

NATIONAL CENTRAL COOLING COMPANY PJSC

Review report and condensed consolidated
interim financial information
for the nine-month period ended
30 September 2021

NATIONAL CENTRAL COOLING COMPANY PJSC

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Review report on condensed consolidated interim financial information to the Board of Directors of National Central Cooling Company PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Central Cooling Company PJSC ("the Company") and its subsidiaries (together, "the Group") as at 30 September 2021 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

PricewaterhouseCoopers
11 November 2021

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

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Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of profit or loss (unaudited)

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2021	2020	2021	2020
		AED'000	AED'000	AED'000	AED'000
Revenues	5	595,709	547,930	1,464,711	1,257,945
Direct costs	5	(381,105)	(319,922)	(809,946)	(665,646)
Gross profit		214,604	228,008	654,765	592,299
Impairment provision for trade receivables		-	-	-	(19,700)
Administrative and other expenses	5	(57,177)	(54,490)	(171,317)	(166,246)
Operating profit		157,427	173,518	483,448	406,353
Finance costs	5,16	(63,420)	(53,283)	(187,189)	(148,256)
Finance income	5	456	112	1,668	785
Other gains and losses, net	5	105	(37)	(2,178)	67,722
Share of results of associates and joint ventures, net	5	8,793	18,965	33,653	37,147
Profit from continuing operations		103,361	139,275	329,402	363,751
Profit from discontinued operations	10	60,422	15,441	80,207	20,626
Profit for the period		163,783	154,716	409,609	384,377
Attributable to:					
Equity holders of the parent					
Profit from continuing operations		94,081	130,705	307,795	349,818
Profit from discontinued operations		60,422	15,441	80,207	20,626
		154,503	146,146	388,002	370,444
Non-controlling interests					
Profit from continuing operations		9,280	8,570	21,607	13,933
Profit from discontinued operations		-	-	-	-
		9,280	8,570	21,607	13,933
		163,783	154,716	409,609	384,377
Basic and diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (AED)					
		0.035	0.047	0.113	0.126
Basic and diluted earnings per share from discontinued operations attributable to ordinary equity holders of the parent (AED)					
		0.022	0.006	0.030	0.007
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	6	0.057	0.053	0.143	0.133

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of comprehensive income (unaudited)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Profit for the period	163,783	154,716	409,609	384,377
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net movement in fair value of derivatives in cash flow hedges	5,647	(5,309)	39,348	(28,012)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	5,272	1,819	28,580	(38,270)
Exchange differences arising on translation of overseas operations	14	-	(299)	(4)
Total other comprehensive income/(loss) for the period	10,933	(3,490)	67,629	(66,286)
Total comprehensive income for the period	174,716	151,226	477,238	318,091
Attributable to:				
Equity holders of the parent				
Profit from continuing operations	105,014	127,215	375,424	283,532
Profit from discontinued operations	60,422	15,441	80,207	20,626
	165,436	142,656	455,631	304,158
Non-controlling interests				
Profit from continuing operations	9,280	8,570	21,607	13,933
Profit from discontinued operations	-	-	-	-
	9,280	8,570	21,607	13,933
	174,716	151,226	477,238	318,091

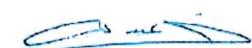
The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of financial position

