National Central Cooling Company PJSC

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2024

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim condensed consolidated financial statements
For the nine months period ended 30 September 2024

	Pages
Review report on interim condensed consolidated financial statements	**1**
Interim consolidated statement of profit or loss	**2**
Interim consolidated statement of comprehensive income	**3**
Interim consolidated statement of financial position	**4**
Interim consolidated statement of changes in equity	**5**
Interim consolidated statement of cash flows	**6**
Notes to the interim condensed consolidated financial statements	**7 – 23**

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF NATIONAL CENTRAL COOLING COMPANY PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of National Central Cooling Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2024, comprising of the interim consolidated statement of financial position as at 30 September 2024, and the related interim consolidated statement of profit or loss, and interim consolidated statement of comprehensive income, for the three and nine months period ended, and the related interim consolidated statement of changes in equity and interim consolidated statement of cashflows for the nine months period then ended and material accounting policy information. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Signed by
Raed Ahmad
Partner
Ernst & Young
Registration No 811

14 November 2024
Abu Dhabi

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of profit or loss (unaudited)
For the three months and nine months period ended 30 September 2024

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2024	2023	**2024**	2023
		AED'000	AED'000	**AED'000**	AED'000
Revenue	5	**770,901**	755,397	**1,850,452**	1,822,884
Direct costs		**(482,821)**	(477,829)	**(1,035,419)**	(1,018,849)
Gross profit		**288,080**	277,568	**815,033**	804,035
Administrative and other expenses		**(72,840)**	(61,125)	**(219,243)**	(193,473)
Operating profit		**215,240**	216,443	**595,790**	610,562
Finance costs	15	**(48,129)**	(65,411)	**(165,673)**	(208,718)
Finance income		**7,533**	15,170	**31,763**	42,256
Other gains and losses, net		**372**	54,418	**2,251**	161,124
Share of results of associates and joint ventures, net		**6,228**	10,307	**24,424**	27,548
Profit before tax		**181,244**	230,927	**488,555**	632,772
Income tax expense	16	**(15,728)**	(358,795)	**(39,202)**	(358,795)
Profit for the period		**165,516**	(127,868)	**449,353**	273,977
Attributable to:					
Equity holders of the parent		**156,148**	(101,256)	**425,172**	285,138
Non-controlling interest		**9,368**	(26,612)	**24,181**	(11,161)
		165,516	(127,868)	**449,353**	273,977
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	**0.05**	(0.04)	**0.15**	0.10

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

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of comprehensive income (unaudited)
For the three months and nine months period ended 30 September 2024

	Three months ended 30 September		Nine months ended 30 September	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000
Profit for the period	165,516	(127,868)	449,353	273,977
Other comprehensive (loss) income				
Exchange difference on translation of foreign operations	3,204	(1,118)	(771)	193
Net movement in fair value of derivatives in cash flow hedges – net of tax	(38,172)	(13,027)	(83,667)	(51,714)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	(9,578)	586	5,818	(1,802)
Net other comprehensive (loss) income that may be reclassified subsequently to profit or loss	(44,546)	(13,559)	(78,620)	(53,323)
Reclassification of fair value of derivatives in cash flow hedges to profit or loss statement upon termination (note 12)	-	-	-	(100,604)
Net other comprehensive loss reclassified to profit or loss	-	-	-	(100,604)
Total comprehensive income for the period	120,970	(141,427)	370,733	120,050
Attributable to:				
Equity holders of the parent	111,602	(114,815)	346,552	131,211
Non-controlling interest	9,368	(26,612)	24,181	(11,161)
	120,970	(141,427)	370,733	120,050

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

NATIONAL CENTRAL COOLING COMPANY PJSC
Interim consolidated statement of financial position
As at 30 September 2024

