described in note 9 to the consolidated financial statements.

The Group's non-convertible bonds and sukuk are listed in the London Stock Exchange (note 26). The Group has made social contributions of AED 0.4 million during the year (2023: AED 0.5 million).

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13th February 2025.

2.1 Basis of preparation and going concern

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), IFRIC Interpretations and applicable requirements of the laws in the UAE.

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

As at 31 December 2024, the Group's current liabilities exceeds the current assets by AED 2,265 million. The Group carries loans and borrowings, Islamic financing arrangements and non-convertible sukuk totalling to AED 3,498 million due for settlement during 2025. These factors indicate the existence of uncertainty, which may cast a doubt on the Group's ability to continue as a going concern. The Group is actively engaged with financial institutions and debt market stakeholders in evaluating refinancing options to secure long-term additional funding or restructure existing debt to meet these financial obligations during 2025. In light of the above, management assessed the Group's ability to continue as a going concern for the next 12 months from the date of issuance of the consolidated financial statements and concluded that the Group will continue as a going concern. As a result, the consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the "Group") as at 31 December 2024 over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2.2 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses the control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

For changes in ownership interests the Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss.

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidate statement of profit or loss.

2.3 Material accounting policies

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

In business combination achieved in stages, the Group remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in the consolidated profit or loss. If the Group have previously recognised changes in the value of its equity interest in the acquiree in other comprehensive income, it will reclassify this to consolidated profit or loss on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

2.3 Material accounting policies (continued)

2.3.1 Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS Accounting Standards.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.3.2 Revenue recognition

The Group recognizes revenue from the following major sources:

- Supply of chilled water
- Rendering of services
- Interest income

The Group recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2.3 Material accounting policies (continued)

2.3.2 Revenue recognition (continued)

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation: The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of allowances and rebates. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group’s activities, as described below.

(a) Supply of chilled water

Revenue from supply of chilled water comprises the following principle services:

Capacity revenue: represents availability of the service and performance obligation is satisfied over time as the customers make use of the service and network. The billing is done monthly in arrears.

Consumption revenue: represents revenue from consumption of the output of assets used by the customers. Revenue is recognised over time. The billing is done monthly in arrears.

(b) Rendering of services (value chain business)

This mainly represents supervision and design services provided to customers. Revenue from services is recognised as services are rendered. Revenue is recognised over time using the output method.

(c) Interest income

Interest income including interest on finance lease receivable is recognised as the interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset. For details on finance lease refer to note 16. Finance income on finance lease receivables is included in revenue due to its operating nature.

2.3 Material accounting policies (continued)

2.3.3 Foreign currencies

The consolidated financial statements are presented in AED, which is the parent Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which an entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented United Arab Emirates Dirham (AED), which is functional currency of the company and its material subsidiaries.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the consolidated statement of profit or loss with the exception of monetary items that provide an effective hedge of a net investment in a foreign operation. These are recognised in the consolidated statement of comprehensive income until the disposal of the net investment, at which time the cumulative amount is reclassified/recycled to the consolidated statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

The assets and liabilities of foreign operations are translated into AED at the rate of exchange ruling at the reporting date and their statement of profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in the statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.3 Material accounting policies (continued)

2.3.4 Capital work in progress

Capital work in progress is recorded at cost incurred by the Group for the construction of the plants and distribution network, less impairment. Capital work-in-progress is not depreciated. Allocated costs directly attributable to the construction of the assets are capitalised. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed, and it is available for use.

2.3.5 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of profit or loss over the term of the borrowings using the effective interest method. Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer settlement of the liabilities for more than twelve months after the reporting date.

Borrowing costs (including finance costs on lease liabilities) that are directly attributable to the acquisition or construction of a qualifying asset are capitalised (net of interest income on temporary investment of borrowings) as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed and suspended projects or not attributable to qualifying assets are expensed in the period in which they are incurred. During the year ended 31 December 2024, no borrowing cost was capitalised (2023: nil).

2.3.6 Trade and other payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and related assets	30 years
Buildings	50 years
Distribution networks	50 years
Furniture and fixtures	3 to 10 years
Office equipment and instruments	3 to 15 years
Motor vehicles	4 to 5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3 Material accounting policies (continued)

2.3.7 Property, plant and equipment (continued)

Depreciation of these assets commences when the assets are ready for their intended use. Cessation of depreciation occurs on the disposal or retirement of the item of property, plant and equipment.

The Group performs regular major overhauls of equipment of its district cooling plants. When each major overhaul is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. The cost recognised is depreciated over the period till the next planned major overhaul.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the year the asset is derecognised.

2.3.8 Leases

The Group as a lessee

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates are included in the lease payments and are remeasured using the prevailing index or rate at the measurement date.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.3 Material accounting policies (continued)

2.3.8 Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets relate to land, plant, building and motor vehicles.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset to the customers are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Where the Group determines that the cooling service agreements to contain an operating lease, capacity payments are recognised as operating lease rentals on a systematic basis to the extent that capacity has been made available to the customers during the year. Rental income arising from operating leases on chilled water plants is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Finance lease

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group reviews the contractual arrangements it enters into with its customers. In instances where the contract conveys the right to control the use of the identified asset for substantially all the economic benefits and the right to direct the use, such contracts are accounted for as a finance lease. The amounts due from the lessee are recorded in the statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments (including in-substance fixed payments), less any lease incentives (for e.g. reimbursement of maintenance fee); variable lease payments that depend on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

2.3 Material accounting policies (continued)

2.3.8 Leases (continued)

The Group as a lessor (continued)

Finance lease (continued)

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rental rates. The payments are included in the lease payments and are measured/remeasured using the prevailing index or rate at the measurement date (e.g. lease commencement date for initial measurement or at the time when new CPI rate is available).

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2.3.9 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the consolidated carrying amount of the investment and goodwill is neither amortised nor individually tested for impairment. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

2.3 Material accounting policies (continued)

2.3.9 Investments in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss where appropriate.

2.3.10 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in retained earnings.

2.3.11 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2.3 Material accounting policies (continued)

2.3.11 Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2.3.12 Financial instruments

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2.3 Material accounting policies (continued)

2.3.12 Financial instruments (continued)

Financial assets (continued)
Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through profit or loss

The Group has the following financial assets:

Financial assets at amortised cost
The Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include a certain portion of trade and other receivables, contract assets, finance lease receivables, due from related parties, and cash and bank balances etc.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial assets at fair value through OCI (debt instruments)
A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.3 Material accounting policies (continued)

2.3.12 Financial instruments (continued)

Financial assets (continued)
Financial assets at fair value through OCI (debt instruments) (continued)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of profit or loss when the right of payment has been established.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.3 Material accounting policies (continued)

2.3.12 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Write-off

Receivables are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, due to related parties, lease liabilities and interest bearing loans and borrowings, Islamic financing arrangements and non-convertible Bonds and Sukuks etc.

2.3 Material accounting policies (continued)

2.3.12 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)
Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and borrowings.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement principles

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. The fair values of investments in mutual funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments including treasury bills, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving such investments, current market value of instruments which are substantially the same or is based on the expected discounted cash flows.

The fair value of unquoted investments, forward exchange contracts, interest rate swaps and options (if any) is determined by reference to discounted cash flows, pricing models or over-the-counter quotes.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

2.3 Material accounting policies (continued)

2.3.12 Financial instruments (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group always recognises lifetime ECL for trade receivables, contract assets and retention receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Significant increase in credit risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

2.3 Material accounting policies (continued)

2.3.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.14 Provisions

(a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Management reviews its contracts annually.

(b) Decommissioning liability

The Group records a provision for decommissioning costs of removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

2.3 Material accounting policies (continued)

2.3.14 Provisions (continued)

(c) Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.3.15 Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees' salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

2.3.16 Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognised in the consolidated statement of profit or loss under 'Net gain from dealing in foreign currencies and derivatives'.

Embedded derivatives
Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.3 Material accounting policies (continued)

2.3.17 Hedge accounting

Derivatives designated as hedges are classified as either: (i) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; (ii) cash flow hedges which hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or (iii) a hedge of net investment which are accounted similarly to a cash flow hedge. Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow, provided the criteria are met.

At the inception of a hedging relationship, to qualify for hedge accounting, the Group documents the relationship between the hedging instruments and the hedged items as well as its risk management objective and its strategy for undertaking the hedge. The Group also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in OCI. The Group has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at FVTOCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognised in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortised cost or at FVTOCI) arising from the hedged risk is amortised to profit or loss commencing no later than the date when hedge accounting is discontinued.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

2.3 Material accounting policies (continued)

2.3.17 Hedge accounting (continued)

(b) Cash flow hedges (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognised immediately in profit or loss.

(c) Hedge effectiveness testing

To qualify for hedge accounting, the Group requires that at the inception of the hedge and on an ongoing basis:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets all of the hedge effectiveness requirements, i.e.;
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

(d) Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in consolidated statement of profit or loss.

2.3.18 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as asset held for sale, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

2.3 Material accounting policies (continued)

2.3.18 Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as asset held for sale. External valuers are involved for valuation of significant assets, such as land. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Group’s external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 34.

2.3 Material accounting policies (continued)

2.3.19 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

2.3.20 Cash dividend and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. As per the laws and regulation applicable in UAE, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Gain or loss on re-measurement is recognised in consolidated statement of profit or loss and then the revalued amount of the asset is recognised as debit in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

2.3.21 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables include trade receivables for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value (approximately transaction price) and subsequently measured at amortised cost using the effective interest method, less loss provision. A provision for impairment of trade receivables is established based on the expected lifetime losses to be recognised from initial recognition of the receivables.

When a trade and contract receivables are uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

2.3 Material accounting policies (continued)

2.3.22 Intangible assets

2.3.22 (i) Customer contracts

Customer contracts acquired in the business combination have been initially recognised at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, customer contracts are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation of customer contracts is recognised in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Amortization is calculated on a straight-line basis over the life of the contracts in the range of 25 to 50 years.