		As at	
		30 September 2021 (unaudited) AED '000	31 December 2020 (audited) AED '000
ASSETS	Note		
Non-current assets			
Capital work in progress	8	198,790	299,489
Property, plant and equipment		4,770,624	4,437,282
Right-of-use assets		210,257	165,469
Intangible assets	9	2,954,243	2,360,127
Investment in associates and joint ventures	10	401,298	358,258
Finance lease receivables	11	2,698,132	2,793,069
		<u>11,233,344</u>	<u>10,413,694</u>
Current assets			
Inventories		49,204	42,420
Trade and other receivables		923,578	898,467
Finance lease receivables	11	330,922	315,581
Cash and bank balances	12	1,140,122	1,312,894
		<u>2,443,826</u>	<u>2,569,362</u>
Assets held for sale	10	-	329,885
TOTAL ASSETS		<u>13,677,170</u>	<u>13,312,941</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital		2,775,874	2,715,529
Treasury shares		(2,016)	(2,016)
Statutory reserve		413,020	413,020
Retained earnings		2,305,422	2,133,906
Foreign currency translation reserve		(1,779)	(1,480)
Cumulative changes in fair value of derivatives in cash flow hedges		(26,150)	(94,078)
Equity attributable to the equity holders of the parent		<u>5,464,371</u>	<u>5,164,881</u>
Non - controlling interests		696,768	710,289
Total equity		<u>6,161,139</u>	<u>5,875,170</u>
Non-current liabilities			
Trade and other payables		148,837	116,727
Interest bearing loans and borrowings	13	2,121,646	2,132,930
Islamic financing arrangement	14	632,335	630,681
Non-convertible Bonds and Sukuk	15	3,641,806	3,639,348
Lease liabilities		205,395	219,599
Employees' end of service benefits		39,652	36,486
		<u>6,789,671</u>	<u>6,775,771</u>
Current liabilities			
Trade and other payables		654,160	593,722
Interest bearing loans and borrowings	13	25,869	23,477
Lease liabilities		46,331	44,801
		<u>726,360</u>	<u>662,000</u>
Total liabilities		<u>7,516,031</u>	<u>7,437,771</u>
TOTAL EQUITY AND LIABILITIES		<u>13,677,170</u>	<u>13,312,941</u>

To the best of our knowledge, the condensed consolidated interim financial information is prepared, in all material respects, in accordance with IAS 34.



Khaled Abdulla Al Qubaisi

Chairman



Khalid Abdulla Al Marzooqi

Chief Executive Officer



Adel AlWahedi

Chief Financial Officer

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of changes in equity

	Attributable to equity holders of the parent company								
	Issued capital AED '000	Treasury shares AED '000	Statutory reserve AED '000	Retained earnings AED '000	Foreign currency translation reserve AED '000	Cumulative changes in fair value of derivatives AED '000	Total AED '000	Non – controlling interests AED '000	Total equity AED '000
Balance at 1 January 2020 (audited)	2,715,529	(2,016)	358,466	1,923,249	(1,686)	(48,553)	4,944,989	70,666	5,015,655
Profit for the period	-	-	-	370,444	-	-	370,444	13,933	384,377
Other comprehensive income for the period	-	-	-	-	(4)	(66,282)	(66,286)	-	(66,286)
Total comprehensive income/(loss) for the period	-	-	-	370,444	(4)	(66,282)	304,158	13,933	318,091
Dividend paid to shareholders (note 19)	-	-	-	(285,131)	-	-	(285,131)	-	(285,131)
Non-controlling interest on acquisition of a subsidiary	-	-	-	-	-	-	-	619,953	619,953
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(2,183)	(2,183)
Balance at 30 September 2020 (unaudited)	2,715,529	(2,016)	358,466	2,008,562	(1,690)	(114,835)	4,964,016	702,369	5,666,385
Balance at 1 January 2021 (audited)	2,715,529	(2,016)	413,020	2,133,906	(1,480)	(94,078)	5,164,881	710,289	5,875,170
Profit for the period	-	-	-	388,002	-	-	388,002	21,607	409,609
Other comprehensive income/(loss) for the period	-	-	-	-	(299)	67,928	67,629	-	67,629
Total comprehensive income/(loss) for the period	-	-	-	388,002	(299)	67,928	455,631	21,607	477,238
Dividend paid to shareholders (note 19)	-	-	-	(156,141)	-	-	(156,141)	-	(156,141)
Issuance of bonus shares (note 19)	60,345	-	-	(60,345)	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(35,128)	(35,128)
Balance at 30 September 2021 (unaudited)	2,775,874	(2,016)	413,020	2,305,422	(1,779)	(26,150)	5,464,371	696,768	6,161,139