	Notes	30 September 2024 (Unaudited) AED '000	31 December 2023 (Audited) AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	8, 22	**4,443,154**	4,471,687
Capital work in progress		**315,147**	258,276
Right-of-use assets	22	**252,648**	271,017
Intangible assets		**3,995,538**	4,049,445
Investments in associates and joint ventures		**613,124**	622,390
Finance lease receivables	9	**2,474,464**	2,522,872
Long term deposits	10	**9,551**	14,309
		12,103,626	12,209,996
Current assets			
Inventories		**74,555**	69,693
Trade and other receivables		**769,420**	691,040
Finance lease receivables	9	**338,464**	333,157
Cash and bank balances	11	**747,831**	1,509,804
		1,930,270	2,603,694
Total assets		**14,033,896**	14,813,690
EQUITY AND LIABILITIES			
Equity			
Issued share capital		**2,845,271**	2,845,261
Treasury shares		**(3,314)**	(3,296)
Statutory reserve		**565,453**	565,453
Retained earnings		**2,746,240**	2,762,076
Foreign currency translation reserve		**1,161**	1,932
Cumulative changes in fair value of derivatives in cash flow hedges		**68,252**	146,101
Equity attributable to the equity holders of the parent		**6,223,063**	6,317,527
Non-controlling interests		**610,586**	625,715
Total equity		**6,833,649**	6,943,242
Liabilities			
Non-current liabilities			
Trade and other payables		**305,555**	268,666
Interest bearing loans and borrowings	12	**135,431**	1,976,915
Islamic financing arrangement	13	**-**	638,135
Non-convertible bonds and sukuk	14	**2,777,621**	3,532,495
Deferred tax liabilities	16	**348,929**	358,795
Lease liabilities		**146,022**	176,999
Employees' end of service benefits		**52,047**	45,258
		3,765,605	6,997,263
Current liabilities			
Trade and other payables		**833,458**	759,098
Interest bearing loans and borrowings	12	**1,908,707**	61,037
Islamic financing arrangement	13	**640,033**	-
Lease liabilities		**52,444**	53,050
		3,434,642	873,185
Total liabilities		**7,200,247**	7,870,448
Total equity and liabilities		**14,033,896**	14,813,690

Dr. Bakheet Al Katheeri	**Khalid Abdulla Al Marzooqi**	**Adel Al Wahedi**
Chairman	Chief Executive Officer	Chief Financial Officer

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

NATIONAL CENTRAL COOLING COMPANY PJSC

Interim consolidated statement of changes in equity

For the nine months period ended 30 September 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 (audited)	2,845,261	(3,296)	522,947	2,757,257	1,151	351,490	6,474,810	679,265	7,154,075
Profit for the period	-	-	-	285,138	-	-	285,138	(11,161)	273,977
Other comprehensive income for the period	-	-	-	-	193	(154,120)	(153,927)	-	(153,927)
Total comprehensive income for the period	-	-	-	285,138	193	(154,120)	131,211	(11,161)	120,050
Dividend paid to ordinary shareholders (note 19)	-	-	-	(383,666)	-	-	(383,666)	-	(383,666)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(48,967)	(48,967)
Other movements	-	-	(150)	-	-	-	(150)	(2)	(152)
Balance at 30 September 2023 (unaudited)	2,845,261	(3,296)	522,797	2,658,729	1,344	197,370	6,222,205	619,135	6,841,340
Balance at 1 January 2024 (audited)	2,845,261	(3,296)	565,453	2,762,076	1,932	146,101	6,317,527	625,715	6,943,242
Profit for the period				425,172			425,172	24,181	449,353
Other comprehensive income for the period	-	-	-	-	(771)	(77,849)	(78,620)	-	(78,620)
Total comprehensive income for the period	**-**	**-**	**-**	**425,172**	**(771)**	**(77,849)**	**346,552**	**24,181**	**370,733**
Dividend paid to ordinary shareholders (note 19)	-	-	-	(441,016)	-	-	(441,016)	-	(441,016)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(27,207)	(27,207)
Additional minority contribution in a subsidiary	-	-	-	-	-	-	-	7,897	7,897
Repayment of contributed capital to Non controlling Interest	-	-	-	-	-	-	-	(20,000)	(20,000)
Other movements	10	(18)	-	8	-	-	-	-	-
Balance at 30 September 2024 (unaudited)	**2,845,271**	**(3,314)**	**565,453**	**2,746,240**	**1,161**	**68,252**	**6,223,063**	**610,586**	**6,833,649**

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

NATIONAL CENTRAL COOLING COMPANY PJSC

Interim consolidated statement of cash flows (unaudited)
For the nine months period ended 30 September 2024

