Emirates Central Cooling Systems Corporation P.J.S.C
(formerly Emirates Central Cooling Systems Corporation)

Interim condensed consolidated financial statements
For the three month and nine-month periods ended
30 September 2023 (unaudited)

Emirates Central Cooling Systems Corporation P.J.S.C
(formerly Emirates Central Cooling Systems Corporation)

Interim condensed consolidated financial statements
For the three-month and nine-month periods ended 30 September 2023
(unaudited)

Directors' report
for the three-month and nine-month period ended 30 September 2023

Directors' report

The Board of Directors present their report and interim condensed consolidated financial statements of Emirates Central Cooling Systems Corporation P.J.S.C (formerly Emirates Central Cooling Systems Corporation) ("EMPOWER" or "the Company") and its subsidiaries (together referred to as the "Group") for the three-month and nine-month period ended 30 September 2023.

Principal activities

The principal activities of the Group are the provision of district cooling services, operations and maintenance of central cooling plants and related distribution networks and manufacturing of pre-insulated pipes for district cooling services.

Financial performance

The Group achieved a turnover of AED 2,269,503 thousand during the nine-month period ended 30 September 2023, which represented a growth of 9.5% compared to the same period last year and achieved an operating profit of AED 808,626 thousand, which represented a growth of 7.4% compared to the same period last year. The net profit attributable to the equity holders of the Company amounted to AED 680,822 thousand for nine-month period ended 30 September 2023.

Share capital

The paid-up capital of the Company is AED 1,000,000 thousand consisting of 10,000,000 thousand shares of AED 0.10 each. There has been no change in the capital structure of the Company during the three-month period ended 30 September 2023.

Transfer to statutory reserve

The transfer of profit to the statutory reserve has been suspended as the reserve has reached 50% of the paid-up share capital in prior years.

Dividend

During the nine-month period ended 30 September 2023, an interim dividend of AED 425,000 thousand (AED 0.0425 per share) was declared in respect of the six-months period ended 30 June 2023 (2022: Interim dividend of AED 2,900,000 thousand (AED 2.9 per share)).

Outlook

As per UAE Central Bank, the UAE's economy is expected to achieve 4.5% of non-oil economic growth by the end of this year. The UAE District Cooling Market is projected to grow at a CAGR of around 10.12% during the forecast period, i.e., 2023-28.

District Cooling Services (DCS) being eco-efficient solution, utilising 50% lesser energy compared to traditional cooling systems, requires less initial expenditure and ongoing maintenance and has thus become the norm of real estate developments in the country.

The UAE is taking the lead in the development of district cooling as a significant energy-efficient solution and EMPOWER is poised to utilise the opportunity by expanding its footprints across the UAE and also explore other expansion opportunities.

Directors' report
for the three-month and nine-month period ended 30 September 2023
(continued)

Outlook (continued)

During the nine-month period ended 30 September 2023, EMPOWER signed new concession agreements with Dubai Maritime City and Sobha Realty, for a total capacity of 80,000 refrigeration tons (RT) that is expected to be connected in the future.

Dubai Airport District Cooling Plants

In May 2023, EMPOWER signed a Share Purchase and Sale agreement (SPA) and a Shareholders Agreement with Dubai Aviation City Corporation ("DACC") to acquire 85% holding in DXB CoolCo FZCO ("DXB Cool") which is the district cooling service provider for Dubai Airport for a period of 35 years from the commencement date of the agreement. DXB Cool secured the concession rights for providing district cooling services to Dubai Airport through a Master Concession Agreement (MCA) signed with DACC on 18 May 2023. The transaction was completed in the month of July 2023 and DXB Cool is accounted for as a subsidiary of EMPOWER.

Auditors

The interim condensed consolidated statement of the Group was reviewed by PricewaterhouseCoopers Limited Partnership Dubai Branch, who were re-appointed as external auditors of the Group for the year 2023 in the Annual General Assembly meeting conducted on 29 March 2023.

On behalf of the Board

H.E Saeed Mohammed Ahmad Al Tayer
Chairman
3 November 2023

Review report on interim condensed consolidated financial statements to the board of directors of Emirates Central Cooling Systems Corporation P.J.S.C (formerly Emirates Central Cooling Systems Corporation)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emirates Central Cooling Systems Corporation P.J.S.C (formerly Emirates Central Cooling Systems Corporation) ("the Company") and its subsidiaries (together, "the Group") as at 30 September 2023 and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the interim condensed consolidated 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 these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers Limited Partnership Dubai Branch
3 November 2023

Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

Emirates Central Cooling Systems Corporation P.J.S.C (formerly Emirates Central Cooling Systems Corporation)