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Condensed consolidated interim statement of cash flows (unaudited)

	Note	Nine months ended 30 September	
		2021 AED '000	2020 AED '000
Operating activities			
Profit from continuing operations		329,402	363,751
Profit from discontinued operations		80,207	20,626
Profit for the period including discontinued operations		409,609	384,377
Non-cash adjustments:			
Depreciation of property, plant and equipment		135,942	124,248
Depreciation of right-of-use assets		17,610	15,523
Amortisation of intangible assets	9	39,094	21,813
Finance lease income, net	11	(142,367)	(151,365)
Share of results of associates and joint ventures including, discontinued operations, net	5	(58,385)	(57,773)
Gain on disposal of associate		(55,475)	
Net movement in employees' end of service benefits		3,166	3,196
Finance income	5	(1,668)	(785)
Finance costs	16	187,189	148,256
Other gains and losses		2,178	(75,722)
Operating cash flows before changes in working capital		536,893	411,768
Working capital changes:			
Inventories		(6,784)	(7,396)
Trade and other receivables		34,604	(228,651)
Trade and other payables		100,501	88,127
Lease rentals received	11	242,003	240,368
Net cash flows generated from operating activities		907,217	504,216
Investing activities			
Purchase of property, plant and equipment		(17,437)	(9,120)
Payments for capital work in progress		(147,197)	(81,349)
Dividends from associates and joint ventures	10	9,307	8,626
Finance income received		2,159	362
Payment for acquisition of shares in subsidiaries		(961,762)	(2,479,920)
Disposal of interest in associates	10	410,092	-
Net cash flows used in investing activities		(704,838)	(2,561,401)
Financing activities			
Interest bearing loans and borrowings received		-	2,833,089
Interest bearing loans and borrowings repaid		(16,122)	(251,613)
Finance costs paid		(127,987)	(102,388)
Principal elements of lease payments		(39,773)	(39,645)
Dividends paid to shareholders	19	(156,141)	(285,131)
Dividends paid to non-controlling interests		(35,128)	(2,183)
Net cash flows (used in)/generated from financing activities		(375,151)	2,152,129
Net (decrease)/increase in cash and cash equivalents		(172,772)	94,944
Cash and cash equivalents at 1 January		1,312,894	226,902
Cash and cash equivalents at 30 September		1,140,122	321,846

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021

1 General information

National Central Cooling Company PJSC ("Tabreed" or the "Company") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (2) of 2015 and is listed on the Dubai Financial Market. 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.

The Group's registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

The Group's non-convertible sukuk and bonds are listed in the London Stock Exchange (Note 15).

The Group does not have any exposure to Abraaj Group and/or any of the funds managed by Abraaj Group.

2 Application of new and revised International Financial Reporting Standards ("IFRS")

2.1 New and revised IFRS effective for accounting periods beginning on or after 1 January 2021

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed consolidated interim financial information.

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments complement those issued in September 2019 (endorsed in January 2020) and focus on the effects on financial statements when a Company replaces a previous interest rate benchmark with an alternative benchmark rate as a result of Interbank Offered Rates (IBOR) reform. The Phase 2 amendments are effective for the Group's fiscal year commencing 1 January 2021, and were adopted as of that date. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

As of 30 September 2021, applicable interest rate benchmarks in the Group's agreements have not been replaced. As a result, the adoption of the Phase 2 amendments had no impact on the condensed consolidated interim financial information for the nine-month period ended 30 September 2021. Management will continue to monitor relevant developments and will evaluate the impact of the Phase 2 amendments on the condensed consolidated interim financial information as IBOR reform progresses.