	Notes	Nine months ended 30 September 2024 AED '000	2023 AED '000
Operating activities			
Profit before tax		**488,555**	632,772
Non-cash adjustments:			
Depreciation of property, plant and equipment	8	**150,532**	168,123
Depreciation of right-of-use assets		**22,904**	21,131
Amortization of intangible assets		**80,647**	76,988
Finance lease income	9	**(180,166)**	(222,454)
Share of results of associates and joint ventures		**(24,424)**	(27,548)
Provision for employees' end of service benefits		**7,413**	5,519
Finance income		**(31,763)**	(42,256)
Finance costs	15	**165,673**	208,718
Other income and charges		**(2,251)**	(161,124)
Operating cash flows before changes in working capital		**677,120**	659,869
Working capital changes:			
Inventories		**(4,862)**	(4,331)
Trade and other receivables		**(193,169)**	(110,536)
Trade and other payables		**27,753**	156,899
Lease rentals received	9	**263,518**	259,491
Employees' end of service benefits paid		**(624)**	(2,302)
Net cash flows generated from operating activities		**769,736**	959,090
Investing activities			
Purchase of property, plant and equipment	8	**(9,659)**	(18,508)
Payments for capital work in progress		**(173,509)**	(113,311)
Additions to Intangibles		**(26,740)**	-
Dividends from associates and joint ventures		**17,908**	6,116
Long term deposits matured/(placed)		**4,758**	(14,309)
Finance income received		**27,902**	41,721
Proceeds from disposal of property, plant and equipment		**-**	1,458
Net cash received on disposal of investments		**17,468**	68,067
Net cash flows used in investing activities		**(141,872)**	(28,766)
Financing activities			
Interest bearing loans and borrowings repaid		**(10,742)**	(353,610)
Interest bearing loans and borrowings drawn		**12,748**	-
Sukuk repurchased		**(759,061)**	-
Islamic financing arrangement repaid		**-**	(312,371)
Principal portion of lease payments		**(44,721)**	(40,845)
Finance costs paid		**(107,735)**	(150,196)
Additional minority contribution in subsidiary		**7,897**	-
Dividends paid to shareholders		**(441,016)**	(383,666)
Repayment of shareholder contribution to NCI		**(20,000)**	-
Dividends paid to non-controlling interests		**(27,207)**	(48,967)
Net cash flows used in financing activities		**(1,389,837)**	(1,289,655)
Net decrease in cash and cash equivalents		**(761,973)**	(359,331)
Cash and cash equivalents at 1 January		**1,509,804**	1,773,301
Cash and cash equivalents at 30 September	11	**747,831**	1,413,970

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

1 GENERAL INFORMATION

National Central Cooling Company PJSC ("Tabreed" or the "Company") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (32) of 2021 and is listed on the Dubai Financial Market. The Company's registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

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

The principal activities of the Group are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy.

The Group's non-convertible bonds and sukuk are listed on the London Stock Exchange (note 14).

2 BASIS OF PREPARATION

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

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

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

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In addition, results for the nine months period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2023.

5 REVENUE

	Three months period ended 30 September (unaudited)		*Nine months period ended 30 September (unaudited)*	
	2024	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*
Revenue from supply of chilled water business segment	**743,689**	736,085	**1,778,262**	1,762,410
Revenue from value chain business segment	**27,212**	19,312	**72,190**	60,474
	770,901	755,397	**1,850,452**	1,822,884
Timing of transfer of goods and services:				
At a point in time	**14,370**	12,763	**35,172**	36,052
Over time	**756,531**	742,634	**1,815,280**	1,786,832
	770,901	755,397	**1,850,452**	1,822,884
Geographical location:				
Inside UAE	**731,005**	718,325	**1,754,006**	1,732,812
Outside UAE	**39,896**	37,072	**96,446**	90,072
	770,901	755,397	**1,850,452**	1,822,884

6 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The **Chilled Water** segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling systems.
- The **Value Chain Business** segment is engaged in various ancillary activities relating to the Group's chilled water business. These services consist of manufacturing of pre-insulated systems of pipes and fittings for applications involving the transport and distribution of hot and cold fluids, design and supervision of mechanical and electrical systems and its installations in buildings and specialized facilities.

Segment performance is evaluated based on operating profit or loss and is measured consistently with the Group's operating profit or loss in the interim condensed consolidated financial information.