2.3.22 (ii) Other contracts

Other contracts mainly represent contractual rights, acquired in the business combination which have been initially recognised at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, these contracts are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation of other contracts is recognised in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives of 25 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate

2.3.23 Assets classified as held for sale and discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of Operations; or
- Is a subsidiary acquired exclusively with a view to resale.

2.3 Material accounting policies (continued)

2.3.23 Assets classified as held for sale and discontinued operation (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation, if any, is presented separately in the consolidated statement of profit or loss.

2.3.24 Value added tax (VAT)

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.3.25 Segment reporting

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) are managed on a Group basis and are not allocated to operating segments.

2.3.26 Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

2.3 Material accounting policies (continued)

2.3.26 Taxation (continued)

Deferred tax (continued)
When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3 Material accounting policies (continued)

2.3.27 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.3.28 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.4 Change in material accounting polices – new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, 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.

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

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

UAE Corporate Tax Law disclosures

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.

2.4 Change in material accounting polices – new and amended standards and interpretations (continued)

UAE Corporate Tax Law disclosures (continued)

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 (note 14).

International Tax Reform - Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy.

The Group is currently not in scope of Pillar Two legislation as its consolidated revenue does not exceed the €750 million threshold.

UAE, where the headquarter of the Group is based, published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 24 November 2023, as part of its commitment to the OECD guidelines. The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. The implementation of these rules in the UAE is still pending additional Cabinet Decisions, and the specific form and manner of implementation are yet to be determined.

It is expected that the UAE will implement the Domestic Minimum Top-up Tax (DMTT) in 2025. The Group will continue to monitor the legislation and assess the need for any potential top-up tax when the legislation becomes effective, in accordance with the IAS 12 Amendments and considering the transitional Country-by-Country (CbC) safe harbour relief.

2.5 Standards and Interpretations in issue but not yet effective

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

- Lack of exchangeability – Amendments to IAS 21
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

2.6 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management — Note 33
- Financial instruments risk management and policies — Note 33
- Sensitivity analysis disclosures — Note 33

2.6.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determining lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management determines whether an arrangement is, or contains, a lease based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company enters into Customer Cooling Services Agreements (the "Agreements") with its customers. To the extent such agreements are determined to contain a lease whether the Company has retained or transferred the significant risks and rewards of ownership of the related assets.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

2.6 Significant accounting judgements, estimates and assumptions (continued)

2.6.1 Judgments (continued)

(b) Lessor accounting policy

Under the new guidance provided by IFRS 16, the definition of lease payments has been changed to include the variable lease payments that are based on an index or a rate as part of the net lease investment.

(c) Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and the useful lives of assets.

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority rules and veto rights etc;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities;
- rules for appointing key management personnel; and
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity etc.

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the consolidated financial statements when they occur.

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises expected credit loss for trade receivables, finance lease receivable, due from related parties and cash and bank balances, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

2.6 Significant accounting judgements, estimates and assumptions (continued)

2.6.2 Estimates and assumptions (continued)

(a) Impairment of financial assets (continued)

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

At the reporting date, gross trade receivables and amounts due from related parties amounted to AED 444.2 million (2023: AED 443.6 million) with provision for impairment (expected credit losses) of AED 27.6 million (2023: AED 27.4 million). During the year, the Group recognised provision for expected credit losses in the consolidated statement of profit or loss amounting to AED 0.9 million (2023: provision of AED 3.9 million).

At the reporting date, gross finance lease receivables were AED 2,819.9 million (2023: AED 2,892.7 million) and provision for impairment at 31 December 2024 was AED 36.7 million (2023: AED 36.7 million).

3 Impairment of non-financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's cash generating units. A broad range of internal and external factors is considered as part of the indicator review process, where necessary, an impairment assessment is performed. Impairment testing requires an estimation of the fair values less cost to sell and value in use of the cash generating units. The recoverable amounts require the Group to estimate the amount and timing of future cash flows, terminal value of the assets and choose a suitable discount rate in order to calculate the present value of the cash flows. The net carrying amounts of non-financial assets affected by the above estimations are mainly property, plant and equipment, goodwill, customer contract, and other contract assets. Goodwill is tested for impairment on an annual basis. Goodwill is allocated to respective cash generating units.

3 Revenues

	Year ended 31 December 2024 AED '000	Year ended 31 December 2023 AED '000
Supply of chilled water	2,024,617	1,960,320
Value chain business	87,567	82,289
Revenue from contracts with customers	2,112,184	2,042,609
Operating lease income	82,782	77,276
Finance lease income (Note 16)	238,803	295,590
Lease income	321,585	372,866
	2,433,769	2,415,475

3 Revenues (continued)

Revenue expected to be recognized in future related to performance obligation that are unsatisfied (or partially unsatisfied):

	Year ended 31 December 2024 AED '000	Year ended 31 December 2023 AED '000
Within one year	772,718	783,776
After one but no more than five years	2,977,782	3,033,522
More than five years	12,298,371	12,556,057
	16,048,871	16,373,355

The unsatisfied performance obligations that are part of value chain business revenue are expected to have a duration of one year or less. Hence revenue expected to be recognized in future related to there performance obligations is not disclosed.

	Year ended 31 December 2024 AED '000	Year ended 31 December 2023 AED '000
Timing of transfer of goods and services:		
At a point in time	41,093	45,074
Over time	2,071,091	1,997,535
	2,112,184	2,042,609

4 Operating segments

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 technologies.
- The 'Value chain business' segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2024 (continued)

4 Operating segments (continued)

	For the year ended 31 December 2024				For the year ended 31 December 2023			
	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
Revenues								
External revenue	2,346,202	87,567	-	2,433,769	2,333,188	82,287	-	2,415,475
Inter–segment revenue	-	58,808	(58,808)	-	-	60,841	(60,841)	-
Total revenues	2,346,202	146,375	(58,808)	2,433,769	2,333,188	143,128	(60,841)	2,415,475
Direct costs	(1,311,644)	(76,312)	35,222	(1,352,734)	(1,286,948)	(84,475)	38,033	(1,333,390)
Gross profit	1,034,558	70,063	(23,586)	1,081,035	1,046,240	58,653	(22,808)	1,082,085
Provision for impairment of trade receivables	(906)	-	-	(906)	(3,572)	(323)	-	(3,895)
Administrative and other expenses	(279,066)	(25,500)	17,519	(287,047)	(269,429)	(19,511)	16,494	(272,446)
Operating profit	754,586	44,563	(6,067)	793,082	773,239	38,819	(6,314)	805,744
Finance costs	(213,506)	(1,757)	-	(215,263)	(263,311)	(1,312)	-	(264,623)
Finance income	40,812	81	-	40,893	60,428	112	-	60,540
Other gains and losses, net	5,965	-	-	5,965	148,770	-	-	148,770
Share of results of associates and joint ventures	37,598	-	-	37,598	34,923	-	-	34,923
Profit before tax	625,455	42,887	(6,067)	662,275	754,049	37,619	(6,314)	785,354

4 Operating segments (continued)

Inter-segment transactions are eliminated on consolidation.

Segment results include an amount of depreciation and amortisation allocated to the operating segments as follows:

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Depreciation on property, plant and equipment (note 11)	197,748	4,917	202,665	204,673	4,597	209,270
Depreciation on right-of-use asset (note 17)	29,456	1,621	31,077	27,935	1,742	29,677
	227,204	6,538	233,742	232,608	6,339	238,947

Segment assets and liabilities are as follows:

	2024			2023		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Other segment assets	13,377,970	117,147	13,495,117	14,103,113	114,620	14,217,733
Investments in associates	523,839	-	523,839	497,637	-	497,637
Investment in joint ventures	98,581	-	98,581	124,753	-	124,753
Total assets	14,000,390	117,147	14,117,537	14,725,503	114,620	14,840,123
Segment liabilities	7,028,326	127,341	7,155,667	7,786,249	110,632	7,896,881
Total liabilities	7,028,326	127,341	7,155,667	7,786,249	110,632	7,896,881

4 Operating segments (continued)

The table below illustrates the capital expenditures added during the year:

	2024			2023		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Capital expenditure:						
Property, plant and Equipment (note 11)	13,169	7,094	20,263	55,265	4,507	59,772
Capital work in Progress (note 10)	254,369	-	254,369	174,574	-	174,574

Geographic information

The following table presents certain non-current assets and revenue information relating to the Group based on geographical location of the operating units:

	Revenue		Non-current assets	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
United Arab Emirates	2,307,276	2,294,062	11,441,059	11,718,635
Others	126,493	121,413	625,860	491,361
	2,433,769	2,415,475	12,066,919	12,209,996

Revenue from external customers

The following table provides information relating to the Group's major customers, which individually contribute more than 44 % (2023: 42%) towards the Group's revenue.

	2024 AED'000	2023 AED'000
Chilled water segment:		
Customer 1	394,789	341,736
Customer 2	389,833	375,425
Customer 3	285,106	296,620
	1,069,728	1,013,781

5 Finance costs

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
Interest charged to consolidated statement of profit or loss during the year	215,263	264,623
Interest charged to consolidated statement of profit or loss comprises of:		
Interest on interest bearing loans and borrowings	48,441	60,285
Profit on Sukuk	64,451	101,005
Interest on bonds	45,913	45,911
Profit on Islamic financing arrangements	13,952	18,509
Amortisation of transaction costs	14,242	20,225
Finance cost related to lease liabilities (Note 19)	12,413	12,845
Other finance costs	15,851	5,843
	215,263	264,623

6 Profit from operations

6.1 Direct costs

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
Cost of inventories recognised as an expense (i)	60,463	64,008
Depreciation of property, plant and equipment (Note 11)	194,237	201,821
Depreciation of right-of-use assets (Note 17)	17,173	15,604
Amortisation of intangible assets (Note 15)	112,181	102,645
Utility costs	784,555	768,540
Purchase of chilled water from a related party (Note 30)	65,026	64,170
Staff costs (Note 6.3)	102,949	96,539
Others	16,150	20,063
	1,352,734	1,333,390

(i) As at 31 December, the inventory balance represents stores and spares which are utilised for repairs and maintenance of the plants managed by the Group.