The Group has cash flow hedge accounting relationships that are exposed to USD LIBOR. Many of the existing derivatives designated in relationships referencing LIBOR benchmarks are expected to transition to alternative benchmark in different ways and at different times. External progress on the transition to alternative benchmark is being monitored, with the objective of ensuring a smooth transition for the Group's hedge accounting relationships. The specific issues arising will vary with the details of each hedging relationship included in the designation. Some hedges may need to be de-designated and new relationships entered into, while others may survive the market-wide benchmarks reform.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.1 New and revised IFRS effective for accounting periods beginning on or after 1 January 2021 (continued)

The notional amounts of interest rate derivatives designated in hedge accounting relationships represent the extent of the risk exposure managed by the Group that is expected to be directly affected by market-wide IBOR reform and in scope of Phase 1 and Phase 2 amendments. The swaps designated in hedge accounting relationships and affected by IBOR reform are presented below:

	Hedging instruments Impacted by IBOR Reform AED '000	Hedging instruments not impacted by IBOR Reform AED '000	Notional Contract Amount Impacted by IBOR Reform AED '000	Notional Contract Amount not Impacted by IBOR Reform AED '000
Cash flow hedge:				
Interest rate swaps	25,392	8,742	2,541,716	162,371

2.2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted new and revised IFRS that have been issued but are not yet effective.

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 - (effective 1 January 2022) The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability;
- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 January 2022) Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date;
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 - The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations); and

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 Standards and Interpretations in issue but not yet effective (continued)

- Amendment to IAS 16 (effective 1 January 2022) The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

3 Summary of significant accounting policies

3.1 Basis of preparation

The condensed consolidated interim financial information of the Group is prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

The condensed consolidated interim financial information has been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Company. All values are rounded to the nearest thousand (AED '000) except otherwise indicated.

The condensed consolidated interim financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

3.2 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new and amended standards. The implementation of the new accounting standards and amendments did not have a significant impact on this condensed consolidated interim financial information (details are provided in "Note 2.1"). The accounting policies for the comparatives are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

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

In preparing this condensed consolidated interim financial information, 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 2020 except as given below:

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, the useful lives of customer contracts and other assets and market multiples. The Group's management has used all available information to make these fair value determinations in the recent acquisition of a subsidiary (Note 7).

COVID 19

The economic fallout of COVID-19 crisis is significant in the region the Group operates and is rapidly evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. However, due to the nature of the services, the Group provides, there is no direct impact of COVID-19 on the business. The Group is continuously monitoring the indirect impact of the pandemic on the business, operations and its finances, particularly on the usage of chilled water consumption which affects the consumption revenue.

Business continuity planning

The Group has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the Expected Credit Loss (ECL) from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. The quantification of such increase in risk remains very difficult in the current uncertain environment. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES**Notes to the condensed consolidated interim financial information
for the nine-month period ended 30 September 2021 (continued)****4 Critical accounting judgements and key sources of estimation uncertainty (continued)***Liquidity management*

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts.

5 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' support segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

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

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information For the nine-month period ended 30 September 2021 (continued)

5 Segment information (continued)

	Nine-month period ended 30 September 2021 (unaudited)				Nine-month period ended 30 September 2020 (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	1,412,858	51,853	-	1,464,711	1,219,074	38,871	-	1,257,945
Inter-segment revenue	-	32,755	(32,755)	-	-	28,610	(28,610)	-
Total revenue	1,412,858	84,608	(32,755)	1,464,711	1,219,074	67,481	(28,610)	1,257,945
Direct costs	(776,490)	(47,557)	14,101	(809,946)	(639,397)	(35,062)	8,813	(665,646)
Gross profit/(loss)	636,368	37,051	(18,654)	654,765	579,677	32,419	(19,797)	592,299
Impairment provision for trade receivables	-	-	-	-	(19,700)	-	-	(19,700)
Administrative and other expenses	(157,740)	(25,271)	11,694	(171,317)	(156,620)	(16,949)	7,323	(166,246)
Operating profit/(loss)	478,628	11,780	(6,960)	483,448	403,357	15,470	(12,474)	406,353
Finance costs	(186,701)	(488)	-	(187,189)	(147,842)	(414)	-	(148,256)
Finance income	1,588	80	-	1,668	738	47	-	785
Other gains and losses, net	(2,178)	-	-	(2,178)	67,722	-	-	67,722
Share of results of associates and joint ventures, net	33,653	-	-	33,653	37,147	-	-	37,147
Profit from continuing operations				329,402				363,751
Profit from discontinued operations	80,207	-	-	80,207	20,626	-	-	20,626
Profit for the period				409,609				384,377