6 SEGMENT INFORMATION (continued)

	Nine months period ended 30 September 2024 (unaudited)				Nine months period ended 30 September 2023 (unaudited)			
	Chilled water AED'000	***Value chain business AED'000***	***Eliminations AED'000***	***Total AED'000***	*Chilled water AED'000*	*Value chain business AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue								
External revenue	1,778,262	72,190	-	1,850,452	1,762,410	60,474		1,822,884
Inter–segment revenue	-	38,831	(38,831)	-	-	45,829	(45,829)	-
Total revenue	1,778,262	111,021	(38,831)	1,850,452	1,762,410	106,303	(45,829)	1,822,884
Direct costs	(997,677)	(62,929)	25,187	(1,035,419)	(987,441)	(61,610)	30,202	(1,018,849)
Gross profit	780,585	48,092	(13,644)	815,033	774,969	44,693	(15,627)	804,035
Administrative and other expenses	(213,226)	(16,603)	10,586	(219,243)	(187,279)	(17,130)	10,936	(193,473)
Operating profit	567,359	31,489	(3,058)	595,790	587,690	27,563	(4,691)	610,562
Finance costs	(164,511)	(1,162)	-	(165,673)	(207,766)	(952)	-	(208,718)
Finance income	31,720	43	-	31,763	42,194	62	-	42,256
Other gains and losses, net	2,251	-	-	2,251	161,124	-	-	161,124
Share of results of associates and joint ventures, net	24,424	-	-	24,424	27,548	-	-	27,548
Profit before tax for the period	461,243	30,370	(3,058)	488,555	610,790	26,673	(4,691)	632,772

Inter-segment revenues and expenses are eliminated on consolidation.

	30 September 2024 (unaudited)			31 December 2023 (Audited)		
	Chilled water AED'000	***Value chain business AED'000***	***Total AED'000***	*Chilled water AED'000*	*Value chain business AED'000*	*Total AED'000*
Total assets	**13,914,348**	**119,548**	**14,033,896**	14,699,070	114,620	14,813,690
Total liabilities	**7,071,251**	**128,996**	**7,200,247**	7,759,816	110,632	7,870,448

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

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

	Three months period ended 30 September (unaudited)		***Nine months period ended 30 September (unaudited)***	
	2024 AED'000	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
Profit attributable to the equity holders of the parent (AED '000)	**156,148**	(101,256)	**425,172**	285,138
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000)	**2,841,956**	2,841,965	**2,841,956**	2,841,965
Total basic earnings per share (AED)	**0.05**	(0.04)	**0.15**	0.10

The Company does not have any instruments which would have a dilutive impact on earnings per share. Therefore, basic and diluted earnings per share are same for the period ended 30 September 2024 and 2023.

8 PROPERTY, PLANT AND EQUIPMENT

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At beginning of the period / year	**4,471,687**	4,704,252
Additions	**9,659**	57,678
Transfer from capital work in progress	**115,425**	128,825
Depreciation expense	**(150,532)**	(209,270)
Transfer to finance lease	**-**	(4,412)
Disposals (i)	**(3,085)**	(205,386)
At end of the period / year	**4,443,154**	4,471,687

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

9 FINANCE LEASE RECEIVABLES

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

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At the beginning of the period / year	**2,856,029**	2,902,170
Finance lease income	**160,962**	218,110
Variable lease payment CPI indexation	**19,204**	77,480
Total finance lease income	**180,166**	295,590
Additions	**40,251**	4,412
Lease rentals received	**(263,518)**	(346,143)
At the end of the period / year	**2,812,928**	2,856,029

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

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Current	**338,464**	333,157
Non-current	**2,474,464**	2,522,872
	2,812,928	2,856,029

10 LONG TERM DEPOSITS

During the year ended 31 December 2023, various deposits amounting to AED 14.3 million were placed by a subsidiary of the Group, for a tenure of 5 years, with commercial banks, at rates ranging from 4.5% to 4.9% per annum. The balance of these deposits currently stands at AED 9.6 million and are classified as non-current assets at 30 September 2024.

11 CASH AND BANK BALANCES

Cash and bank balances at the end of the reporting period as shown in the interim consolidated statement of cash flows can be reconciled to the related items in the interim consolidated statement of financial position as follows:

	30 September 2024 AED '000 (Unaudited)	30 September 2023 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Bank balances and cash	**125,240**	194,938	150,061
Bank deposits	**622,591**	1,219,032	1,359,743
Cash and cash equivalents	**747,831**	1,413,970	1,509,804

Geographical concentration of cash and bank balances is as follows:

	30 September 2024 AED '000 (Unaudited)	30 September 2023 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Within UAE	**731,212**	1,378,573	1,495,903
Outside UAE	**16,619**	35,397	13,901
	747,831	1,413,970	1,509,804

12 INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate %	**30 September 2024 AED '000 (Unaudited)**	31 December 2023 AED '000 (Audited)
Term loan 1 (i)	SOFR / LIBOR + margin	**1,893,751**	1,887,623
Term loan 2	5.25%-6.75% / 5.75%	**52,209**	50,578
Term loan 3	5.25%-6.75% / 5.75%	**48,237**	46,759
Term loan 4	EIBOR + margin	**49,941**	52,992
		2,044,138	2,037,952

12 INTEREST BEARING LOANS AND BORROWINGS (continued)

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

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

The facility is repayable with a 100% bullet payment in March 2025. Accordingly, classified as a current liability at 30 September 2024.