6 Profit from operations (continued)

6.2 Administrative and other expenses

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
Staff costs (Note 6.3)	193,018	182,461
Depreciation of property, plant and equipment (Note 11)	8,428	7,449
Depreciation of right-of-use assets (Note 17)	13,904	14,073
Other expenses (i)	71,697	68,463
	287,047	272,446

(i) Included in the other expenses is fees incurred by the Group towards the assurance services with the Group's auditors, as follows:

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
Fees to Ernst and Young, UAE		
Fees for Auditing the statutory Financial Statements of the parent and controlled entities	1,223	1,076
Fees for assurance services required by legislation or contractual arrangements, to be provided by auditors	435	472
Total fees to Ernst and Young	1,658	1,548

6.3 Staff costs

	2024 AED '000	2023 AED '000
Salaries, benefits and allowances	287,395	270,938
Employees' end of service benefits (Note 27)	8,572	8,062
	295,967	279,000

Staff costs are allocated as follows:

	2024 AED '000	2023 AED '000
Direct costs (Note 6.1)	102,949	96,539
Administrative and other expenses (Note 6.2)	193,018	182,461
	295,967	279,000

6.4 Other gains and losses, net

Other gains and losses consist of non-operating income received by the group during the year 2024 including gain or loss on disposal of investments. During 2023, the company recognised a gain on deemed disposal of stake in Saudi Tabreed (note 12), early settlement of debt of its subsidiary (note 24 & 25) and on 50% disposal of stake in a subsidiary (note 13), recognized in the consolidated statement of profit and loss for the year ended 31 December 2023.

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

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
Profit for the year attributable to ordinary equity holders of the parent for basic earnings (AED '000)	570,219	431,141
Weighted average number of shares (excluding treasury shares) outstanding during the year ('000)	2,841,956	2,841,965
Total basic and diluted earnings per share (AED)	0.20	0.15

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 years ended 31 December 2024 and 2023.

8 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 383.7 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 20 March 2023.

9 Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Chilled water segment	Country of incorporation	Percentage of holding		Principal activities
		2024	2023	
National Central Cooling Company Ras Al Khaimah LLC	UAE	100	100	Sale of chilled water
Summit District Cooling LLC	UAE	100	100	Sale of chilled water
Bahrain District Cooling Company BSC (C)	Bahrain	99.8	99.8	Sale of chilled water
Tabreed Oman SAOC	Oman	60.5	60.5	Sale of chilled water
Prime District Cooling LLC	UAE	75	75	Sale of chilled water
S&T Cool District Cooling Company - Sole Proprietorship LLC	UAE	100	100	Sale of chilled water
Tabreed Amaravati District Cooling Private Limited	India	75	75	Sale of chilled water
Tabreed Capital Med for Infrastructure and Central Cooling Services LLD	Egypt	100	100	Sale of chilled water
Kattameya D5 Infrastructure and Central Cooling Services LLD	Egypt	60	60	Sale of chilled water
Tabreed Al Mouj SPC	Oman	61	61	Sale of chilled water

9 Subsidiaries (continued)

Chilled water segment	Country of incorporation	Percentage of holding		Principal activities
		2024	2023	
Downtown DCP LLC	UAE	80	80	Sale of chilled water
Tabreed Sustainable City Limited	UAE	100	100	Sale of chilled water
Saadiyat District Cooling LLC	UAE	100	100	Sale of chilled water
Saadiyat Cooling LLC	UAE	100	100	Sale of chilled water
Business District Cooling Investment LLC (ii)	UAE	0	100	Sale of chilled water
Al Wajeez Development Company PJSC	UAE	100	100	Sale of chilled water

Value chain business segment:	Country of incorporation	2024	2023	Principal activities
Gulf Energy System Company LLC	UAE	100	100	Construction of secondary networks
Tabreed Operation & Maintenance Zones Cooling Stations Company LLC	UAE	100	100	Operation and maintenance of plants
Emirates Preinsulated Pipes Industries LLC	UAE	65.2	65.2	Manufacturing of pre-insulated pipes
Installation Integrity 2000 LLC (ii)	UAE	0	100	Commissioning and engineering services
CoolTech Energy Water Treatment LLC	UAE	100	100	Water treatment services and sale chilled water related products

9 Subsidiaries (continued)

Value chain business segment:	Country of incorporation	Percentage of holding		Principal activities
		2024	2023	
Sahara Cooling and Air-Conditioning LLC	UAE	51	51	Supervision services
Tasleem Metering and Payment – Collection Sole Proprietorship LLC	UAE	100	100	Billing and collection of chilled water charges
Cooltech Water Treatment LLC	UAE	100	100	Water treatment services and sale chilled water related
Cooltech Water Service L.L.C.	UAE	100	100	Water treatment services and sale chilled water related
Tabreed Energy Service L.L.C.	UAE	100	100	Building energy efficiency service

Others – Unallocated:	Country of incorporation	2024	2023	Principal activities
Tabreed Holdings WLL	Bahrain	100	100	Act as a holding company
Tabreed Al Maryah District Cooling Investment LLC	UAE	100	100	Act as a holding company
District Utilities Energy Investments L.LC	UAE	100	100	Act as a holding company
Tabreed Energy Investments owned by National Central Cooling PSC – One Person Company LLC	UAE	100	100	Act as a holding company
Tabreed Utilities & Metering Energy Investment LLC	UAE	100	100	Act as a holding company
Central Utilities & Metering Energy Investment LLC	UAE	100	100	Act as a holding company
Tabreed India Private Limited	India	75	75	Act as a holding company
Tabreed Infopark Cooling Private Limited	India	75	75	Act as a holding company
Tabreed Asia Central Cooling Company PTE LTD	Singapore	75	75	Act as a holding company
Tabreed Company for Infrastructure and Central Cooling Services LLC (Tabreed Misr)	Egypt	100	100	Act as a holding company

9 Subsidiaries (continued)

(i) During 2023, the Group disposed 50% of its ownership interest in 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 accounted for as investment in a joint venture under the equity method of accounting.

(ii) During the year, the Group liquidated the following subsidiaries

- Business District Cooling Investment LLC ; and
- Installation Integrity 2000 LLC

9.1 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2024 Percentage	2023 Percentage
Downtown District Cooling LLC	UAE	20	20
Prime District Cooling Company LLC	UAE	25	25
Emirates Preinsulated Pipes Industries LLC	UAE	34.8	34.8
Bahrain District Cooling Company	Bahrain	0.2	0. 2
Tabreed Oman SAOC	Oman	39.46	39.46
Kattameya D5 Infrastructure & Central Cooling Services LLD	Egypt	40	40
Tabreed Asia Central Cooling Company LTE PTE	Singapore	25	25

Accumulated balances of material non-controlling interest:

Name	2024 AED ‘000	2023 AED ‘000
Downtown District Cooling LLC	537,177	553,278
Others	81,136	72,437
Total	618,313	625,715

Profit allocated to material non-controlling interest:

Name	2024 AED ‘000	2023 AED ‘000
Downtown District Cooling LLC	27,898	(5,885)
Others	4,635	1,303
Total	32,533	(4,582)

9 Subsidiaries (continued)

9.1 Partly owned subsidiaries (continued)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss for 2024:

	Downtown District Cooling LLC AED000	Others AED '000	Total AED '000
Revenue from contracts with customers	455,701	173,889	629,590
Cost of sales	(291,146)	(102,567)	(393,713)
Administrative expenses	(2,705)	(29,445)	(32,150)
Finance costs	(4)	(11,271)	(11,275)
Interest income	2,528	1,228	3,756
Other charges	-	(193)	(193)
Other income	1,303	3,510	4,813
Total comprehensive income	165,677	35,151	200,828
Attributable to non-controlling interests	27,898	4,635	32,533
Dividends paid to non-controlling interests	24,000	3,832	27,832

Summarized statement of profit or loss for 2023:

	Downtown District Cooling LLC AED000	Others AED '000	Total AED '000
Revenue from contracts with customers	428,909	174,059	602,968
Cost of sales	(255,589)	(107,492)	(363,081)
Administrative expenses	(2,033)	(23,581)	(25,614)
Finance costs	(2)	(11,952)	(11,954)
Interest income	4,133	1,095	5,228
Other charges	-	(12,580)	(12,580)
Other income	-	1,038	1,038
Total comprehensive income	175,418	20,587	196,005
Attributable to non-controlling interests*	(5,885)	1,303	(4,582)
Dividends paid to non-controlling interests	46,880	2,086	48,966

* Negative NCI for Downtown District Cooling LLC is due to the NCI share of the deferred tax expense recognized during the year on intangible assets acquired through business combination prior to the enactment of UAE Corporate Tax law

9 Subsidiaries (continued)

Summarized statement of financial position as at 31 December 2024:

	Downtown District Cooling LLC AED'000	Others AED'000	Total AED'000
Inventories and cash and bank balances (current)	195,885	103,434	299,319
Property, plant and equipment and other non-current assets (non-current)	2,780,707	721,392	3,502,099
Trade payables and other liabilities	(51,240)	(67,552)	(118,792)
Interest-bearing loans and borrowing and lease liabilities	(17,955)	(203,257)	(221,212)
Total equity	2,907,397	554,017	3,461,414
Attributable to:			
Equity holders of parent	2,370,220	472,881	2,843,101
Non-controlling interest	537,177	81,136	618,313
	2,907,397	554,017	3,461,414

Summarized statement of financial position as at 31 December 2023:

	Downtown District Cooling LLC AED'000	Others AED'000	Total AED'000
Inventories and cash and bank balances (current)	201,256	85,752	287,008
Property, plant and equipment and other non-current assets (non-current)	2,843,538	702,364	3,545,902
Trade payables and other liabilities	(50,353)	(101,615)	(151,968)
Interest-bearing loans and borrowing and lease liabilities	-	(166,484)	(166,484)
Total equity	2,994,441	520,017	3,514,458
Attributable to:			
Equity holders of parent	2,441,163	447,580	2,888,743
Non-controlling interest	553,278	72,437	625,715
	2,994,441	520,017	3,514,458

10 Capital work in progress

The movement in capital work in progress during the year was as follows:

	2024 AED '000	2023 AED '000
At 1 January	244,868	235,545
Additions during the year	254,369	174,574
Write off during the year	-	(36,426)
Transfer to property, plant and equipment (Note 11)	(160,293)	(128,825)
Disposal (i)	(16,654)	-
Transfer to finance lease	(26,689)	-
	295,601	244,868
Advances	10,975	13,408
At 31 December	306,576	258,276

(i) During the year 2024, the group disposed of capital work in progress amounting to AED 16.7 million (2023: Nil) resulting in gain of AED 0.2 million which is recorded in other gains & losses (Note 6.4)

Refer to note 11 for impairment indicators assessment of cash generating units.