Inter-segment revenues and expenses are eliminated on consolidation.

	30 September 2021			31 December 2020		
	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	13,551,581	125,589	13,677,170	13,183,024	129,917	13,312,941
Total liabilities	7,443,132	72,899	7,516,031	7,372,803	64,968	7,437,771

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

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

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Profit for the period attributable to equity holders of the parent for basic and dilutive earnings (AED '000)				
- From continuing operations	94,081	130,705	307,795	349,818
- From discontinued operations	60,422	15,441	80,207	20,626
	<u>154,503</u>	<u>146,146</u>	<u>388,002</u>	<u>370,444</u>
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000) (basic and diluted)	<u>2,773,858</u>	<u>2,773,858</u>	<u>2,773,858</u>	<u>2,773,858</u>
Basic and diluted earnings per share from continuing operations (AED)	0.035	0.047	0.113	0.126
Basic and diluted earnings per share from discontinued operations (AED)	0.022	0.006	0.030	0.007
Total basic earnings per share (AED)	<u>0.057</u>	<u>0.053</u>	<u>0.143</u>	<u>0.133</u>

The basic and diluted earnings per share for the period ended 30 September 2021 and 2020 have been adjusted to reflect the issuance of 60,345,091 bonus shares in April 2021 (Note 19).

7 Business combination

On 18 February 2021, the Group acquired 100% of the shares of Saadiyat Cooling L.L.C. and Saadiyat District Cooling L.L.C., cooling service providers in Saadiyat island in Abu Dhabi, from an Abu Dhabi based real estate developer. This acquisition has been accounted for in accordance with IFRS 3 Business Combinations.

The initial accounting is based on the management's best estimate of the fair value of the assets and liabilities acquired by the Group and will be finalised within the 12 months period. The finalisation of the purchase price allocation may result in a change in the fair value of assets and liabilities acquired, and accordingly a corresponding change in the goodwill. The purchase consideration and the fair value of the identifiable assets and liabilities of the acquired entities at the date of acquisition are as follows:

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

7 Business combination (continued)

	At 30 September 2021 AED '000 (unaudited)
Purchase consideration	
Cash consideration	961,762
	961,762
Assets	
Land	30,000
Property, plant and equipment (i)	210,239
Capital work in progress (note 8)	12,653
Intangible assets: customer contracts (ii) (note 9)	633,210
Right-of-use assets	45,659
Trade and other receivables (iii)	60,210
Trade and other payables	(30,209)
Net assets acquired	961,762

- (i) Property, plant and equipment are recorded at their fair value at the acquisition date.
- (ii) Customer contracts are recorded at their fair value at the acquisition date. This represents the expected cash flows from Saadiyat District Cooling and Saadiyat Cooling L.L.C discounted at the target's Weighted Average Cost of Capital ("WACC"). The valuation technique adopted was multi-period excess earning method. The customer contracts are amortised over 50 years, which represent their estimated remaining useful life.
- (iii) The fair value and the gross contractual amount for trade receivables acquired was AED 60.2 million, with no loss allowance recognised on acquisition.

Revenue and profit contribution:

The acquired business contributed revenues of AED 56.3 million and net profit of AED 25.7 million to the Group for the period from 18 February 2021 to 30 September 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the quarter ended 30 September 2021 would have been AED 65.5 million and AED 27.1 million, respectively.