Interim condensed consolidated statement of financial position

	Note	As at 30 September 2023 AED'000 Unaudited	As at 31 December 2022 AED'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	6,936,743	6,993,939
Right-of-use assets		1,422	2,943
Investment properties		83,385	72,859
Intangible assets	*7*	343,022	352,139
Financial assets at amortised cost	*8*	1,329,596	301,003
Financial assets at fair value through other comprehensive income	*9*	54,310	52,911
Investment in a joint venture		307	307
		8,748,785	7,776,101
Current assets			
Inventories		45,117	46,151
Trade and other receivables	*11*	507,112	311,965
Due from related parties	*13*	24,641	31,396
Financial assets at amortised cost	*8*	18,932	4,154
Term deposits		26,300	11,300
Cash and cash equivalents	*14*	725,355	1,473,908
		1,347,457	1,878,874
Total assets		10,096,242	9,654,975
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Other reserves		18,492	5,836
Contributed capital		82,190	82,190
Retained earnings		1,275,413	1,444,591
		2,876,095	3,032,617
Non-controlling interests		163,697	2,125
Total equity		3,039,792	3,034,742
LIABILITIES			
Non-current liabilities			
Bank borrowings	*15*	4,491,750	4,489,586
Government grant		306,253	308,338
Provision for employees' end of service benefits		48,858	56,035
Retentions payable	*16*	16,665	5,257
Lease liabilities		604	729
		4,864,130	4,859,945
Current liabilities			
Trade and other payables	*16*	1,608,647	1,497,509
Due to related parties	*13*	579,563	257,267
Government grant		3,170	3,170
Lease liabilities		940	2,342
		2,192,320	1,760,288
Total liabilities		7,056,450	6,620,233
Total equity and liabilities		10,096,242	9,654,975

To the best of our knowledge, the interim condensed consolidated financial statements are prepared, in all material respects, in accordance with IAS 34. The interim condensed consolidated financial statements were approved by the Board of Directors on ..3 November 2023....., and were signed on their behalf by:

.... **Chief Executive Officer**

.... **Chairman**

The notes on pages 8 to 28 form an integral part of these interim condensed consolidated financial statements

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended 30 September 2023 AED'000 Unaudited	Three-month period ended 30 September 2022 AED'000 Unaudited	Nine-month period ended 30 September 2023 AED'000 Unaudited	Nine-month period ended 30 September 2022 AED'000 Unaudited
Revenue	*17*	1,044,672	918,817	2,269,503	2,073,074
Interest income on financial asset at amortised cost	*8*	14,590	4,676	23,669	13,927
Cost of sales	*19*	(667,808)	(562,513)	(1,321,007)	(1,177,688)
Gross profit		391,454	360,980	972,165	909,313
General and administrative expenses	*20*	(61,880)	(49,203)	(168,064)	(153,611)
Provision for expected credit losses	*11*	-	-	-	(7,395)
Other income		1,585	2,104	4,525	4,812
Operating profit		331,159	313,881	808,626	753,119
Finance income		7,196	12,336	39,208	24,172
Finance costs		(56,416)	(25,889)	(162,940)	(45,249)
Finance costs – net		(49,220)	(13,553)	(123,732)	(21,077)
Net profit for the period		281,939	300,328	684,894	732,042
Profit attributable to:					
Equity holders of the Company		278,053	300,314	680,822	731,960
Non-controlling interests		3,886	14	4,072	82
		281,939	300,328	684,894	732,042
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (AED)	*24*	0.0278	0.0300	0.0681	0.0732
Profit for the period		281,939	300,328	684,894	732,042
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Changes in fair value of financial assets at fair value through other comprehensive income		412	(842)	1,399	(4,835)
Remeasurement of post-employment benefit obligations		2,699	3,166	11,257	1,283
Other comprehensive income for the period		3,111	2,324	12,656	(3,552)
Total comprehensive income for the period		285,050	302,652	697,550	728,490
Total comprehensive income attributable to:					
Equity holders of the Company		281,164	302,638	693,478	728,408
Non-controlling interests		3,886	14	4,072	82
		285,050	302,652	697,550	728,490