11 Property, plant and equipment

	Land, plant and buildings AED'000	Distribution network AED'000	Furniture and fixtures AED'000	Office equipment and instruments AED'000	Motor vehicles AED'000	Total AED'000
2024						
Cost:						
At 1 January 2024	4,847,412	2,566,727	28,303	110,507	1,377	7,554,326
Additions during the year	9,117	24	148	10,920	54	20,263
Transfer from capital work in progress (Note 10)	116,862	28,248	453	14,730	-	160,293
At 31 December 2024	4,973,391	2,594,999	28,904	136,157	1,431	7,734,882
Accumulated depreciation:						
At 1 January 2024	1,381,007	623,386	17,057	58,164	1,352	2,080,966
Charge for the year	129,332	59,125	3,990	10,192	26	202,665
At 31 December 2024	1,510,339	682,511	21,047	68,356	1,378	2,283,631
Net carrying amount before accumulated impairment:						
At 31 December 2024	3,463,052	1,912,488	7,857	67,801	53	5,451,251
Accumulated impairment:						
At 1 January 2024 and at 31 December 2024	527,691	473,982	-	-	-	1,001,673
Net carrying amount after accumulated impairment:						
At 31 December 2024	2,935,361	1,438,506	7,857	67,801	53	4,449,578

11 Property, plant and equipment (continued)

	Land, plant and buildings AED'000	Distribution network AED'000	Furniture and fixtures AED'000	Office equipment and instruments AED'000	Motor vehicles AED'000	Total AED'000
2023						
Cost:						
At 1 January 2023	4,857,564	2,700,410	22,594	95,219	1,377	7,677,164
Additions during the year	46,431	5,678	715	6,948	-	59,772
Transfer from capital work in progress (Note 10)	100,879	14,598	4,994	8,354	-	128,825
Reclassification (note 35)	-	(59,243)	-	-	-	(59,243)
Transfer to Finance Lease	(4,412)	-	-	-	-	(4,412)
Disposal of a subsidiary (note 29.1)	(153,050)	(94,716)	-	(14)	-	(247,780)
At 31 December 2023	4,847,412	2,566,727	28,303	110,507	1,377	7,554,326
Accumulated depreciation:						
At 1 January 2023	1,271,023	585,646	12,387	52,409	1,353	1,922,818
Charge for the year	138,619	60,135	4,670	5,847	(1)	209,270
Reclassification (note 35)	-	(8,728)	-	-	-	(8,728)
Disposal of a subsidiary (note 29.1)	(28,635)	(13,667)	-	(92)	-	(42,394)
At 31 December 2023	1,381,007	623,386	17,057	58,164	1,352	2,080,966
Net carrying amount before accumulated impairment:						
At 31 December 2023	3,466,405	1,943,341	11,246	52,343	25	5,473,360
Accumulated impairment:						
At 1 January 2023 and at 31 December 2023	527,691	473,982	-	-	-	1,001,673
Net carrying amount after accumulated impairment:						
At 31 December 2023	2,938,714	1,469,359	11,246	52,343	25	4,471,687

11 Property, plant and equipment (continued)

The depreciation charge for the year has been allocated as follows:

	2024 AED '000	2023 AED '000
Included in direct costs (Note 6.1)	194,237	201,821
Included in administrative and other expenses (Note 6.2)	8,428	7,449
	202,665	209,270

Property, plant and equipment of AED 132.9 million (2023: AED 137.1 million) have been pledged as security against interest-bearing loans (Note 24).

Management undertakes an annual strategic review of all its projects with the view of assessing the impact of any internal or external factors on the recoverable amount of the Group's property, plant and equipment, customer and other contracts and capital work in progress. As a result of this assessment management has written off AED Nil (2023: AED 36.4 million) with respect to capital work in progress (Note 10).

During the year ended 31 December 2024, no borrowing cost is capitalized (2023: Nil).

12 Investments in associates

The Group has the following investments in associates:

	Country of incorporation	Principal activities	Ownership 2024	Ownership 2023	Carrying value 2024	Carrying value 2023
Industrial City Cooling Company (i)	United Arab Emirates	Sale of chilled water	20%	20%	3,114	1,809
Tabreed District Cooling Company (Saudi)	Kingdom of Saudi Arabia	Sale of chilled water	21.8%	21.8%	460,108	440,216
Sahara Cooling Limited	United Arab Emirates	Sale of chilled water	40%	40%	60,617	55,613
					523,839	497,638

The Group's interest in associates is accounted for using the equity method in the consolidated financial statements. Movement in investments in associates is as follows:

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
At 1 January	497,638	438,670
Share of results for the year	30,411	32,793
Additions (ii)	-	49,148
Dividends received	(10,288)	(11,565)
Share of changes in fair value of effective cash flow hedges	12,146	(4,833)
Adjustments for inter group transactions	(6,068)	(6,575)
At 31 December	523,839	497,638

The associates are involved in the same business activity as Tabreed. The reporting dates for the associates are the same as for Tabreed. The investments are considered strategic to the Group.

i. On 18th November 2024, the shareholders of the Industrial City Cooling Company have resolved to liquidate it. The liquidation is in progress as at the reporting date. Since the investment value is insignificant to the consolidated financial statements, the classification has not been changed to discontinued operations on the consolidated statement of financial position and consolidated statement of comprehensive income.

ii. During the year 2023, 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). (note 6.4)

12 Investments in associates (continued)

The following illustrates summarised financial information of the Group's investments in associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2024			
Total current assets	992,372	81,584	1,073,956
Total non-current assets	2,632,802	229,626	2.862,428
Total current liabilities	(162,864)	(4,813)	(167,677)
Total non-current liabilities	(1,347,551)	(139,289)	(1,486,840)
Net assets	2,114,759	167,108	2,281,867
Tabreed's share of net assets	460,108	63,731	523,839

	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2023			
Total current assets	1,184,733	99,564	1,284,297
Total non-current assets	2,020,038	248,407	2,268,445
Total current liabilities	(130,520)	(21,578)	(152,098)
Total non-current liabilities	(1,276,816)	(178,319)	(1,455,135)
Net assets	1,797,435	148,074	1,945,509
Tabreed's share of net assets	391,068	57,421	448,489
Impact of deemed disposal	49,148	-	49,148
Tabreed's share of net assets	440,216	57,421	497,637

12 Investments in associates (continued)

Reconciliation of carrying amounts

	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2024			
Opening net assets	2,023,330	148,074	2,171,404
Profit for the year	19,394	76,210	95,604
Other comprehensive income	72,032	(8,815)	63,217
Dividends paid	-	(32,912)	(32,912)
Other adjustments	-	(15,448)	(15,448)
Closing net assets	2,114,756	167,109	2,281,865
Tabreed's share of net assets	460,108	63,731	523,839

	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2023			
Opening net assets	1,188,735	133,192	1,321,927
Profit for the year	38,000	65,038	103,038
Other comprehensive income	(16,225)	(3,257)	(19,482)
Dividends paid	-	(28,913)	(28,913)
Other adjustments	586,925	(17,986)	568,939
Closing net assets	1,797,435	148,074	1,945,509
Tabreed's share of net assets	391,068	57,421	448,489
Impact of deemed disposal	49,148	-	49,148
Tabreed's share of net assets	440,216	57,421	497,637

12 Investments in associates (continued)

Reconciliation of carrying amounts (continued)

2024	Tabreed District Cooling Company (Saudi) AED 000'	Others AED 000'	Total AED 000'
Revenue	307,671	103,295	410,966
Cost of sales	(122,280)	(11,254)	(133,534)
Administrative and other expenses	(105,084)	(12,940)	(118,024)
Other income	14,744	102	14,846
Net finance cost	(75,657)	(2,993)	(78,650)
Profit for the year	19,394	76,210	95,604
Tabreed's share of results for the year	4,220	26,191	30,411

2023	Tabreed District Cooling Company (Saudi) AED 000'	Others AED 000'	Total AED 000'
Revenue	329,601	118,521	448,122
Cost of sales	(147,077)	(44,992)	(192,069)
Administrative and other expenses	(61,379)	(4,230)	(65,609)
Other income	6,360	(268)	6,092
Net finance cost	(89,505)	(3,993)	(93,498)
Profit for the year	38,000	65,038	103,038
Tabreed's share of results for the year	8,268	24,525	32,793

Net assets of associates include the Group's share of fair value of derivatives of associates amounting to AED 21.49 million (2023: AED 9.8 million). Summarised financial information of the Group's investments in associates is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the associates are disclosed in notes 31 and 32.

13 Investments in joint ventures

The Group has the following investment in joint ventures:

	Country of incorporation	Principal activities	Ownership		Carrying value	
			2024	2023	2024 AED 000'	2023 AED 000'
SNC Lavalin Gulf Contractors LLC (i)	United Arab Emirates	Construction business	0%	51%	-	18,540
Tabreed Parks Investment LLC(ii)	United Arab Emirates	Sale of Chilled Water	50%	50%	98,581	106,212

i. SNC Lavalin Gulf Contractors LLC (SLGC), a limited liability company is involved in engineering, procurement, construction and construction management in the field of District Cooling. The Group's interest in SLGC is accounted for using the equity method in the consolidated financial statements as both the shareholders jointly control and have equal rights to the net assets. On 28 December 2023, the Group has entered into a share purchase agreement with SNC Lavalin International Inc. for disposal of its stake in the joint venture. The investment was sold during the year 2024 resulting in a loss of AED 1.1 million (note 6.4).

ii. During 2023, 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 accounted for as investment in a joint venture under the equity method of accounting.