8 Capital work in progress

During the nine-month period ended 30 September 2021, the Group has incurred capital expenditure of AED 118.6 million (30 September 2020: AED 70.2 million) and AED 12.7 million (note 7) of capital work in progress has been acquired as part of business combination. The capital work in progress primarily relates to construction of district cooling plants and distribution networks.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

9 Intangible assets

	Goodwill AED '000	Customer contracts AED '000	Total AED '000
At 1 January 2020 (audited)	28,527	-	28,527
Acquisition of a subsidiary	78,919	2,285,711	2,364,630
Amortisation charge for the year	-	(33,030)	(33,030)
At 31 December 2020 (audited)	107,446	2,252,681	2,360,127
Acquisition of a subsidiary (note 7)	-	633,210	633,210
Amortisation charge for the period	-	(39,094)	(39,094)
At 30 September 2021 (unaudited)	107,446	2,846,797	2,954,243

10 Investment in associates and joint ventures

	At 30 September 2021 AED '000 (unaudited)	At 31 December 2020 AED '000 (audited)
At 1 January	358,258	605,708
Share of results for the period / year from continuing operations	33,653	51,196
Share of results for the period / year from discontinued operations (i)	24,732	31,963
Additions (ii)	-	126,274
Dividends received	(9,307)	(89,526)
Share of changes in fair value of effective cash flow hedges	28,580	(28,509)
Adjustments for inter-group transactions	(9,886)	(8,963)
Classified as held for sale (i)	(24,732)	(329,885)
	401,298	358,258

- (i) On 15 August 2021, the group disposed off its interest in Qatar Central Cooling Company PJSC to its existing shareholders for a consideration of AED 410.1 million (net off tax). The carrying value of investment at the time of disposal was AED 354.6 million which accordingly resulted in a gain of AED 55.5 million upon disposal, and is reported under profit from discontinued operations in the condensed consolidated interim statement of profit or loss .

The investment had been classified as held for sale in prior years, as a result, AED 24.7 million of share of profit from investment in Qatar Central Cooling Company PJSC for the nine-month period ended 30 September 2021 has also been disclosed as profit from discontinued operations (2019: AED 20.7 million).

- (ii) During the year 2020, the Group recorded acquisition of 8% additional shares purchased from an existing shareholder of Tabreed District Cooling Company (Saudi), at a price of AED 126.3 million. Accordingly, this amount was transferred from 'Advance towards investment in an associate' to 'investment in associates and joint ventures'. The transaction resulted in an increase in the Group's shareholding in Tabreed District Cooling Company (Saudi) from 20% to 28% in 2020.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the condensed consolidated interim financial information
for the nine-month period ended 30 September 2021 (continued)

11 Finance lease receivables

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

	At 30 September 2021 AED '000 (unaudited)	At 31 December 2020 AED '000 (audited)
At 1 January	3,108,650	3,144,531
Finance lease income	170,172	234,493
Variable lease payment CPI indexation	(27,805)	(33,606)
	3,251,017	3,345,418
Initial recognition of new finance lease receivables	20,040	-
Lease rentals received	(242,003)	(318,491)
Modification of existing finance lease	-	81,723
	3,029,054	3,108,650

Finance lease receivable is allocated in this condensed consolidated interim statement of financial position as follows:

	At 30 September 2021 AED '000 (unaudited)	At 31 December 2020 AED '000 (audited)
Current	330,922	315,581
Non-current	2,698,132	2,793,069
	3,029,054	3,108,650

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information For the nine-month period ended 30 September 2021 (continued)

12 Cash and bank balances

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the condensed consolidated interim statement of cash flows can be reconciled to the related items in the condensed consolidated interim statement of financial position as follows:

	30 September 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Bank balances and cash	634,137	239,031
Bank deposits	505,985	1,073,863
Cash and cash equivalents	<u>1,140,122</u>	<u>1,312,894</u>

Geographical concentration of cash and cash equivalents is as follows:

