

**NATIONAL CENTRAL COOLING COMPANY PJSC**

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

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	<b>Pages</b>
<b>Review report on condensed consolidated interim financial information</b>	<b>1</b>
<b>Condensed consolidated interim statement of profit or loss</b>	<b>2</b>
<b>Condensed consolidated interim statement of comprehensive income</b>	<b>3</b>
<b>Condensed consolidated interim statement of financial position</b>	<b>4</b>
<b>Condensed consolidated interim statement of changes in equity</b>	<b>5</b>
<b>Condensed consolidated interim statement of cash flows</b>	<b>6</b>
<b>Notes to the condensed consolidated interim financial information</b>	<b>7 – 22</b>



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

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### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Central Cooling Company PJSC and its subsidiaries (together, "the Group") as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six-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.

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### 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.

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### 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  
10 August 2021

A handwritten signature in blue ink, appearing to read 'Rami Sarhan', with a horizontal line extending to the left.

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		Six-month period ended	
		30 June		30 June	
		2021	2020	2021	2020
		AED'000	AED'000	AED'000	AED'000
Revenues	5	511,447	415,656	869,002	710,015
Direct costs	5	(259,260)	(214,550)	(428,841)	(345,724)
<b>Gross profit</b>		<b>252,187</b>	<b>201,106</b>	<b>440,161</b>	<b>364,291</b>
Impairment provision for trade receivables		-	(9,600)	-	(19,700)
Administrative and other expenses	5	(60,735)	(53,367)	(114,140)	(111,756)
<b>Operating profit</b>		<b>191,452</b>	<b>138,139</b>	<b>326,021</b>	<b>232,835</b>
Finance costs	16	(61,570)	(52,139)	(123,769)	(94,973)
Finance income	5	287	166	1,212	673
Other gains and losses, net	5	143	56,198	(2,283)	67,759
Share of results of associates and joint ventures, net	5	12,475	4,141	24,860	18,182
<b>Profit from continuing operations</b>		<b>142,787</b>	<b>146,505</b>	<b>226,041</b>	<b>224,476</b>
Profit/(loss) from discontinued operations	10	12,816	(356)	19,785	5,185
<b>Profit for the period</b>		<b>155,603</b>	<b>146,149</b>	<b>245,826</b>	<b>229,661</b>
<b>Attributable to:</b>					
Equity holders of the parent					
Profit from continuing operations		135,147	142,437	213,714	219,113
Profit/(loss) from discontinued operations		12,816	(356)	19,785	5,185
		<b>147,963</b>	<b>142,081</b>	<b>233,499</b>	<b>224,298</b>
Non-controlling interests					
Profit from continuing operations		7,640	4,068	12,327	5,363
Profit from discontinued operations		-	-	-	-
		<b>7,640</b>	<b>4,068</b>	<b>12,327</b>	<b>5,363</b>
		<b>155,603</b>	<b>146,149</b>	<b>245,826</b>	<b>229,661</b>
Basic and diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (AED)		0.049	0.051	0.077	0.079
Basic and diluted earnings per share from discontinued operations attributable to ordinary equity holders of the parent (AED)		0.005	0.000	0.007	0.002
<b>Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)</b>	6	<b>0.054</b>	<b>0.051</b>	<b>0.084</b>	<b>0.081</b>

The accompanying notes on pages 7 to 22 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 June		Six-month period ended 30 June	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
<b>Profit for the period</b>	<b>155,603</b>	<b>146,149</b>	<b>245,826</b>	<b>229,661</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Net movement in fair value of derivatives in cash flow hedges	(5,125)	(17,232)	33,701	(22,703)
Share of changes in fair value of derivatives of an associate and a joint venture in cash flow hedges	(1,866)	(5,927)	23,308	(40,089)
Exchange differences arising on translation of overseas operations	(313)	-	(313)	(4)
<b>Total comprehensive income/(loss) for the period</b>	<b>(7,304)</b>	<b>(23,159)</b>	<b>56,696</b>	<b>(62,796)</b>
<b>Total comprehensive income for the period</b>	<b>148,299</b>	<b>122,990</b>	<b>302,522</b>	<b>166,865</b>
<b>Attributable to:</b>				
Equity holders of the parent				
Profit from continuing operations	127,843	119,278	270,410	156,317
Profit /(loss) from discontinued operations	12,816	(356)	19,785	5,185
	<b>140,659</b>	<b>118,922</b>	<b>290,195</b>	<b>161,502</b>
Non-controlling interest				
Profit from continuing operations	7,640	4,068	12,327	5,363
Profit from discontinued operations	-	-	-	-
	<b>7,640</b>	<b>4,068</b>	<b>12,327</b>	<b>5,363</b>
	<b>148,299</b>	<b>122,990</b>	<b>302,522</b>	<b>166,865</b>