Interim condensed consolidated statement of changes in equity

	Note	Share capital AED'000	Statutory reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Contributed capital AED'000	Total Equity AED'000	Non-controlling interests AED'000	Total AED'000
		Attributable to equity holders of the Company							
At 1 January 2023		1,000,000	500,000	5,836	1,444,591	82,190	3,032,617	2,125	3,034,742
Total comprehensive income for the period									
Profit for the period		-	-	-	680,822	-	680,822	4,072	684,894
Other comprehensive income									
Other comprehensive income for the period		-	-	12,656	-	-	12,656	-	12,656
Total comprehensive income for the period		**-**	**-**	**12,656**	**680,822**	**-**	**693,478**	**4,072**	**697,550**
Transaction with owners in their capacity as owners:									
Dividends	*12*	-	-	-	(850,000)	-	(850,000)	-	(850,000)
Non-controlling interest on acquisition of subsidiary	*10*	-	-	-	-	-	-	157,500	157,500
At 30 September 2023 (unaudited)		**1,000,000**	**500,000**	**18,492**	**1,275,413**	**82,190**	**2,876,095**	**163,697**	**3,039,792**
At 1 January 2022		1,000,000	500,000	2,741	3,844,024	82,190	5,428,955	1,937	5,430,892
Total comprehensive income for the period									
Profit for the period		-	-	-	731,960	-	731,960	82	732,042
Other comprehensive income									
Other comprehensive loss for the period		-	-	(3,552)	-	-	(3,552)	-	(3,552)
Total comprehensive income for the period		**-**	**-**	**(3,552)**	**731,960**	**-**	**728,408**	**82**	**728,490**
Transaction with owners in their capacity as owners:									
Dividends	*12*	-	-	-	(3,400,000)	-	(3,400,000)	-	(3,400,000)
At 30 September 2022 (unaudited)		**1,000,000**	**500,000**	**(811)**	**1,175,984**	**82,190**	**2,757,363**	**2,019**	**2,759,382**

The notes on pages 8 to 28 form an integral part of these interim condensed consolidated financial statements

Interim condensed consolidated statement of cash flows

	Note	Nine-month period ended 30 September 2023 AED'000 Unaudited	2022 AED'000 Unaudited
Cash flows from operating activities			
Profit for the period		684,894	732,042
Adjustments for:			
Depreciation of property, plant and equipment	*6*	257,309	230,189
Depreciation of right-of-use assets		2,387	3,468
Impairment of trade receivables	*11*	-	7,395
Settlement of financial assets	*8*	30,298	16,847
Amortisation of intangible assets	*7*	9,117	9,117
Amortization of borrowings arrangement fee		2,164	7,781
Provision for employees' end of service benefits		5,030	3,682
Interest on lease liability		92	425
Interest on financial asset	*8*	(23,669)	(13,927)
Finance income		(39,208)	(24,172)
Finance costs net of arrangement fee		160,684	37,043
Government grant income		(2,085)	(2,085)
Operating cash flows before changes in working capital and Payment of employees' end of service benefits		1,087,013	1,007,805
Changes in working capital:			
Inventories		1,034	(12,967)
Trade and other receivables		(170,118)	(191,653)
Due from related parties		6,755	(12,953)
Trade and other payables		77,523	255,408
Due to related parties		(17,704)	41,094
Cash generated from operations		984,503	1,086,734
Payment of employees' end of service benefits		(950)	(568)
Net cash generated from operating activities		983,553	1,086,166
Cash flows from investing activities			
Acquisition of subsidiary		(892,500)	-
Purchase of property, plant and equipment, net of project cost accruals		(265,119)	(365,445)
Additions to investment properties		(10,526)	-
Short-term deposits (more than 3 months) invested		(15,000)	102,700
Interest received		39,208	24,172
Net cash used in investing activities		(1,143,937)	(238,573)
Cash flows from financing activities			
Proceeds from bank borrowings net of arrangement fee		-	5,406,211
Repayment of borrowings		-	(2,912,984)
Lease payments		(2,485)	(4,090)
Interest paid		(160,684)	(37,043)
Dividends paid	*12*	(425,000)	(3,400,000)
Net cash used in financing activities		(588,169)	(947,906)
Net decrease in cash and cash equivalents		(748,553)	(100,313)
Cash and cash equivalents, beginning of the period		1,473,908	1,245,588
Cash and cash equivalents, end of the period	*14*	725,355	1,145,275

The notes on pages 8 to 28 form an integral part of these interim condensed consolidated financial statements

Notes to the interim condensed consolidated financial statements for the three-month and nine-month periods ended 30 September 2023

1 Establishment and operations

Emirates Central Cooling Systems Corporation P.J.S.C. ("EMPOWER" or "the Company") was established on 23 November 2003 in accordance with Article 3 of Law No. (10) "Emirates Central Cooling Systems Corporation Incorporation Law for the year 2003" ("the Decree"). The Company was established as a joint venture between Dubai Electricity and Water Authority PJSC ("DEWA"), which is ultimately owned by the Government of Dubai ("Ultimate Parent") and the Dubai Development Authority (later transferred to TECOM Investments FZ-LLC ("TECOM")). EMPOWER began commercial operations on 15 February 2004, and its principal activities are the provision of district cooling services and management, operation and maintenance of central cooling plants and related distribution networks.