	30 September 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Within UAE	1,121,352	1,285,785
Outside UAE	18,770	27,109
	<u>1,140,122</u>	<u>1,312,894</u>

13 Interest bearing loans and borrowings

	Effective interest rate %	30 September 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Term loan 1 (i)	5.75%	64,001	67,558
Term loan 2 (ii)	EIBOR + margin	146,625	157,072
Term loan 3 (iii)	EIBOR + margin	65,353	67,021
Term loan 4 (iv)	LIBOR + margin	1,871,536	1,864,756
Term loan 5 (v)	EIBOR + margin	-	-
		<u>2,147,515</u>	<u>2,156,407</u>

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

13 Interest bearing loans and borrowings (continued)

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

	30 September 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Current portion	25,869	23,477
Non-current portion	2,121,646	2,132,930
	<u>2,147,515</u>	<u>2,156,407</u>

(i) Term loan 1

Term loan 1 relates to a subsidiary and represents borrowing with a local commercial bank. This facility is secured against the receivables and commercial charge over property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in 2028 and carries fixed interest of 5.75% per annum (December 2020: 5.75% per annum). During the period, total repayments of AED 3.5 million were made against this facility (2020: AED 1.7 million).

(ii) Term loan 2

This facility amounting to AED 192.5 million was obtained to finance the construction 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 23 semi-annual instalments which commenced on March 2017 with a bullet payment of AED 48.1 million in March 2028. During the period, total repayments of AED 10.8 million were made against this facility (2020: AED 9.5 million).

(iii) Term loan 3

This 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 period, total repayments of AED 1.7 million were made against this facility (2020: AED 2.7 million).

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

13 Interest bearing loans and borrowings (continued)

(iv) Term loan 4

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 carries interest rate of LIBOR plus a margin. 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.

(v) Term loan 5

The Group has a revolving facility of AED 590 million to be utilised in the form of cash withdrawals. The revolving facility carries interest at EIBOR plus a margin and will expire on 31 December 2023. As of 30 September 2021, the Group has not utilised balance from this revolving facility. This facility is unsecured.

Included in the interest-bearing loans and borrowings is an amount of AED 31.2 million of unamortised transaction cost (31 December 2020: AED 38.4 million).

The Group has complied with all the applicable financial covenants at the reporting period.

14 Islamic financing arrangement

	Effective interest rate %	30 September 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Islamic financing arrangement	LIBOR + margin	<u>632,335</u>	<u>630,681</u>

In 2020, the Group secured an 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 interest rate of LIBOR plus a margin. 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. The Group has complied with all the applicable financial covenants at the reporting period.

Included in the Islamic financing arrangement is an amount of AED 8.9 million of unamortised transaction cost (31 December 2020: AED 10.6 million).

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

15 Non-convertible Bonds and Sukuk

	30 September 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Non-convertible Bonds (i)	1,810,925	1,809,361
Non-convertible Sukuk (ii)	1,830,881	1,829,987
	<u>3,641,806</u>	<u>3,639,348</u>

(i) Non-convertible Bonds

In 2020, the Group issued 7-year investment grade Bonds of US\$ 500 million which are 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 future growth.

The Bonds are stated net of discount and transaction costs incurred in connection with the Bonds issuance, amounting to AED 26.6 million, which are amortised to the condensed consolidated interim statement of profit or loss over the repayment period of the Bonds using effective interest rate method.