The accompanying notes on pages 7 to 22 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 June 2021 (unaudited) AED '000	31 December 2020 (audited) AED '000
<b>ASSETS</b>	Note		
<b>Non-current assets</b>			
Capital work in progress	8	349,924	299,489
Property, plant and equipment		4,644,168	4,437,282
Right-of-use assets		215,866	165,469
Intangible assets	9	2,966,166	2,360,127
Investment in associates and joint ventures	10	391,532	358,258
Finance lease receivables	11	2,707,056	2,793,069
		<u>11,274,712</u>	<u>10,413,694</u>
<b>Current assets</b>			
Inventories		52,200	42,420
Trade and other receivables		918,317	898,467
Finance lease receivables	11	338,356	315,581
Cash and bank balances	12	551,311	1,312,894
		<u>1,860,184</u>	<u>2,569,362</u>
Assets held for sale	10	349,670	329,885
<b>TOTAL ASSETS</b>		<u><u>13,484,566</u></u>	<u><u>13,312,941</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		2,775,874	2,715,529
Treasury shares		(2,016)	(2,016)
Statutory reserve		413,020	413,020
Retained earnings		2,150,919	2,133,906
Foreign currency translation reserve		(1,793)	(1,480)
Cumulative changes in fair value of derivatives in cash flow hedges		(37,069)	(94,078)
<b>Equity attributable to the equity holders of the parent</b>		<u>5,298,935</u>	<u>5,164,881</u>
Non – controlling interests		701,229	710,289
<b>Total equity</b>		<u>6,000,164</u>	<u>5,875,170</u>
<b>Non-current liabilities</b>			
Trade and other payables		135,831	116,727
Interest bearing loans and borrowings	13	2,127,819	2,132,930
Islamic financing arrangement	14	631,770	630,681
Non-convertible Bonds and Sukuk	15	3,640,539	3,639,348
Lease liabilities		215,813	219,599
Employees' end of service benefits		38,712	36,486
		<u>6,790,484</u>	<u>6,775,771</u>
<b>Current liabilities</b>			
Trade and other payables		625,269	593,722
Interest bearing loans and borrowings	13	24,583	23,477
Lease liabilities		44,066	44,801
		<u>693,918</u>	<u>662,000</u>
<b>Total liabilities</b>		<u>7,484,402</u>	<u>7,437,771</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>13,484,566</u></u>	<u><u>13,312,941</u></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 22 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								
	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
<b>Balance at 1 January 2020 (audited)</b>	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	-	-	-	224,298	-	-	224,298	5,363	229,661
Other comprehensive income for the period	-	-	-	-	(4)	(62,792)	(62,796)	-	(62,796)
Total comprehensive income for the period	-	-	-	224,298	(4)	(62,792)	161,502	5,363	166,865
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	-	-	-	-	-	-	-	(390)	(390)
<b>Balance at 30 June 2020 (unaudited)</b>	<u>2,715,529</u>	<u>(2,016)</u>	<u>358,466</u>	<u>1,862,416</u>	<u>(1,690)</u>	<u>(111,345)</u>	<u>4,821,360</u>	<u>695,592</u>	<u>5,516,952</u>
<b>Balance at 1 January 2021 (audited)</b>	<b>2,715,529</b>	<b>(2,016)</b>	<b>413,020</b>	<b>2,133,906</b>	<b>(1,480)</b>	<b>(94,078)</b>	<b>5,164,881</b>	<b>710,289</b>	<b>5,875,170</b>
Profit for the period	-	-	-	233,499	-	-	233,499	12,327	245,826
Other comprehensive income for the period	-	-	-	-	(313)	57,009	56,696	-	56,696
Total comprehensive income for the period	-	-	-	233,499	(313)	57,009	290,195	12,327	302,522
Dividend paid to shareholders (note 19)	-	-	-	(156,141)	-	-	(156,141)	-	(156,141)
Issuance of bonus share (note 19)	60,345	-	-	(60,345)	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(21,387)	(21,387)
<b>Balance at 30 June 2021 (unaudited)</b>	<u>2,775,874</u>	<u>(2,016)</u>	<u>413,020</u>	<u>2,150,919</u>	<u>(1,793)</u>	<u>(37,069)</u>	<u>5,298,935</u>	<u>701,229</u>	<u>6,000,164</u>