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

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

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Current portion	**1,908,707**	61,037
Non-current portion	**135,431**	1,976,915
	2,044,138	2,037,952

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

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At the beginning of the period / year	**2,037,952**	2,506,481
Drawdown during the period / year	**12,748**	-
Repayments (including interest) during the period / year	**(10,742)**	(491,044)
Transaction cost – amortised / written off	**4,180**	22,515
At the end of the period / year	**2,044,138**	2,037,952

Included in the interest-bearing loans and borrowing is an amount of AED 10.9 million (31 December 2023: AED 15.1 million) of unamortised transaction cost.

13 ISLAMIC FINANCING ARRANGEMENT

	Effective profit rate %	30 September 2024 *AED '000* (Unaudited)	31 December 2023 AED '000 (Audited)
Islamic financing arrangement (i)	SOFR / LIBOR + margin	**640,033**	638,135
		640,033	638,135

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

Islamic financing arrangement was denominated in USD with LIBOR as the benchmark rate and 100% hedged through a plain vanilla interest rate swap (IRS). The Company successfully transitioned the financing and the associated derivative from LIBOR to SOFR in 2023 with no impact on the profit or loss or equity of the Group.

The facility is repayable with a 100% bullet payment in March 2025. Accordingly, classified as a current liability at 30 September 2024.

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

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Current portion	**640,033**	-
Non-current portion	**-**	638,135
	640,033	638,135

13 ISLAMIC FINANCING ARRANGEMENT (continued)

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

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At the beginning of the period / year	**638,135**	937,391
Repayments during the period / year	**-**	(312,371)
Transaction cost – amortised / written off	**1,898**	13,115
At the end of the period / year	**640,033**	638,135

Included in the Islamic financing arrangement is an amount of AED 1.3 million (31 December 2023: AED 3.2 million) of unamortised transaction cost.

14 NON-CONVERTIBLE BONDS AND SUKUK

	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Non-convertible bonds (i)	**1,823,032**	1,819,897
Non-convertible sukuk (ii)	**954,589**	1,712,598
	2,777,621	3,532,495

(i) Non-convertible bonds

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

The bonds are stated net of discount and transaction costs incurred in connection with the bonds issuance, amounting to AED 13.5 million, which are amortised over the repayment period of the bonds using effective interest rate method.

14 NON-CONVERTIBLE BONDS AND SUKUK (continued)

(ii) Non-convertible sukuk

In 2018, the Group issued 7-year investment grade Islamic bonds (Sukuk) of US$ 500 million which are listed on the London Stock Exchange. The sukuk carries a profit rate of 5.5% payable semi-annually. The sukuk is repayable on 31 October 2025.

The sukuk is stated net of discount and transaction costs incurred in connection with the arrangements, amounting to AED 2.0 million, which are amortised to the interim consolidated statement of profit or loss over the repayment period of the sukuk using effective interest rate method.

During 2024, Sukuk amounting to US$ 206.7m were purchased, with total buyback amounting to US$ 239.7m as at 30 September 2024. During 2023, Sukuk amounting to US$ 33.0m were purchased as part of its liability management. The Management intends to hold these instruments without cancellation.

15 FINANCE COSTS

	Three months period ended 30 September (unaudited)		*Nine months period ended 30 September (unaudited)*	
	2024	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*
Interest on interest bearing loans	**11,611**	12,742	**36,513**	48,386
Profit on sukuk	**13,430**	25,332	**51,781**	75,833
Interest on bonds	**11,489**	11,489	**34,445**	34,444
Profit on Islamic financing arrangement	**3,505**	4,968	**10,370**	14,958
Amortisation of transaction costs	**4,141**	5,750	**12,401**	14,511
Finance cost related to lease liabilities	**2,299**	4,695	**8,427**	10,486
Others	**1,654**	435	**11,736**	10,100
	48,129	65,411	**165,673**	208,718

16 INCOME TAX

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

	Three months period ended 30 September (unaudited)		*Nine months period ended 30 September (unaudited)*	
	2024	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*
Income taxes				
Current income tax expense	**17,912**	-	**47,682**	-
Deferred income tax benefit relating to temporary differences	**(2,184)**	-	**(8,480)**	-
Income tax expense recognised in statement of profit or loss	**15,728**	358,795	**39,202**	358,795
Deferred income tax expense /(benefit)relating to temporary differences recognised in other comprehensive income	**(3,232)**	-	**(1,386)**	-