The reporting date for the joint venture was the same as for Tabreed.

Movement in investments in joint ventures was as follows:

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
At 1 January	124,752	18,618
Share of results for the year	7,187	2,130
Additional Investment	-	104,004
Investment disposed	(18,541)	-
Dividend Received	(11,000)	-
Other Adjustments	(3,817)	-
At 31 December	98,581	124,752

Share of the joint ventures' revenues and profits:

Revenues	26,088	20,956
Profit for the year	7,187	2,130

13 Investments in joint ventures (continued)

The following illustrates summarised financial information of the Group's investments in joint ventures:

	For the year ended 31 December 2024 AED '000	For the year ended 31 December 2023 AED '000
Revenue	52,176	41,597
Cost of sales	(29,168)	(30,874)
Administrative and other expenses	(1,977)	(2,964)
Other income	1,799	(7)
Net finance cost	(8,457)	(3,488)
Profit (loss) for the year	14,373	4,264
Tabreed's share of results for the year	7,187	2,130
Total current assets	93,282	92,457
Total non-current assets	180,788	206,970
Total current liabilities	(12,417)	(27,347)
Total non-current liabilities	(152,781)	(119,754)
Net assets	108,872	152,326
Goodwill and customer contracts	44,145	47,962
Tabreed's share of net assets	98,581	124,752

Reconciliation of carrying amounts:

Opening net assets	248,776	36,505
Profit (loss) for the year	14,373	4,264
Dividend paid	(22,000)	-
Others	(7,633)	-
Closing net assets	233,516	40,769
Share of net assets including goodwill	117,122	20,749
Additions	-	104,003
Disposal of Interest in a joint venture	(18,541)	-
Tabreed's share of net assets	98,581	124,752

The Group recognised the partial disposal of Tabreed Park Investment LLC during the year ended 31 December 2023 based on provisional values. The Group carried out final purchase price allocation exercise during the year and updated the acquisition accounting to reflect the measurement of completion adjustments, resulting in a recognition of customer contract amounting to AED 40.2 million (net of deferred taxes). Goodwill associated with the investment in TPI amounted to AED 7.8 million..

Purchase Price Allocation has been carried out as per the requirements of IFRS 3 and all the necessary adjustments of IAS 28 has been carried out in books.

Summarised financial information of the Group's investments in joint ventures is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the joint ventures are disclosed in Notes 31 and 32.

14 Income tax

Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years.

The consolidated accounting profit has been reconciled to the accounting profit attributable to tax and the reconciliation between tax expense and the product of accounting profit attributable to tax multiplied by effective income tax rate for the year ended 31 December as follows:

The major components of taxation for the years ended 31 December 2024 and 2023 are:

	2024 AED '000	2023 AED '000
Consolidated statement of Profit or Loss:		
Income Tax:		
Charge for the year	64,644	
Deferred Tax:		
Relating to origination and reversal of temporary differences	(5,121)	358,795
Tax expenses reported in the consolidated statement of profit or loss	59,523	358,795
Consolidated Other Comprehensive Income:		
Deferred tax related to items recognized in OCI during the year:		
Unrealized gain on Fair valuation of Derivatives	1,536	-
Deferred income tax charged to OCI	1,536	358,795

Reconciliation of tax expense and the accounting profit multiplied by an effective rate of 9% for 2024:

	2024 AED '000	2023 AED '000
Accounting profit before tax	662,275	785,354
At UAE's statutory tax rate of 9%	59,605	-
Temporary differences	(5,121)	358,795
Permanent differences and others	5,039	-
Tax expense reported in the statement of profit or loss	59,523	358,795

14 Income tax (continued)

Deferred tax

Reconciliation of deferred tax (liabilities)/ assets:

	2024 AED '000	2023 AED '000
As at 1 January	(358,795)	-
Other reclassifications	(5,731)	-
Tax income/(expense) recognised in profit or loss during the year	5,121	(358,795)
Tax (expense)/ income recognised in OCI during the year	(1,536)	-
At 31 December	(360,941)	(358,795)

Deferred tax assets/ (liabilities) relate to the following:

	2024 AED '000	2023 AED '000
Deferred tax assets:		
Losses available for offsetting against future taxable income & other provisions	1,166	-
Fair value of property, plant & equipment	11,524	7,792
	12,690	7,792

	2024 AED '000	2023 AED '000
Deferred tax liabilities:		
Accelerated depreciation for tax purposes	(8,875)	-
Goodwill prior to the enactment of UAE CT Law	(28,729)	(28,729)
Intangibles acquired as part of business combinations - prior to enactment of UAE CT Law	(326,257)	(337,858)
Intangibles acquired as part of business combinations - subsequent to enactment of UAE CT Law	(5,131)	-
Fair value of property, plant & equipment	(3,103)	-
Unrealised gain on derivative fair valuation	(1,536)	-
	(373,631)	(366,587)

15 Intangible assets

Goodwill

	2024 AED '000	2023 AED '000
At 1 January	319,207	319,207
At 31 December	319,207	319,207

	2024 AED '000	2023 AED '000
Downtown District Cooling LLC	78,919	78,919
Business District Cooling Investment LLC	240,288	240,288
	319,207	319,207

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the goodwill for each cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the board covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth and inflation rates. These growth rates are consistent with forecasts from previous years and industry specific benchmarks in which each CGU operates. The CGUs are primarily supplying chilled water under a long-term cooling services contracts, therefore the Group used cash flows associated with the full term of the existing customer contracts of these CGUs in determining the value in use of the respective CGUs.

The goodwill comprises of the fair value of expected synergies and future connections that may result through acquired district cooling plants and networks.

During the year ended 31 December 2024, management performed its annual impairment review of goodwill, using the discounted cashflow model and trading multiples of comparable companies' approach.

Following key assumptions were used in the discounted cashflow review:

- Consumer price index: 1.63% (2023: 2.5%)
- Discount rate: 7.10 % (2023: 7.01%)

The recoverable amounts of the CGUs are most sensitive to the discount rate used for the value-in-use calculation. A change in discount rate by 1% would result in a reduction in the difference between the carrying value of the CGU (including allocated goodwill) and the recoverable amount by 45%, without resulting in an impairment loss.

Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date.

15 Intangible assets (continued)

Contracts

	2024 AED '000	2023 AED '000
At 1 January	3,730,238	3,832,883
Additions	43,875	-
Amortisation charge for the year (Note 6.1)	(112,181)	(102,645)
At 31 December	3,661,932	3,730,238

The customer contracts and contractual rights were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

16 Finance lease receivables

Movement in the finance lease receivables during the year was as follows:

	2024 AED '000	2023 AED '000
At 1 January, net	2,856,029	2,902,170
Finance lease income	213,198	218,110
Variable lease payment CPI indexation	25,605	77,480
Total finance lease income (Note 3)	238,803	295,590
Initial recognition of new finance lease receivables	40,016	4,412
Lease rentals received	(351,676)	(346,143)
At 31 December, net	2,783,172	2,856,029

Finance lease receivable is allocated in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Current assets	338,440	333,157
Non-current assets	2,444,732	2,522,872
	2,783,172	2,856,029

16 Finance lease receivables (continued)

Future minimum lease receivables under finance leases together with the present value of net minimum lease receivables are as follows:

	2024		2023	
	Minimum lease receivables AED '000	Present value of minimum lease AED '000	Minimum lease receivables AED '000	Present value of minimum lease AED '000
Within one year	352,075	338,440	346,605	333,157
After one but no more than five years	1,410,010	1,069,648	1,386,421	1,112,433
More than five years	2,596,983	1,375,084	2,865,297	1,410,439
	4,359,068	2,783,172	4,598,323	2,856,029
Unearned finance income	(1,575,896)	-	(1,742,294)	-
	2,783,172	2,783,172	2,856,029	2,856,029

Movement in unearned finance income was as follows:

	2024 AED '000	2023 AED '000
At 1 January	1,742,294	1,884,861
Finance income recognised during the year	(213,198)	(218,110)
Variable lease payment CPI indexation	16,250	53,946
Relating to new finance leases	30,550	21,597
At 31 December	1,575,896	1,742,294

No unguaranteed residual value to the benefit of the lessor is assumed for the purpose of the above calculation.

The Group leases represent district cooling plants. Contracts are usually made for fixed periods of 15 years to 30 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

17 Right-of-use assets

Movement in right-of-use asset was summarised as follows:

	Land, plant and buildings AED'000	Distribution network AED'000	Motor vehicles AED'000	Total AED'000
2024				
Cost:				
At 1 January 2024	310,519	150,003	26,055	486,577
Additions during the year	6,128	-	6,868	12,996
At 31 December 2024	316,647	150,003	32,923	499,573
Depreciation:				
At 1 January 2024	95,499	15,568	16,240	127,307
Depreciation for the year	23,788	3,238	4,051	31,077
At 31 December 2024	119,287	18,806	20,291	158,384
Net carrying amount before accumulated impairment:				
At 31 December 2024	197,360	131,197	12,632	341,189
Impairment:				
At 1 January 2023 and at 31 December 2024	88,253	-	-	88,253
Net carrying amount after accumulated impairment:				
At 31 December 2024	109,107	131,197	12,632	252,936

131,

	Land, plant and buildings AED'000	Distribution network AED'000	Motor vehicles AED'000	Total AED'000
2023				
Cost:				
At 1 January 2023	255,847	90,760	23,397	370,004
Reclassification (note 35)	-	59,243	-	59,243
Additions during the year	54,672	-	2,658	57,330
At 31 December 2023	310,519	150,003	26,055	486,577
Depreciation:				
At 1 January 2023	72,895	3,764	12,243	88,902
Reclassification (note 35)	-	8,728	-	8,728
Depreciation for the year	22,604	3,076	3,997	29,677
At 31 December 2023	95,499	15,568	16,240	127,307
Net carrying amount before accumulated impairment:				
At 31 December 2023	215,020	134,435	9,815	359,270
Impairment:				
At 1 January 2022 and at 31 December 2023	88,253	-	-	88,253
Net carrying amount after accumulated impairment:				
At 31 December 2023	126,767	134,435	9,815	271,017

17 Right-of-use assets (continued)

The depreciation charge for the year has been allocated as follows:

	2024 AED '000	2023 AED '000
Included in direct costs (note 6.1)	17,173	15,604
Included in administrative and other expenses (note 6.2)	13,904	14,073
	31,077	29,677

18 Long term deposits

During the period, various deposits amounting to AED 9.5 million (2023: 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 5.25% per annum.