In 2009, DEWA increased its shareholding in the Company to 70% and reduced TECOM's interest to 30%, as formalized through Decree No.3 of 2010 issued by the Ruler of Dubai. On 9 May 2022, TECOM transferred its interest of 30% to Emirates Power Investment LLC, an entity under common control through the Decree No. 19 of 2022 issued by the Ruler of Dubai.

On 14 October 2022, the legal status of the Company was amended to a Public Joint Stock Company through Decree No. (22) of 2022 issued by the Ruler of Dubai. EMPOWER was listed on the Dubai Financial Market, on 15 November 2022, by listing 20% of its share capital.

The Company's primary office is located at Al Hudaiba Awards Building, P.O. Box 8081, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as "the Group"). The Company has the following principal subsidiaries:

Subsidiary	Principal activity	Beneficial and legal holding	
		2023	2022
Empower Logstor LLC ("ELIPS")	Manufacturing of pre-insulated pipes, mainly for district cooling.	97.0%	97.0%
Palm District Cooling LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	99.9%	99.9%
Palm Utilities LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	99.5%	99.5%
Empower FM LLC	Installations of equipment, installations and supplies for air conditioning, ventilation and purification systems, repairs and maintenance.	100.0%	100.0%
Empower Engineering & Consultancy LLC	Consultancy services for Project Development	100.0%	100.0%
Empower SNOW LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	100.0%	100.0%
DXB COOLCO FZCO	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	85.0%	-

1 Establishment and operations (continued)

These interim condensed consolidated financial statements for the three-months and nine-months period ended 30 September 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 3 November 2023.

These interim condensed consolidated financial statements have been reviewed, not audited. The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2022. The comparative information for the interim condensed consolidated statement of comprehensive income, changes in equity and cash flows, and other explanatory notes, for the three- month and nine-month period ended 30 September 2023 is based on the unaudited interim condensed consolidated statement of comprehensive income, changes in equity and cash flows, and other explanatory notes, for the three-month and nine-month period ended 30 September 2022.

2 Basis of preparation

These interim condensed consolidated financial statements for the three-month and nine-month period ended 30 September 2023 has been prepared in accordance with International Accounting Standard 34 'Interim financial reporting', ("IAS 34").

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

Although as of 30 September 2023, the Group's current liabilities exceeded its current assets by AED 844,863 thousand, management's cash flow projections covering a twelve-month period indicate that the Group will at all stages in that period be able to meet its liabilities as they fall due. Current liabilities as at 30 September 2023, includes the dividend payable approved in September 2023 (Note 12) amounting to AED 425,000 thousand which was subsequently paid in October 2023. It also includes deferred revenue amounting to AED 332,782 thousand (Note 16) which have no cash impact and will be recognised as revenue, and refundable customer security deposits (Note 16) amounting to AED 442,410 thousand which are only repayable on disconnection of service by a customer in the ordinary course of business.

Further, the Group has undrawn loan facilities amounting to AED 1,000,000 thousand which are readily available to meet any additional capital needs that might arise, although management does not expect these will need to be utilised for working capital purposes.

3 Significant accounting policies

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied by the Group in its recent annual audited consolidated financial statements for the year ended 31 December 2022 except for the policies and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3 Significant accounting policies (continued)

(b) Impact of standards issued but not yet applied by the Group

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below:

	Effective date
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – Amendments to IFRS 16	1 January 2024
Sale or Contribution of Assets between an investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely

Management is currently assessing the impact of aforementioned new accounting standards, amendments and interpretations.

Current and deferred income tax

The impact of the tax laws enacted or substantially enacted at the reporting date in the United Arab Emirates are disclosed in Note 27.

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the United Arab Emirates where the Group's subsidiaries operate and generate taxable income. It establishes income tax payable, where appropriate, on the basis of amounts expected to be settled with the tax authorities. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is accounted for using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted (Note 27) by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A charge/benefit in the interim period is recognized on an average basis for the year.

Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profits will be available to utilise the differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

4 Use of estimates and judgments

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

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 that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2022 except for the below.

Acquisition of DXB COOLCO FZCO

During the nine-month period ended 30 September 2023, EMPOWER entered into an agreement with DACC to acquire 85% of DXB Cool. The purpose of DXB Cool is to provide district cooling services to Dubai Airports Corporation ("DAC"), fully managed by EMPOWER. Although certain foundation documents with respect to DXB Cool provide the second shareholder (DACC) with certain decision-making rights, which are deemed to be protective rights given the strategic nature of the transaction and its importance to the Government of Dubai, the management assessed that based on provisions in the foundation documents, EMPOWER has adequate rights to make strategic, operational and financial decisions unilaterally. On that basis, the management concluded that EMPOWER has control over DXB Cool.