The accompanying notes on pages 7 to 22 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	Six months ended 30 June	
		2021 AED '000	2020 AED '000
<b>Operating activities</b>			
Profit from continuing operations		226,041	224,476
Profit from discontinued operations		19,785	5,185
<b>Profit for the period including discontinued operations</b>		<b>245,826</b>	<b>229,661</b>
<b>Non-cash adjustments:</b>			
Depreciation of property, plant and equipment		89,552	80,969
Depreciation of right-of-use assets		11,672	9,984
Amortisation of intangible assets	9	27,171	10,595
Finance lease income	11	(95,113)	(101,480)
Share of results of associates and joint ventures including, discontinued operations, net	5	(44,645)	(23,367)
Net movement in employees' end of service benefits		2,226	2,242
Finance income	5	(1,212)	(673)
Finance costs	16	123,769	94,973
Other gains and losses		2,283	(48,059)
<b>Operating cash flows before changes in working capital</b>		<b>361,529</b>	<b>254,845</b>
Working capital changes:			
Inventories		(9,780)	(5,530)
Trade and other receivables		39,622	(131,059)
Trade and other payables		81,231	29,721
Lease rentals received	11	158,351	162,246
<b>Net cash flows generated from operating activities</b>		<b>630,953</b>	<b>310,223</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(25,754)	(4,184)
Payments for capital work in progress		(91,253)	(60,803)
Dividends from associates and joint ventures	10	9,306	8,119
Finance income received		1,950	600
Payment for acquisition of shares in subsidiaries	7	(961,762)	(2,479,920)
<b>Net cash flows used in investing activities</b>		<b>(1,067,513)</b>	<b>(2,536,188)</b>
<b>Financing activities</b>			
Interest bearing loans and borrowings received		-	2,776,101
Interest bearing loans and borrowings repaid		(8,752)	(70,232)
Finance costs paid		(110,643)	(85,825)
Principal elements of lease payments		(28,100)	(24,908)
Dividends paid to shareholders	19	(156,141)	(285,131)
Dividends paid to non-controlling interests		(21,387)	(390)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(325,023)</b>	<b>2,309,615</b>
Net (decrease)/increase in cash and cash equivalents		(761,583)	83,650
Cash and cash equivalents at 1 January		1,312,894	226,902
<b>Cash and cash equivalents at 30 June</b>		<b>551,311</b>	<b>310,552</b>

The accompanying notes on pages 7 to 22 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 six-month period ended 30 June 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.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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 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. As of 30 June 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 six-month period ended 30 June 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.

Other than the above, there are no other significant IFRS and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

## **NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES**

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 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**

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
- 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.

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.1 Basis of preparation (continued)

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 six-month period ended 30 June 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.

#### 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).

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2021 (continued)