19 Lease liabilities

Movement in the lease liabilities during the year is as follows:

	2024 AED '000	2023 AED '000
At 1 January 2024	230,049	216,809
Addition	13,028	56,912
Accretion of interest (Note 5)	12,413	12,845
Repayment	(63,632)	(56,517)
At 31 December 2024	191,858	230,049

Lease liabilities are allocated in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Current	51,914	53,050
Non-current	139,944	176,999
	191,858	230,049

19 Lease liabilities (continued)

Management has not considered the potential exposure of termination and extension clauses in determining lease liabilities.

Amounts recognised in the consolidated statement of profit or loss as follows:

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024 AED '000	2023 AED '000
Depreciation of right-of-use asset (note 17)	31,077	28,506
Finance cost on lease liabilities (note 5 & 19)	12,413	12,845
	43,490	41,351

The statement of cash flows shows the following movement relating to leases:

	2024 AED '000	2023 AED '000
Principle elements of lease payments	51,219	43,672
Finance cost on lease liabilities (note 5 & 19)	12,413	12,845
	63,632	56,517

20 Trade and other receivables

	31 December 2024 AED '000	31 December 2023 AED '000
Trade receivables, net	339,978	341,297
Amounts due from related parties (note 30)	76,643	74,835
Advances to suppliers and employees	6,725	19,205
Deposits, accruals and other receivables	121,123	102,367
Derivative financial instruments (i)	50,152	162,742
Prepayments	20,586	17,027
	615,207	717,473

(i) The Group has entered into interest rate swaps (IRS) for the interest-bearing loans denominated in AED and USD which are designated as a hedging instrument (Note 34). During the year ended 31 December 2024, the fair value movement of IRS amounting to AED 113 million was recorded in the consolidated statement of comprehensive income (2023: AED 100.0 million). Further, hedging instrument amounting to AED Nil (2023: AED 27.5 million) was settled prematurely due to early settlement of Term loan 2 (Note 24 (ii))

As at 31 December 2024, trade receivables with a nominal value of AED 27.6 million (2023: AED 27.4 million) were provided for as per the requirements of IFRS 9 expected credit loss model. Movement in the provision for impairment of trade receivables is as follows:

20 Trade and other receivables (continued)

	31 December 2024 AED '000	31 December 2023 AED '000
At 1 January	27,444	24,702
Provision for expected credit losses for the year	906	3,895
Amounts written off	(736)	(1,153)
At 31 December	27,614	27,444

The following table details the risk profile of trade receivables and amounts due from related parties based on the Group's provision matrix. Group's provision for loss allowance is based on past due status between the Group's different customer base for majority of the customers.

As at 31 December, the ageing analysis of trade receivables and amounts due from related parties is as follows:

				Past due				
	Total	*Current*	*< 30 days*	*30 – 60 days*	*60 – 90 Days*	*90 – 120 days*	*120 – 365 days*	*>365 days*
2024								
Gross receivable (AED'000)	444,235	286,610	77,501	19,248	10,955	2,514	14,020	33,387
Provision %	6.2%	0.7%	0.9%	1.2%	1.7%	2.2%	5.0%	71.3%
Provision (AED'000)	27,614	2,020	662	238	187	56	696	23,755
Net receivable (AED'000)	416,621	284,590	76,839	19,010	10,768	2,458	13,324	9,632

				Past due				
	Total	*Current*	*< 30 days*	*30 – 60 days*	*60 – 90 days*	*90 – 120 days*	*120 – 365 days*	*>365 days*
2023								
Gross receivable (AED'000)	443,576	263,342	54,537	49,663	12,752	6,025	24,550	32,707
Provision %	6.2%	0.7%	1.8%	1.4%	4.3%	7.5%	15.9%	58.2%
Provision (AED'000)	27,444	1,797	987	706	546	454	3,910	19,044
Net receivable (AED'000)	416,132	261,545	53,550	48,957	12,206	5,571	20,640	13,663

Trade receivables are non-interest bearing and are generally on 30 – 60 days terms. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured. For terms and conditions relating to related party receivables, refer to Note 30.

21 Cash and bank balances

Bank balances and cash included in the consolidated statement of financial position and in the consolidated statement of cash flows are as follows:

	2024 AED '000	2023 AED '000
Bank balances and cash	143,592	150,061
Bank deposits	879,184	1,359,743
Cash and cash equivalents as at 31 December	1,022,776	1,509,804

Included in the bank balances is an amount of AED 4.8 million (2023: AED Nil) placed in debt service reserve accounts in relation to bank facilities and an amount of AED 1.4 million (2023: AED 1.8 million) held as cash margin against trade related bank guarantees and letters of credit.

Bank deposits attract a fixed rate of interest ranging from 4.2% to 5.25% per annum (2023: 4.8% to 6% per annum) and held with a maturity of three months or less.

Geographical concentration of cash and bank balances is as follows:

	2024 AED '000	2023 AED '000
Within UAE	998,885	1,495,903
Outside UAE	23,891	13,901
	1,022,776	1,509,804

The table below details changes in the Group's labilities arising from financing activities, including both cash and non-cash changes.

	2024 AED '000	2023 AED '000
Cash and bank balances	1,022,776	1,509,804
Interest bearing loans and borrowings	(2,044,610)	(2,037,952)
Islamic financing arrangements	(640,666)	(638,135)
Non-convertible bonds and Sukuk	(2,770,548)	(3,532,495)
Lease liabilities	(191,858)	(230,049)
Net debt	(4,624,906)	(4,928,827)

21 Cash and bank balances (continued)

	Cash and bank balances AED'000	Interest bearing loans and borrowings AED'000	Islamic financing arrange-ments AED'000	Non- converti-ble Bonds and Sukuk AED'000	Lease liabilities AED'000	Total AED'000
Net debt						
Balance at 1 January 2024	1,509,804	(2,037,953)	(638,135)	(3,532,495)	(230,049)	(4,928,828)
Cash flows	(487,028)	(543)	-	767,544	63,632	343,605
Non-cash transaction:						
Amortisation of transaction cost* (note 5)	-	(6,114)	(2,531)	(5,597)	-	(14,242)
Additions (note 19)	-	-	-	-	(13,028)	(13,028)
Accretion of interest (note 5)	-	-	-	-	(12,413)	(12,413)
Balance at 31 December 2024	1,022,776	(2,044,610)	(640,666)	(2,770,548)	(191,858)	(4,624,906)

	Cash and bank balances AED'000	Interest bearing loans and borrowings AED'000	Islamic financing arrange-ments AED'000	Non- converti-ble Bonds and Sukuk AED'000	Lease liabilities AED'000	Total AED'000
Net debt						
Balance at 1 January 2023	1,773,301	(2,506,481)	(937,391)	(3,648,295)	(216,809)	(5,535,675)
Cash flows	(263,497)	491,045	312,371	121,193	56,517	717,629
Non-cash transaction:						
Amortisation of transaction cost* (note 5)	-	(22,517)	(13,115)	(5,393)	-	(41,025)
Addition (note 19)	-	-	-	-	(56,912)	(56,912)
Accretion (note 5)	-	-	-	-	(12,845)	(12,845)
Balance at 31 December 2023	1,509,804	(2,037,953)	(638,135)	(3,532,495)	(230,049)	(4,928,828)

* Transaction cost of AED Nil (2023: AED 20.8 million) pertaining to a subsidiary was written off as a result of settlement and charged to P&L under 'other gains and losses'.

22 Issued capital

	2024 AED '000	2023 AED '000
Authorised, issued and fully paid up share capital		
Shares 2,845,271,070 (2023: 2,845,260,590) ordinary shares of AED 1 each	2,845,271	2,845,261

23 Statutory reserve

As required by the UAE Federal Law No. (32) of 2021, and the articles of association of companies registered in UAE, 10% of the profit of the Company for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the issued capital. The reserve is not available for distribution.

24 Interest bearing loans and borrowings

	Effective interest rate %	2024 AED '000	2023 AED '000
Term loan 1(i)	SOFR + margin	1,895,761	1,887,623
Term loan 2(ii)	SOFR + margin	-	-
Term loan 3 (iii)	SOFR + margin	-	-
Term loan 4(iv)	4.75%	51,368	50,578
Term loan 5(v)	4.75%	48,591	46,759
Term loan 6(vi)	EIBOR + margin	48,890	52,992
Term loan 7(vii)	EIBOR + Margin	-	-
		2,044,610	2,037,952

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

	2024 AED '000	2023 AED '000
Current portion	1,911,230	61,037
Non-current portion	133,380	1,976,915
	2,044,610	2,037,952

(i) Term loan 1

During the year 2020, the Group secured a facility of AED 1,900.4 million (US$ 517.4 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carried interest rate of LIBOR plus margin. Effective 30 June 2023, USD LIBOR rates have been discontinued and replaced by Secured Overnight Financing Rate (SOFR). 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 in 2023.

The interest is payable in cash on a flexible basis as agreed with the bank at every interest reset period. The facility is repayable with a 100% bullet payment in March 2025.

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

(ii) Term loan 2

During the year 2023, 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 2023.

In addition, unamortized transaction cost of AED 10.5 million was written off in 2023 as a result of the settlement. The write off is recorded under 'other gains and losses' in the consolidated statement of profit or loss.

(iii) Term loan 3

Effective 14 August 2023, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Parks Investment LLC, resulting in loss of control and deconsolidation of loan associated with the subsidiary (note 29.1)

24 Interest bearing loans and borrowings (continued)

(iv) Term loan 4

Term loan 4 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was refinanced during 2023 to avail better interest rates. The new facility is also secured against and commercial charge over property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in September 2033 and carries fixed interest of 4.75% per annum (December 2023: 4.75% per annum). During the year total repayments of AED 5.2 million were made (2023: AED 5.6 million).