(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 5.6 million, which are amortised to the condensed consolidated interim statement of profit or loss over the repayment period of the Sukuk 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.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

16 Finance costs

	Three-month period ended 30 September	
	2021	2020
	AED '000	AED '000
Interest charged to condensed consolidated interim statement of profit or loss during the period	63,420	53,283
<i>It comprises of:</i>		
Interest on interest bearing loans	15,598	18,672
Interest on bonds	11,493	-
Profit on sukuk	25,306	25,306
Profit on Islamic financing arrangement	3,179	1,810
Amortisation and other charges including finance lease cost	7,844	7,495
	63,420	53,283
	Nine-month period ended 30 September	
	2021	2020
	AED '000	AED '000
Interest charged to condensed consolidated interim statement of profit or loss during the period	187,189	148,256
<i>It comprises of:</i>		
Interest on interest bearing loans	44,819	50,579
Interest on bonds	34,446	-
Profit on sukuk	75,804	75,804
Profit on Islamic financing arrangement	9,297	1,810
Amortisation and other charges including finance lease cost	22,823	20,063
	187,189	148,256

17 Commitments and contingencies

Capital commitments

The authorised capital expenditure contracted for at 30 September 2021 but not provided for amounted to AED 169.8 million (31 December 2020: AED 197.2 million) related to capital work in progress (note 8).

Business combination

In August 2021, the Group signed a Share Purchase Agreement (SPA) with Jupiter District Cooling Investment LLC to acquire 50% shares of an existing joint venture, Business District Cooling Investment LLC for a value of AED 311 million. The transaction was subject to finalisation of various approvals which were obtained and transaction was completed subsequent to period end and will therefore be recorded in the next reporting period.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

17 Commitments and contingencies (continued)

Contingencies

	At 30 September 2021 AED '000 (unaudited)	At 31 December 2020 AED '000 (audited)
Performance guarantees	100,176	96,991
Advance payment guarantees	633	633
Financial guarantees	50	50
	100,859	97,674

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 condensed consolidated interim statement of profit or loss are as follows:

	Nine-month period ended			
	30 September 2021 (unaudited)		30 September 2020 (unaudited)	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	13,428	47,616	8,478	46,343
Joint Venture	3,659	-	3,691	-
Non-controlling interest shareholders	235,729	-	162,689	-

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

	30 September 2021 (unaudited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	11,376	25,844
Joint venture	2,061	-
Non-controlling interest shareholders	85,604	-
	99,041	25,844

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2021 (continued)

18 Related party transactions and balances (continued)

	31 December 2020 (audited)	
	Trade and other receivables AED '000	Trade and other payables AED '000
Associated companies	7,911	35,480
Joint venture	1,666	-
Non-controlling interest shareholders	41,065	1,194
	<u>50,642</u>	<u>36,674</u>

Compensation of key management personnel

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

	Nine-month period ended 30 September	
	2021 AED'000 (unaudited)	2020 AED'000 (unaudited)
Short-term benefits	7,205	6,511
Employees' end of service benefits	129	129
	<u>7,334</u>	<u>6,640</u>
Number of key management personnel	<u>5</u>	<u>5</u>

19 Dividends and board remuneration

In 2021, the Board of Directors proposed the distribution of cash dividends of 5.75 fils per share and bonus shares of 2.22% to the shareholders in respect of the fiscal year ended 31 December 2020. The shareholders at the Annual General Assembly Meeting held on 21 March 2021 approved the dividend and the bonus shares. Accordingly, the dividend amounted to AED 156.1 million and was paid in April 2021 and the bonus shares of 60,345,091 shares were issued in April 2021.

In 2020, the Board of Directors proposed a cash dividend of 10.5 fils per share to the shareholders in respect of the fiscal year ended 31 December 2019. The shareholders at the Annual General Assembly Meeting held on 15 March 2020 approved the dividend. The dividend amounted to AED 285.1 million and was paid in April 2020.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2020 was also approved at the Annual General Meeting held on 21 March 2021. Board remuneration of AED 7.1 million for the year ended 31 December 2019 was approved at the previous Annual General Meeting held on 15 March 2020.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES**Notes to the condensed consolidated interim financial information
for the nine-month period ended 30 September 2021 (continued)****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 net profits are not indicative of net profits on an annual basis.

21 Fair value measurement

The carrying values of the Group's financial assets and financial liabilities as at 30 September 2021 are not materially different from their fair values.

22 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information of the Group was authorised for issuance by the Board of Directors on 11 November 2021.