#### 4 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### 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.

##### *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 six-month period ended 30 June 2021 (continued)

#### 5 Segment information (continued)

	Six-month period ended 30 June 2021 (unaudited)				Six-month period ended 30 June 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
<b>Revenue</b>								
External revenue	832,126	36,876	-	869,002	681,166	28,849	-	710,015
Inter-segment revenue	-	18,993	(18,993)	-	-	16,763	(16,763)	-
<b>Total revenue</b>	<b>832,126</b>	<b>55,869</b>	<b>(18,993)</b>	<b>869,002</b>	<b>681,166</b>	<b>45,612</b>	<b>(16,763)</b>	<b>710,015</b>
Direct costs	(402,518)	(33,187)	6,864	(428,841)	(328,603)	(22,248)	5,127	(345,724)
<b>Gross profit/(loss)</b>	<b>429,608</b>	<b>22,682</b>	<b>(12,129)</b>	<b>440,161</b>	<b>352,563</b>	<b>23,364</b>	<b>(11,636)</b>	<b>364,291</b>
Impairment provision for trade receivables	-	-	-	-	(19,700)	-	-	(19,700)
Administrative and other expenses	(108,336)	(13,283)	7,479	(114,140)	(102,229)	(12,674)	3,147	(111,756)
<b>Operating profit/(loss)</b>	<b>321,272</b>	<b>9,399</b>	<b>(4,650)</b>	<b>326,021</b>	<b>230,634</b>	<b>10,690</b>	<b>(8,489)</b>	<b>232,835</b>
Finance costs	(123,338)	(431)	-	(123,769)	(94,738)	(235)	-	(94,973)
Finance income	1,161	51	-	1,212	628	45	-	673
Other gains and losses, net	(2,283)	-	-	(2,283)	67,759	-	-	67,759
Share of results of associates and joint ventures, net	24,860	-	-	24,860	18,182	-	-	18,182
<b>Profit from continuing operations</b>				<b>226,041</b>				<b>224,476</b>
Profit from discontinued operations	19,785	-	-	19,785	5,185	-	-	5,185
<b>Profit for the period</b>				<b>245,826</b>				<b>229,661</b>

Inter-segment revenues and expenses are eliminated on consolidation.

	30 June 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
<b>Total assets</b>	<b>13,353,652</b>	<b>130,914</b>	<b>13,484,566</b>	<b>13,183,024</b>	<b>129,917</b>	<b>13,312,941</b>
<b>Total liabilities</b>	<b>7,416,601</b>	<b>67,801</b>	<b>7,484,402</b>	<b>7,372,803</b>	<b>64,968</b>	<b>7,437,771</b>

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 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 June		Six-month period ended 30 June	
	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	<b>135,147</b>	142,437	<b>213,714</b>	219,113
- From discontinued operations	<b>12,816</b>	(356)	<b>19,785</b>	5,185
	<b>147,963</b>	142,081	<b>233,499</b>	224,298
Weighted average number of shares (excluding treasury shares) outstanding during the period ('000) (basic and diluted)	<b>2,773,858</b>	2,773,858	<b>2,773,858</b>	2,773,858
Basic and diluted earnings per share from continuing operations (AED)	<b>0.049</b>	0.051	<b>0.077</b>	0.079
Basic and diluted earnings per share from discontinued operations (AED)	<b>0.005</b>	0.000	<b>0.007</b>	0.002
Total basic earnings per share (AED)	<b>0.054</b>	0.051	<b>0.084</b>	0.081

The basic and diluted earnings per share for the period ended 30 June 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 Combination.

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 next 12 months. 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 six-month period ended 30 June 2021 (continued)**

**7 Business combination (continued)**

	<b>AED '000 At 30 June 2021</b>
<b>Purchase consideration</b>	
Cash consideration	961,762
	<b>961,762</b>
<b>Assets</b>	
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)
<b>Net assets acquired</b>	<b>961,762</b>

- (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 29.5 million and net profit of AED 12.1 million to the Group for the period from 18 February 2021 to 30 June 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the quarter ended 30 June 2021 would have been AED 37.8 million and AED 18.5 million, respectively.

**8 Capital work in progress**

During the six-month period ended 30 June 2021, the Group has incurred capital expenditure of AED 84.6 million (30 June 2020: AED 46.2 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 six-month period ended 30 June 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 subsidiary	78,919	2,285,711	2,364,630
Amortisation charge for the year	-	(33,030)	(33,030)
At 1 January 2021 (audited)	<b>107,446</b>	<b>2,252,681</b>	<b>2,360,127</b>
Acquisition of a subsidiary (note 7)	-	<b>633,210</b>	<b>633,210</b>
Amortisation charge for the period	-	<b>(27,171)</b>	<b>(27,171)</b>
At 30 June 2021 (unaudited)	<b>107,446</b>	<b>2,858,720</b>	<b>2,966,166</b>

**10 Investment in associates and joint ventures**

	At 30 June 2021 AED '000 (unaudited)	At 31 December 2020 AED '000 (audited)
At 1 January	<b>358,258</b>	605,708
Share of results for the period / year from continuing operations	<b>24,860</b>	51,196
Share of results for the period / year from discontinued operations (i)	<b>19,785</b>	31,963
Additions (ii)	-	126,274
Dividends received	<b>(9,306)</b>	(89,526)
Share of changes in fair value of effective cash flow hedges	<b>23,308</b>	(28,509)
Adjustments for inter-group transactions	<b>(5,588)</b>	(8,963)
Classified as held for sale (i)	<b>(19,785)</b>	(329,885)
	<b>391,532</b>	<b>358,258</b>