5 Financial risk management

5.1 Financial risk factors

The Group's activities and borrowings expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

These interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements. As such, they should be read in conjunction with the Group's consolidated financial statements as at 31 December 2022. There have been no changes in any financial risk management policies since year-end.

5.2 Liquidity risk

During nine-months period ended 30 September 2023, there has been no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and bank balances, trade and other receivables (excluding prepayments) and due from related parties. Financial liabilities consist of trade and other payables (excluding deferred revenue), bank borrowings and due to related parties. The fair values of financial instruments approximate their carrying values.

Notes to the interim condensed consolidated financial statements
for the three-month and nine-month periods ended 30 September 2023 (continued)

6 Property, plant and equipment

	Land AED'000	Plant, equipment and machinery AED'000	Building AED'000	Furniture and fixtures AED'000	Leasehold improvements AED'000	Computer equipment AED'000	Vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
Cost									
At 1 January 2023	432,364	8,780,427	70,709	18,350	11,890	42,421	8,566	393,368	9,758,095
Additions	-	-	-	574	-	37	193	201,112	201,916
Transfers	-	314,304	-	1,290	337	2,226	1,998	(320,155)	-
Disposals	-	(28,380)	-	(26)	-	(5)	-	-	(28,411)
At 30 September 2023 (unaudited)	432,364	9,066,351	70,709	20,188	12,227	44,679	10,757	274,325	9,931,600
Accumulated depreciation and impairment									
At 1 January 2023	-	2,645,559	31,760	16,838	10,879	36,187	5,839	17,094	2,764,156
Charge for the period	-	251,080	2,085	1,080	593	1,845	626	-	257,309
Disposals	-	(26,577)	-	(26)	-	(5)	-	-	(26,608)
At 30 September 2023 (unaudited)	-	2,870,062	33,845	17,892	11,472	38,027	6,465	17,094	2,994,857
Net book amount at 30 September 2023 (unaudited)	432,364	6,196,289	36,864	2,296	755	6,652	4,292	257,231	6,936,743

Capital work-in-progress balances include costs of constructing district cooling plants and networks pertaining to various projects. During nine-month period ended 30 September 2023, the transfer to plant, equipment and machinery from capital work in progress represents additions mainly to two district cooling projects.

Notes to the interim condensed consolidated financial statements
for the three-month and nine-month periods ended 30 September 2023 (continued)

6 Property, plant and equipment (continued)

	Land AED'000	Plant, equipment and machinery AED'000	Building AED'000	Furniture and fixtures AED'000	Leasehold improvements AED'000	Computer equipment AED'000	Vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
Cost									
At 1 January 2022	494,282	8,032,967	70,709	16,776	11,490	40,902	6,914	842,069	9,516,109
Additions	-	16	-	1,578	400	667	2,091	387,517	392,269
Transfers	-	765,034	-	-	-	861	-	(765,895)	-
Transfer to Investment properties	(2,536)	-	-	-	-	-	-	(70,323)	(72,859)
Disposals	(59,382)*	(17,590)	-	(4)	-	(9)	(439)	-	(77,424)
At 31 December 2022 (audited)	432,364	8,780,427	70,709	18,350	11,890	42,421	8,566	393,368	9,758,095
Accumulated depreciation and impairment									
At 1 January 2022	-	2,358,259	29,012	15,725	10,821	33,831	5,649	29,821	2,483,118
Charge for the year	-	304,890	2,748	1,117	58	2,365	629	-	311,807
Impairment reversal	-	-	-	-	-	-	-	(12,727)	(12,727)
Disposals	-	(17,590)	-	(4)	-	(9)	(439)	-	(18,042)
At 31 December 2022 (audited)	-	2,645,559	31,760	16,838	10,879	36,187	5,839	17,094	2,764,156
Net book amount at 31 December 2022 (audited)	432,364	6,134,868	38,949	1,512	1,011	6,234	2,727	376,274	6,993,939

*During 2022, the Group returned 11 plots of land to a related party, which were granted in previous years for the purpose of constructing the district cooling plants. Accordingly, the carrying amount of AED 59,382 thousand was reversed from property, plant and equipment and the corresponding deferred government grant. District cooling assets with a net book value of AED 286,828 thousand are developed on some of these plots of land. Management signed a Master Land Agreement and Exclusivity and Framework Agreement with the related party granting the Group unlimited access over 8 plots. The Master Land Agreement refers to a separate lease agreement which is yet to be executed between the Group and the related party over these plots on fair and reasonable terms, for a nominal value.