	At 30 September 2024 AED '000 (Unaudited)	At 31 December 2023 AED '000 (Audited)
Deferred taxes		
Goodwill acquired through business combination – prior to enactment of UAE CT Law	**28,729**	28,729
Intangible assets acquired through business combination – prior to enactment of UAE CT Law	**328,612**	337,858
Unrealized loss on derivative fair valuation	**(1,386)**	-
Fair value of property, plant and equipment	**(7,026)**	(7,792)
Deferred tax liabilities - net	**348,929**	358,795

17 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted as at 30 September 2024 amounted to AED 490.9 million (31 December 2023: AED 591 million) and relates to capital work in progress.

Contingencies

	At 30 September 2024 AED '000 (Unaudited)	At 31 December 2023 AED '000 (Audited)
Performance guarantees	**139,695**	95,453
Advance payment guarantees	**809**	2,253
Financial guarantees	**10,932**	8,519
	151,436	106,225

18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, joint ventures, majority shareholder, directors, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim consolidated statement of profit or loss are as follows:

	Nine months ended			
	30 September 2024 (unaudited)		30 September 2023 (unaudited)	
	Revenue AED '000	**Direct costs AED '000**	Revenue AED '000	Direct costs AED '000
Associated companies	**8,690**	**47,305**	8,377	46,657
Non-controlling interest shareholders	**300,361**	**-**	293,120	-

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	30 September 2024 (unaudited)	
	Trade and other receivables	**Trade and other payables**
	AED '000	***AED '000***
Associated companies	**17,571**	**26,936**
Non-controlling interest shareholders	**133,931**	**-**
	151,502	**26,936**

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

Compensation of key management personnel

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

	Nine months period ended 30 September	
	2024	2023
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Short-term benefits	**9,211**	8,966
Employees' end of service benefits	**110**	121
	9,321	9,087
Number of key management personnel	**6**	6

19 DIVIDENDS AND BOARD REMUNERATION

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

In 2023, the Board of Directors proposed the distribution of cash dividends of 13.5 fils per share in respect of the fiscal year ended 31 December 2022. The shareholders at the Annual General Assembly Meeting held on 20 March 2023 approved the dividend. Accordingly, dividend amounting to AED 383.7 million was paid on 17 April 2023.

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

20 SEASONALITY OF OPERATIONS

Interim results fluctuate due to the seasonal demands for chilled water, in line with the average temperatures in the region. Tabreed's operations generally produce higher revenues in the summer due to increased customer consumption, while certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result, interim operational profits are not indicative of operational profits on an annual basis.

21 FAIR VALUE MEASUREMENT

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

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

21 FAIR VALUE MEASUREMENT (continued)

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

	Fair value as at		*Fair value hierarchy*	*Valuation techniques and key inputs*	*Significant unobservable input*	*Relationship of unobservable inputs to fair value*
	30 September 2024 AED 000' (unaudited)	*31 December 2023 AED 000' (audited)*				
Trade and other receivables						
Derivative financial Assets	**51,255**	136,309	Level 2	Significant observable inputs	None	Not applicable

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

22 COMPARATIVE INFORMATION

In order to conform with current period presentation, the comparative figures for right of use assets and property, plant and equipment in the previous period have been reclassified. Such reclassification 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 figures**	**Reclassification**	**Revised**
	AED '000	AED '000	AED '000
Cost – net of impairment	**6,611,896**	(59,246)	**6,552,650**
Accumulated depreciation	**(2,090,865)**	9,902	**(2,080,963)**
Net Change	**4,521,031**	(49,344)	**4,471,687**

Right-of-use asset	**Previously reported figures**	**Reclassification**	**Revised**
	AED '000	AED '000	AED '000
Cost – net of impairment	**339,081**	59,246	**398,327**
Accumulated depreciation	**(117,408)**	(9,902)	**(127,310)**
Net Change	**221,673**	49,344	**271,017**

22 COMPARATIVE INFORMATION (continued)

Statement of comprehensive income for the year ended 31 December 2023

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

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

23 SUBSEQUENT EVENTS

No subsequent events have taken place after 30 September 2024 which may require disclosure or adjustment in these interim condensed consolidated financial statements.

24 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Group were authorised for issuance by the Board of Directors on 14 November 2024.