- (i) In December 2020, the Group decided to enter into discussions to explore the sale of its investment in Qatar Central Cooling Company PJSC to the other existing shareholders. The sale is expected to be concluded within the next 12 months. Accordingly, the investment has been classified as held for sale in the condensed consolidated interim financial information for the six-month period ended 30 June 2021. As a result, an amount of AED 349.7 million and AED 19.8 million of share of profit from investment in Qatar Central Cooling Company PJSC for the six-month period ended 30 June 2021 has been reclassified to assets held for sale and profit from discontinued operations, respectively. The investment was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification.
- (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 six-month period ended 30 June 2021 (continued)**

**11 Finance lease receivables**

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

	<b>At 30 June 2021 AED '000 (unaudited)</b>	At 31 December 2020 AED '000 (audited)
At 1 January	<b>3,108,650</b>	3,144,531
Finance lease income	<b>113,648</b>	234,493
Variable lease payment CPI indexation	<b>(18,535)</b>	(33,606)
Total finance lease income	<b>95,113</b>	200,887
Lease rentals received	<b>(158,351)</b>	(318,491)
Modification of existing finance lease	-	81,723
	<b>3,045,412</b>	3,108,650

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

	<b>At 30 June 2021 AED '000 (unaudited)</b>	At 31 December 2020 AED '000 (audited)
Current	<b>338,356</b>	315,581
Non-current	<b>2,707,056</b>	2,793,069
	<b>3,045,412</b>	3,108,650

**12 Cash and cash equivalents**

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:

	<b>30 June 2021 AED '000 (unaudited)</b>	31 December 2020 AED '000 (audited)
Bank balances and cash	<b>215,335</b>	239,031
Bank deposits	<b>335,976</b>	1,073,863
Cash and cash equivalents	<b>551,311</b>	1,312,894

**NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES**
**Notes to the condensed consolidated interim financial information  
for the six-month period ended 30 June 2021 (continued)**
**12 Cash and cash equivalents (continued)**

Geographical concentration of cash and cash equivalents is as follows:

	<b>30 June 2021 AED '000 (unaudited)</b>	31 December 2020 AED '000 (audited)
Within UAE	<b>535,209</b>	1,285,785
Outside UAE	<b>16,102</b>	27,109
	<b><u>551,311</u></b>	<b><u>1,312,894</u></b>

**13 Interest bearing loans and borrowings**

	Effective interest rate %	<b>30 June 2021 AED '000 (unaudited)</b>	31 December 2020 AED '000 (audited)
Term loan 1 (i)	5.75%	<b>65,173</b>	67,558
Term loan 2 (ii)	EIBOR + margin	<b>152,089</b>	157,072
Term loan 3 (iii)	EIBOR + margin	<b>65,937</b>	67,021
Term loan 4 (iv)	LIBOR + margin	<b>1,869,203</b>	1,864,756
Term loan 5 (v)	EIBOR + margin	-	-
		<b><u>2,152,402</u></b>	<b><u>2,156,407</u></b>

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

	<b>30 June 2021 AED '000 (unaudited)</b>	31 December 2020 AED '000 (audited)
Current portion	<b>24,583</b>	23,477
Non-current portion	<b>2,127,819</b>	2,132,930
	<b><u>2,152,402</u></b>	<b><u>2,156,407</u></b>

*(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 2.4 million were made against this facility (2020: AED 1.7 million).

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2021 (continued)

#### 13 Interest bearing loans and borrowings (continued)

##### (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 5.2 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 1.1 million were made against this facility (2020: AED 2.7 million).

##### (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 June 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 40.1 million of unamortised transaction cost (31 December 2020: AED 43.1 million).

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

#### 14 Islamic financing arrangement

	Effective interest rate %	30 June 2021 AED '000 (unaudited)	31 December 2020 AED '000 (audited)
Islamic financing arrangement	LIBOR + margin	<u>631,770</u>	<u>630,681</u>

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2021 (continued)

#### 14 Islamic financing arrangement (continued)

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.