6 Property, plant and equipment (continued)

The term of such lease agreements will be for a period no shorter than the term remaining under the master development agreement or the period as agreed in the relevant lease agreements and that EMPOWER will continue to have uninterrupted and unencumbered use of the plots until the relevant lease agreements are entered into.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED'000 Unaudited	2022 AED'000 Unaudited	2023 AED'000 Unaudited	2022 AED'000 Unaudited
Depreciation expense has been charged to:				
Cost of sales (Note 19)	83,012	71,111	251,080	224,651
General and administrative expenses (Note 20)	2,092	1,987	6,229	5,538
	85,104	73,098	257,309	230,189

7 Intangible assets

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
At the beginning of the period/year	352,139	364,296
Amortisation during the period/year	(9,117)	(12,157)
At the end of the period/year	343,022	352,139

Intangible asset represents rights to charge users acquired which are recognized at fair value at acquisition date with a useful life of 30 years.

8 Financial assets at amortised cost

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
At the beginning of the period/year	305,157	309,075
Additions (Note 10)	1,050,000	-
Interest earned during the period/year	23,669	18,545
Settlement during the period/year	(30,298)	(22,463)
At the end of the period/year	1,348,528	305,157
Less: current portion	(18,932)	(4,154)
Non-current portion	1,329,596	301,003

8 Financial assets at amortised cost (continued)

The opening balance of the financial assets at amortised cost on 1 January 2023 represents receivable from Nakheel PJSC (Note 13) in relation to acquisition of Empower Snow LLC (formerly Snow LLC) during 2021.

Additions during the period represents financial asset receivable from DACC (grantor) under IFRIC 12 as a result of acquisition of DXB Cool (Note 10). The financial asset is initially recognised at fair value and subsequently measured at amortised cost. The fair value of the financial asset is the transaction price which is agreed between the market participants through a competitive bidding process. The fair value is determined using the discounted cash flow techniques, the inputs into the valuation techniques includes contractual cash flows and interest rates.

The financial asset at amortised cost in relation to acquisition of DXB Cool as at 30 September 2023 amounted to AED 1,047 million, categorised within level 3 of the fair value hierarchy which approximates it's carrying value.

9 Financial assets at fair value through other comprehensive income (FVTOCI)

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
At the beginning of the period/year	52,911	58,113
Gains/(losses) during the period/year	1,399	(5,202)
At the end of the period/year	54,310	52,911

During the period, the following losses were recognised in profit or loss and other comprehensive income for the above financial assets:

	30 September 2023 AED'000 Unaudited	30 September 2022 AED'000 Unaudited
Gains/(losses) recognised in other comprehensive income	1,399	(4,835)
Interest income from equity instruments held at FVTOCI recognised in profit or loss	3,149	1,652

The Group has invested in Tier 1 Capital Certificates ("Bonds"), which have been issued at their par value. These Bonds are perpetual instruments and are listed. The bonds carry a non-cumulative interest of 6% per annum, payable semi-annually at the discretion of the issuer.

10 Acquisition of DXB CoolCo FZCO

On 18 May 2023, the Group entered into a sale and purchase agreement with DACC to acquire 85% share capital of DXB Cool for a consideration of AED 892,500 thousand.

DXB Cool is a company incorporated in Dubai Airport Freezone Authority ("DAFZA"), Dubai, U.A.E. (License No. 5007) and has a concession agreement with DACC which grants it the sole and exclusive rights to operate, maintain and perform the district cooling services within the Dubai International Airport for a term of 35 years from the commencement date (i.e. 5 July 2023).

10 Acquisition of DXB CoolCo FZCO (continued)

Management performed a detailed analysis of the acquisition and determined that:

- At the acquisition date, DXB Cool does not meet the definition of business as defined in IFRS 3 and as such the transaction should be accounted for as an asset acquisition.
- The acquired asset which is a financial asset should be measured at fair value on initial recognition and subsequently at amortised cost (Note 8).

At the reporting date, the Group has recognised a financial asset (Note 8) and a non-controlling interest amounting to 157,500 thousand.

11 Trade and other receivables

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Trade receivables	338,792	250,009
Accrued revenues	122,108	36,100
	460,900	286,109
Less: Provision for expected credit losses	(74,697)	(74,697)
	386,203	211,412
Other financial assets at amortised cost		
Other receivables	13,604	9,635
Other assets		
Advance to contractors and suppliers	102,516	77,487
Prepayments	4,789	13,431
	107,305	90,918
	507,112	311,965

Other receivables includes a deposit of AED 4,490 thousand (2022: AED 4,490 thousand) receivable from DEWA (Note 13).