(v) Term loan 5

During 2021, the Group acquired a new facility through a subsidiary which represents borrowing with a local commercial bank. The facility was refinanced during 2023 to avail better interest rates. The new facility is secured against the receivables and commercial charge over land, property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in September 2033 and carries fixed interest of 4.75% per annum annum (December 2023: 4.75% per annum). During the year total repayments of AED 4.9 million were made (2023: AED 4.3 million). The subsidiary fully complied with the covenants for the year ended 31 December 2024. A covenant for the loan was non-compliant as at 31 December 2023 for which a waiver letter was received subsequently.

(vi) Term loan 6

Term loan 6 relates to a subsidiary and represents borrowing with a local commercial bank. The facility amounting to AED 77.9 million was obtained to finance the acquisition of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 60 quarterly instalments with the last instalment due on 31 December 2031. During the year, total repayments of AED 4.2 million were made against this facility (2023: AED 4.0 million).

(vii) Term loan 7

A green revolving credit facility of AED 600 million was also obtained by the Group during 2023 which is to be utilised in the form of drawing cash advances. The revolving facility carries interest at EIBOR plus margin and is repayable on 31 December 2028. As of 31 December 2024, the company has utilised & repaid AED 90 million from the revolving credit facility (2023: Nil)

Included in the interest-bearing loans and borrowings is an amount of AED 5.3 million of unamortised transaction cost (2023: AED 15.1 million).

The Group has complied with all the applicable financial covenants as at 31st December 2024.

25 Islamic financing arrangement

	Effective profit rate %	2024 AED '000	2023 AED '000
Islamic financing arrangement (i)	SOFR + margin	640,666	638,135
Islamic financing arrangement (ii)	LIBOR + margin	-	-
		640,666	638,135

25 Islamic financing arrangement (continued)

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

	2024 AED '000	2023 AED '000
Current portion	640,666	-
Non-current portion	-	638,135
	640,666	638,135

Islamic financing arrangement (i)

During the year 2020, the Group secured a new Islamic facility of AED 641.3 million (US$ 174.6 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carries profit rate of LIBOR plus margin. Effective 30 June 2023, USD LIBOR rates have been discontinued and replaced by Secured Overnight Financing Rate (SOFR). 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 in 2023. The profit is payable in cash on a flexible basis as agreed with the Bank at every profit reset period. The facility is repayable with a 100% bullet payment in March 2025.

Islamic financing arrangement (ii)

During 2023, 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.

Included in the Islamic financing arrangement is an amount of AED 0.6 million of unamortised transaction cost (2023: AED 3.2 million).

26 Non-convertible Bonds and Sukuk

Non-convertible Sukuk

	2024 AED '000	2023 AED '000
	946,466	1,712,598

In 2018, the Group issued a 7 year investment grade Islamic Bond (Sukuk) of US$ 500 million which is listed on the International Securities Market of London Stock Exchange. The bond carries profit rate of 5.5% payable semi-annually. The bonds are repayable on 31 October 2025. The proceeds of the bonds were utilised to repay the portion of previous term loans and Islamic financing arrangements.

The Sukuk is stated net of discount and transaction costs incurred in connection with the Sukuk arrangements, amounting to AED 1.2 million (2023: AED 2.7 million), which are amortised to the consolidated statement of profit or loss over the repayment period of Sukuk using effective interest rate method.

26 Non-convertible Bonds and Sukuk (continued)

During 2024, Sukuk amounting to US$ 209 million were purchased from the open market as part of its liability management with total buyback amounting to US$ 242 million as at 31st December 2024 (2023 - US$ 33 million). Management intends to hold these instruments without cancellation.

Non-convertible bonds

	2024 AED '000	2023 AED '000
	1,824,082	1,819,897

During the year 2020, the Group issued 7-year investment grade bonds of US$ 500 million which is listed on the International Securities Market of 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 Loans and to fund the future growth.

The bonds are stated net of discount and transaction costs incurred in connection with the bonds issuance, amounting to AED 12.4 million (2023: AED 16.6 million), which are amortised to the consolidated statement of profit or loss over the repayment period of the Bonds using effective interest rate method.

There are no covenants applied on non-convertible bonds and Sukuk, as long as the Group maintains investment grade credit rating status.

27 Employees' end of service benefits

The Group provides for employees' end of service benefits in respect of its non-UAE employees in accordance with the employees' contracts of employment. The movement in the provision recognised in the consolidated statement of financial position is as follows:

	2024 AED '000	2023 AED '000
At 1 January	45,258	42,706
Charge for the year (note 6.3)	8,572	8,062
Payments made during the year	(3,651)	(5,510)
At 31 December	50,179	45,258

28 Trade and other payables

	2024 AED '000	2023 AED '000
Non-current liabilities		
Relating to capital expenditure:		
Contractor payable and retentions	13,555	13,557
Others:		
Contract liabilities	318,025	255,109
	331,580	268,666
Current liabilities		
Relating to capital expenditure:		
Contractor payable and retentions	1,028	4,357
Accrued expenses	68,116	48,388
	69,144	52,745
Others:		
Trade payables	86,684	80,717
Due to related parties (Note 30)	28,719	28,505
Accrued expenses	286,070	346,994
Contract liabilities	19,115	54,088
Deferred income	23,996	27,083
Income tax payable	63,912	-
VAT payable	3,906	814
Deposits	109,179	100,111
Other payables	74,560	94,474
	696,141	732,786
	765,285	785,531

<u>Terms and conditions of the financial liabilities:</u>

Trade payables and other financial liabilities are non-interest bearing and are normally settled on 60-90 days terms.

Retentions payable are non-interest bearing and are normally settled in accordance with the terms of the contracts.

For terms and conditions relating to related parties, refer to note 30.

28 Trade and other payables (continued)

Movement in contract liabilities is as follows:

	2024 AED '000	2023 AED '000
Contract liabilities	337,140	309,197

Contract liabilities represent un-satisfied performance obligation related to connection fees.

During the year ended 31 December 2024, total addition amounted to AED 47.6 million (2023: AED 48.7 million). The revenue recognised during the year is AED 19.6 million (2023: AED 15.7 million).

29 Business combination

29.1 Disposal of a subsidiary

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:

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

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
iii) Gain is recorded under 'other gains and losses' in the consolidated statement of profit or loss in 2023.

29 Business combination (continued)

29.1 Disposal of a subsidiary (continued)

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
Expenses	(14,946)
Gross profit	15,268
Other administrative expenses	(210)
Net finance cost	(5,867)
Other income	-
Profit for the period from discontinued operation (i)	9,191

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

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

(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 consolidated statement of profit or loss, as the amounts are not material.

30 Related party transactions and balances

Related parties represent associated companies, joint ventures, directors and key management personnel of the Group, management entities engaged by 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 party includes purchase and sale of chilled water and provision of management services. Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2024		2023	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	16,868	65,026	11,406	64,170
Non-controlling interest	389,954		392,789	-

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

	2024	
	Trade Receivables AED '000	Trade payables and advances AED '000
Associated companies	10,183	28,719
Non-controlling interest	66,460	-
	76,643	28,719

	2023	
	Trade receivables AED '000	Trade payables and advances AED '000
Associated companies	8,210	28,505
Non-controlling interest	66,625	-
	74,835	28,505

30 Related party transactions and balances (continued)

Terms and conditions of transactions with related parties
Transactions with related parties are made at agreed terms and conditions approved by management and are analysed as follows:

	Terms and conditions	2024 AED '000	2023 AED '000
Trade receivables	Settled over agreed credit terms	76,643	74,835
Trade payables and advances	Settled over normal credit period	28,719	28,505

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

	2024 AED '000	2023 AED '000
Short-term benefits	12,197	12,062
Employees' end of service benefits	145	157
	12,342	12,219
Number of key management personnel	6	6

31 Contingent liabilities

Bank guarantees

The banks have issued guarantees on behalf of the Group as follows:

	2024 AED '000	2023 AED '000
Performance guarantees	66,596	95,453
Advance payment guarantees	791	2,253
Financial guarantees	8,905	8,519
	76,292	106,225

The Group's share of contingencies of associates and joint ventures as of 31 December 2024 amounted to AED 82.5 million (2023: AED 73.5 million) and AED Nil (2023: AED Nil), respectively. The Group expects no outflow of economic resources and accordingly no provision has been made in the consolidated financial statements.

32 Commitments

Contractual commitments

The authorised contractual commitments as at 31 December 2024, contracted but not provided for amounted to AED 219 million (2023: AED 591 million). The Group's share of authorised future capital expenditure of associates at 31 December 2024 amounted to AED 1.1 million (2023: AED 28.4 million) and the Group's share of authorised future capital expenditure for joint ventures amounted to AED Nil (2023: Nil).

Operating lease commitments - lessor

The Group enters into cooling service agreements with its customers for the provision of chilled water. Some of these agreements qualify to be classified as a lease and have been accounted for as an operating lease as the Group does not transfer substantially all the risks and rewards of ownership of the asset to the customer.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2024 AED '000	2023 AED '000
Within one year	81,770	80,499
After one year but not more than five years	306,217	309,034
More than five years	557,980	720,108
	945,967	1,109,641

33 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, Islamic financing, lease liabilities, non-convertible bonds and Sukuk, trade payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as finance lease receivables, trade receivables, due from related parties and cash and bank balances, which arise directly from its operations.

The Group enters into derivative transactions to manage the interest rate risk arising from the Group's sources of finance. It is, and has been throughout 2024 and 2023 the Group's policy that no trading in derivatives shall be undertaken.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk and currency risk.

Financial instruments affected by market risk include loans and borrowings, Islamic financing arrangements, deposits, finance lease receivables, lease liabilities and derivative financial instruments.

33 Financial risk management objectives and policies (continued)

(a) *Market risk* continued

The sensitivity analysis in the following sections relate to the position as at 31 December 2024 and 2023.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2024 and 2023.

The following assumptions have been made in calculating the sensitivity analyses:

- The consolidated statement of financial position sensitivity relates to derivatives instruments.
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2024 and 2023 including the effect of hedge accounting.

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash flow exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations and deposits with floating interest rates.