#### 15 Non-convertible Bonds and Sukuk

	<b>30 June 2021 AED '000 (unaudited)</b>	31 December 2020 AED '000 (audited)
Non-convertible Bonds (i)	<b>1,809,960</b>	1,809,361
Non-convertible Sukuk (ii)	<b>1,830,579</b>	1,829,987
	<b><u>3,640,539</u></b>	<u>3,639,348</u>

##### (i) Non-convertible Bonds

In 2020, the Group issued a 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 future growth.

The Bonds are stated net of discount and transaction costs incurred in connection with the Bonds issuance, amounting to AED 26.5 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 5.9 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 six-month period ended 30 June 2021 (continued)**
**16 Finance costs**

	<b>Three-month period ended 31 March</b>	
	<b>2021</b>	2020
	<b>AED '000</b>	AED '000
<i>Interest charged to condensed consolidated interim statement of profit or loss during the period</i>	<b>62,199</b>	42,834
<i>Interest charged to the condensed consolidated interim statement of profit or loss comprises of:</i>		
Interest on interest bearing loans	<b>15,872</b>	11,898
Interest on bonds	<b>11,489</b>	-
Profit on sukuk	<b>25,306</b>	25,306
Profit on Islamic financing arrangement	<b>2,991</b>	-
Amortisation and other charges including finance lease cost	<b>6,541</b>	5,630
	<b>62,199</b>	42,834
	<b>Six-month period ended 30 June</b>	
	<b>2021</b>	2020
	<b>AED '000</b>	AED '000
<i>Interest charged to condensed consolidated interim statement of profit or loss during the period</i>	<b>123,769</b>	94,973
<i>It comprises of:</i>		
Interest on interest bearing loans	<b>29,221</b>	31,907
Interest on bonds	<b>22,953</b>	-
Profit on sukuk	<b>50,498</b>	50,498
Profit on Islamic financing arrangement	<b>6,118</b>	-
Amortisation and other charges including finance lease cost	<b>14,979</b>	12,568
	<b>123,769</b>	94,973

**17 Commitments and contingencies**
**Capital commitments**

The authorised capital expenditure contracted for at 30 June 2021 but not provided for amounted to AED 177.0 million (31 December 2020: AED 197.2 million) related to capital work in progress (note 8).

**Contingencies**

	<b>At 30 June 2021</b>	At 31 December 2020
	<b>AED '000</b>	AED '000
	<b>(unaudited)</b>	(audited)
Performance guarantees	<b>103,681</b>	96,991
Advance payment guarantees	<b>633</b>	633
Financial guarantees	<b>50</b>	50
	<b>104,364</b>	97,674

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2021 (continued)

#### 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:

	<b>Six-month period ended</b>			
	<b>30 June 2021 (unaudited)</b>		<b>30 June 2020 (unaudited)</b>	
	<b>Revenue</b>	<b>Direct costs</b>	<b>Revenue</b>	<b>Direct costs</b>
	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>
Associated companies	<b>8,963</b>	<b>27,384</b>	5,561	30,127
Joint Venture	<b>2,344</b>	-	2,399	-
Non-controlling interest shareholders	<b>135,683</b>	-	49,892	-

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

	<b>30 June 2021 (unaudited)</b>	
	<b>Trade and other receivables</b>	<b>Trade and other payables</b>
	<b>AED '000</b>	<b>AED '000</b>
Associated companies	<b>5,138</b>	<b>35,480</b>
Joint venture	<b>1,801</b>	-
Non-controlling interest shareholders	<b>72,397</b>	<b>1,194</b>
	<b>79,336</b>	<b>36,674</b>

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

## NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2021 (continued)

#### 18 Related party transactions and balances (continued)

##### Compensation of key management personnel

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

	Six-month period ended 30 June	
	2021 AED'000 (unaudited)	2020 AED'000 (unaudited)
Short-term benefits	4,705	3,849
Employees' end of service benefits	86	86
	<b>4,791</b>	<b>3,935</b>
Number of key management personnel	<b>5</b>	<b>5</b>

#### 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.

#### 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.

**NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES****Notes to the condensed consolidated interim financial information  
for the six-month period ended 30 June 2021 (continued)****21 Fair value measurement**

The carrying values of the Group's financial assets and financial liabilities as at 30 June 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 10 August 2021.