12 Dividends

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Interim dividend for the year ending 31 December 2023 (AED 0.0425 per share) (2022: Interim dividend for the year ended 31 December 2022, AED 2.9 per share)	425,000	2,900,000
Final dividend for the year ended 31 December 2022 (AED 0.0425 per share) (2022: Final dividend for the year ended 31 December 2021, AED 0.5 per share)	425,000	500,000
Total dividends	850,000	3,400,000

A final dividend in respect of the year ended 31 December 2022 was declared and approved in Annual General Assembly Meeting held on 29 March 2023 which was paid on 25 April 2023 (2022: Final dividend in respect of the year ended 31 December 2021, was declared and approved on 10 February 2022 by the Board of Directors of the Group which was paid in April 2022).

12 Dividends (continued)

Interim dividend in respect of the six-month period ended 30 June 2023 was declared and approved on 20 September 2023 by the Board of Directors of the Group which was paid on 17 October 2023 (2022: Interim dividend in respect of the year ended 31 December 2022, was declared and approved on 26 September 2022 by the Board of Directors of the Group which was paid on 29 September 2022). The dividend has been recognised as payable (Note 13 and 16) for the nine-month period ended 30 September 2023.

13 Transactions and balances with related parties

Related parties include the shareholders, key management personnel, subsidiaries, joint venture, directors and businesses which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence. The Group has availed the exemption as per para 25 of IAS 24 Related Party Disclosure and consider the entities (other than disclosed below) controlled by Government of Dubai as non-related.

(a) Related party transactions

During the period, the Group entered into the following significant transactions with related parties:

	Three-month period ended 30 September		**Nine-month period ended 30 September**	
	2023 AED'000 Unaudited	**2022 AED'000 Unaudited**	**2023 AED'000 Unaudited**	**2022 AED'000 Unaudited**
Services rendered to entities under common control of shareholders				
Dubai Properties Group LLC	50,732	51,356	115,668	116,819
Tecom Investments FZ LLC	23,023	21,369	51,497	48,953
Jumeirah Group LLC	17,797	16,301	38,748	36,634
Meraas Holding LLC	13,219	13,648	29,624	31,427
Global Village Dubai LLC	217	201	529	518
Dubai Airports Corporation	59,109	-	59,109	-
	164,097	102,875	295,175	234,351
Acquisition of DXB Cool				
Dubai Aviation City Corporation	892,500	-	892,500	-
Dividend to shareholders				
Tecom Investments FZ LLC*	-	-	-	150,000
Emirates Power Investment LLC*	102,000	870,000	204,000	870,000
Dubai Electricity and Water Authority PJSC (DEWA)	238,000	2,030,000	476,000	2,380,000
	340,000	2,900,000	680,000	3,400,000
Services received from shareholder				
Dubai Electricity and Water Authority PJSC (DEWA)	554,641	466,005	968,919	874,724
Services received from entities under common control of Ultimate Parent				
Finance cost from Emirates NBD PJSC	64,305	8,196	184,535	15,936

13 Transactions and balances with related parties (continued)

(a) Related party transactions (continued)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED'000 Unaudited	**2022 AED'000 Unaudited**	**2023 AED'000 Unaudited**	**2022 AED'000 Unaudited**
Key Management Remuneration				
Board of directors' remuneration (Note 20)	1,875	1,563	5,625	4,688
Compensation of key management personnel				
Short term benefits	1,285	1,255	3,833	3,781
End of service benefits	130	130	390	390
	1,415	1,385	4,223	4,171

* On 9 May 2022, TECOM transferred its interest of 30% in the Group to Emirates Power Investment LLC, an entity under common control as detailed in Note 1.

(b) Balances with related parties

	30 September 2023 AED'000 Unaudited	**31 December 2022 AED'000 Audited**
Due from related parties		
Shareholders		
Emirates Power Investment LLC	-	6,878
Dubai Electricity and Water Authority PJSC	-	16,048
	-	22,926
Entities under common control of shareholders		
Dubai Airports Corporation	9,917	-
Jumeirah Group LLC	4,929	2,373
Tecom Investments FZ LLC	6,189	4,166
Meraas Holding LLC	3,547	1,858
Others	59	73
	24,641	8,470
	24,641	31,396
Due to related parties		
Shareholders		
Dubai Electricity and Water Authority PJSC (DEWA)	465,711	237,543
Emirates Power Investment LLC	102,000	-
	567,711	237,543
Entities under common control of shareholders		
Dubai Properties Group LLC	7,708	13,016
Dubai Holding LLC	3,708	3,708
	11,416	16,724

13 Transactions and balances with related parties (continued)

(b) Balances with related parties (continued)

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Due to related parties (continued)		
Others		
Board of directors	-	2,564
Others	436	436
	436	3,000
	579,563	257,267

The outstanding bank borrowings as at 30 September 2023 includes a balance of 4,266,455 thousand (2022: AED 4,266,455 thousand) from Emirates NBD PJSC, an entity under common control.