To manage the cash flow risk relating to its variable interest borrowings, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2024, after taking into account the effect of interest rate swaps, 100% of the Group's borrowings are at a fixed rate of interest (2023: 100%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit for one year (through the impact on unhedged portion of loans and borrowings).

	Effect on profit AED '000
2024	
+100 basis point increase	-
-100 basis point decrease	-
2023	
+100 basis point increase	-
-100 basis point decrease	-

33 Financial risk management objectives and policies (continued)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The majority of the transactions and balances are in either UAE Dirham or US Dollar or currencies that are pegged to US Dollar. As the UAE Dirham is pegged to the US Dollar, balances in US Dollar are not considered to represent significant foreign currency risk.

(d) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure relating to trade receivables, contract assets and finance lease receivables is the carrying amount as disclosed in notes 20 and 16 respectively. The Group's 3 largest customers accounted for 52% of outstanding trade and related party receivable balances at 31 December 2024 (2023: 3 customers, including a related party, account for approximately 57%). Amounts due in respect of finance lease receivables are from eleven customers (2023: nine customers).

The Group applies IFRS 9 simplified approach to measure expected credit losses which uses a expected loss allowance for all trade receivables, contract assets and finance lease receivables.

To measure the expected credit losses, trade receivables, contract assets and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and bank balances and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, maximum is equal to the carrying amount of these instruments. The Group seeks to limit its credit risk to banks by only dealing with reputable banks, and independently rated parties with a minimum of investment grade ratings are accepted.

For finance lease receivables, the Group uses simplified approach, requiring lifetime ECL recognition at all times. ECL provision is based on the Group's historical information adjusted for future expectations using macro-economic indicators. The finance lease receivables are concentrated with a few parties which are owned by Government of UAE and thus carries very low credit risk leading towards immaterial provision allowance.

33 Financial risk management objectives and policies (continued)

(e) Liquidity risk

The Group monitors its risk to a shortage of funds using a cash flow model. This tool considers the maturity of its financial assets (trade receivables, finance lease receivables and other financial assets) and projected cash outflows from operations and capital projects.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 and 2023 based on undiscounted payments and current market interest rates.

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000	Carrying value AED'000
Interest bearing loans and borrowings	-	1,922,630	20,605	91,273	63,423	2,097,931	2,044,610
Islamic financing arrangements	-	649,569	-	-	-	649,569	640,666
Non-convertible bonds and Sukuk	-	-	1,983,420	1,928,325	-	3,911,745	2,770,548
Lease liabilities	-	14,942	38,162	107,657	101,178	261,939	191,858
Trade and retention payables, due to related parties and other financial liabilities	-	204,735	374,272	13,556	-	592,563	592,563
At 31 December 2024	-	2,791,876	2,416,459	2,140,811	164,601	7,513,747	6,240,245
Interest bearing loans and borrowings	-	11,720	35,167	1,982,399	91,269	2,120,555	2,037,952
Islamic financing arrangements	-	2,950	8,437	646,312	-	657,699	638,135
Non-convertible bonds and Sukuk	-	-	146,920	3,911,745	-	4,058,665	3,532,495
Lease liabilities	-	13,864	41,746	145,250	109,583	310,443	230,049
Trade and retention payables, due to related parties and other financial liabilities	-	195,450	394,533	13,556	-	603,539	603,539
At 31 December 2023	-	223,984	626,803	6,699,262	200,852	7,750,901	7,042,170

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024 AED '000	2023 AED '000
Expiring beyond one year (bank loans)	600,000	600,000

33 Financial risk management objectives and policies (continued)

(f) Capital management

The primary objective of the Group's capital management is to achieve strong credit metrics and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, in the light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities less cash and bank balances. Capital includes total equity excluding non-controlling interests less cumulative changes in fair value of derivatives.

	2024 AED '000	2023 AED '000
Interest bearing loans and borrowings	2,044,610	2,037,952
Islamic financing arrangement	640,666	638,135
Non-convertible Bonds and Sukuk	2,770,548	3,532,495
Lease liabilities	191,858	230,049
	5,647,682	6,438,631
Less: cash and bank balances	(1,022,776)	(1,509,804)
Net debt	4,624,906	4,928,827
Equity attributable to equity holders of the parent	6,343,557	6,317,527
Adjustment for cumulative changes in fair values of derivatives	(45,225)	(146,101)
Total capital	6,298,332	6,171,426
Capital and net debt	10,923,238	11,100,253
Gearing ratio	42%	44%

34 Financial instruments and fair value measurement

34.1 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

`	2024 AED '000	2023 AED '000
Derivative financial instruments	50,152	162,742
Trade and other receivables	416,621	416,132
Finance lease receivables	2,783,172	2,856,029
Cash and bank balances	1,022,776	1,509,804
Financial assets measured at amortised cost	4,222,569	4,781,965
Trade and other payables	143,305	137,119
Interest bearing loans and borrowings	2,044,610	2,037,952
Islamic financing arrangement	640,666	638,135
Non-convertible Bonds and Sukuk	2,770,548	3,532,495
Lease liabilities	191,858	230,049
Financial liabilities measured at amortised cost	5,790,987	6,575,750

For the purpose of the financial instrument's disclosure, non-financial assets and non-financial liabilities have been excluded from 'trade and other receivables' and 'trade and other payables', respectively.

Fair values of financial instruments

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values at the reporting date except for finance lease receivables, interest bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities. Set out below is a comparison of carrying amounts and fair values of such instruments:

	Carrying Amount		Fair Value	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Asset (liabilities) measured at fair value				
Interest rate swaps	50,152	162,742	50,152	162,742
Assets (liabilities) for which fair value is disclosed				
Financial assets				
Finance lease receivables	2,783,172	2,856,029	2,990,491	3,126,916
Financial liabilities				
Interest bearing loans and borrowings	2,044,610	2,037,952	2,033,118	2,067,006
Islamic financing arrangement	640,666	638,135	640,879	647,310
Non-convertible bonds and Sukuk	2,770,548	3,532,495	2,774,952	3,489,350
Lease liabilities	191,858	230,049	225,334	256,541

34 Financial instruments and fair value measurement (continued)

34.2 Fair value hierarchy

As at 31 December 2024 and 2023, the fair value measurement hierarchy of the Group's assets and liabilities is as follows:

	2024				2023			
	31 December 2024 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	31 December 2023 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Assets /(Liabilities) measured at fair value								
Interest rate swaps	50,152	-	50,152		162,742	-	162,742	-
Assets for which fair values are disclosed								
Finance lease receivables	2,990,491	-	-	2,990,491	3,126,916	-	-	3,126,916
Liabilities for which fair values are disclosed								
Interest bearing loans and borrowings	2,033,118	-	-	2,033,118	2,067,006	-	-	2,067,006
Islamic financing arrangement	640,879	-	-	640,879	647,310	-	-	647,310
Non-convertible bonds and Sukuk	2,774,952	2,774,952	-	-	3,489,350	3,489,350	-	-
Lease liabilities	225,334	-	-	225,334	256,541	-	-	256,541
	5,674,283	2,774,952	-	2,899,331	6,460,207	3,489,350	-	2,970,857

During the reporting years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

34 Financial instruments and fair value measurement (continued)

34.2 Fair value hierarchy (continued)

The following methods and assumptions were used to estimate the fair values for assets and liabilities measured at fair value:

Derivative financial instruments
The Group enters into derivative financial instruments with various banks and financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are interest rate swaps. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

Other financial assets (liabilities)
Fair values of other financial assets and liabilities are estimated by discounting future cash flows using prevailing current market rates.

34.3 Hedging activities

Cash flow hedges
The Group is exposed to variability in future interest cash flows on interest bearing loans and borrowings which bear interest at a variable rate.

In order to hedge its exposure to variable interest rate fluctuations on its interest bearing loans the Group has entered into interest rate swaps with counter-party banks designated as cash flow hedges for notional amounts that mirror the drawdown and repayment schedule of the respective loans. The cashflow hedges are assessed as fully effective based on management qualitative assessment of the critical terms of the hedging arrangements. The notional amount of the interest rate swaps was AED 2,541 million as at 31 December 2024 (2023: AED 2,600 million).

Upon derecognition, the cumulative fair value change recognized in OCI is recycled to consolidated profit and loss account. During the year fair value of hedge amounting to AED Nil (2023: AED 100.6 million) was recycled to profit and loss upon termination (note 24).

The schedule indicating the maturity profile of the derivative related assets and liabilities as at 31 December is as follows:

	Within 1 year AED '000	More than 1 Year AED '000	Total AED '000
2024			
Cash inflows (assets)	1,542	55,425	56,967
Cash outflows (liabilities)	(1,527)	(6,591)	(8,118)
Net cash outflows	15	48,834	48,849
2023			
Cash inflows (assets)	140,788	52,265	193,053
Cash outflows (liabilities)	(13,352)	(8,118)	(21,470)
Net cash outflows	127,436	44,147	171,583

All derivative contracts are with counterparty banks in UAE.

35 Comparative information

In order to conform with current period presentation, the comparative figures for right of use assets, property, plant and equipment, trade and other receivables and trade and other payables in the previous period have been reclassified. Such reclassification does 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 amount AED '000	Reclassification AED '000	Revised amount AED '000
Cost – net of impairment	6,611,896	(59,243)	6,552,653
Accumulated depreciation	(2,090,865)	9,899	(2,080,966)
Net carrying amount	4,521,031	(49,344)	4,471,687

Right-of-use asset	Previously reported amount AED '000	Reclassification AED '000	Revised amount AED '000
Cost – net of impairment	339,081	59,243	398,324
Accumulated depreciation	(117,408)	(9,899)	(127,307)
Net carrying amount	221,673	49,344	271,017

	Previously reported amount AED '000	Reclassification AED '000	Revised amount AED '000
Trade and other receivables	691,040	26,433	717,473
Trade and other payables	759,098	26,433	785,531

	Previously reported amount AED '000	Reclassification AED '000	Revised amount AED '000
Depreciation of property, plant and equipment	210,441	(1,171)	209,270
Depreciation right-of-use assets	28,506	1,171	29,677

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