Other receivables include a balance of AED 4,490 thousand (2022: AED 4,490 thousand) deposit receivable from DEWA (Note 11).

The financial assets at amortised cost (Note 8) represents receivable of

a) AED 302,004 thousand from Nakheel PJSC, an entity under common control, in relation to acquisition of Empower Snow LLC (formerly Snow LLC) during 2021 and

b) AED 1,046,524 thousand from DACC, an entity under common control, in relation to acquisition of DXB Cool during the year 2023.

As of 30 September 2023, the cash and cash equivalents includes a balance of AED 678,471 thousand (2022: AED 1,451,674 thousand) held with banks which are under common control of ultimate parent.

14 Cash and cash equivalents

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Cash in hand	598	-
Cash at bank	268,757	216,208
Short term bank deposits –3 months and less	456,000	1,257,700
	725,355	1,473,908

Bank balances are held with branches of local and international banks. Short-term bank deposits bear an effective interest rate ranging from 3.8% to 5.75% per annum (2022: 0.45% to 4.85% per annum).

Term deposits are presented as cash equivalents only if they have a maturity of three months or less, from the date of original maturity or are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

15 Bank borrowings

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Term loan	4,500,000	4,500,000
Unamortised loan cost	(8,250)	(10,414)
Non-current balance	4,491,750	4,489,586

16 Trade and other payables

	30 September 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Refundable customers' security deposits	442,410	422,502
Deferred revenue	332,782	290,225
Project cost accruals	246,113	287,932
Project payables	105,881	95,951
Retentions payable	92,820	100,908
Other liabilities*	405,306	305,248
	1,625,312	1,502,766
Less: Non-current portion retentions payable	(16,665)	(5,257)
Current portion	1,608,647	1,497,509

*Other liabilities comprises of accrued expenses for water & electricity payable to DEWA (shareholder) and staff liabilities etc.

Movement in deferred revenue is as follows:

	30 September 2023 AED'000 Unaudited	30 September 2022 AED'000 Unaudited
At the beginning of the period	290,225	335,556
Billed during the period	900,508	830,165
Less: Income recognised during the period	(857,951)	(854,182)
At the end of the period	332,782	311,539

17 Revenue

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED'000 Unaudited	2022 AED'000 Unaudited	2023 AED'000 Unaudited	2022 AED'000 Unaudited
District cooling services	1,043,435	911,703	2,252,499	2,064,801
Pre-insulated pipe	1,237	7,114	17,004	8,273
	1,044,672	918,817	2,269,503	2,073,074

18 Operating segments

The Group has determined that the Board of Directors, are the chief operating decision-makers ("CODM") per the requirements of IFRS 8 Operating Segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Board of Directors is also provided with multiple levels of information which comprise of revenue, gross profit and net profit, aggregated for higher level components by stream. The financial accounting system of the Group is currently configured in this manner and this information is readily available. However, for decision making purposes, the Board of Directors relies mainly on the revenue and net profit information that contains lower level components. Hence, the segment information provided is primarily to the net profit level of the Group.

For the Board of Directors, the Group is currently organised into two major operating and reportable segments as follows:

- The 'Chilled water' segment constructs, owns, assembles, installs, operates and maintains cooling and air-conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies.
- The 'Pre-insulated pipe business' segment is involved in manufacture, assemble and selling activities relating to the expansion of the Group's chilled water business.

18 Operating segments (continued)

	Nine-month period ended 30 September 2023 (unaudited)				Nine-month period ended 30 September 2022 (unaudited)			
	Chilled water AED'000	Pre-insulated pipe AED'000	Elimination AED'000	Total AED'000	Chilled water AED'000	Pre-insulated pipe AED'000	Elimination AED'000	Total AED'000
Revenues								
External revenue	2,252,499	17,004	-	2,269,503	2,064,801	8,273	-	2,073,074
Interest income on financial asset at amortised cost	23,669	-	-	23,669	13,927	-	-	13,927
Inter-segment revenue	-	21,686	(21,686)	-	-	13,638	(13,638)	-
Total revenues	**2,276,168**	**38,690**	**(21,686)**	**2,293,172**	**2,078,728**	**21,911**	**(13,638)**	**2,087,001**
Cost of sales	(1,305,998)	(26,848)	11,839	(1,321,007)	(1,170,219)	(15,075)	7,606	(1,177,688)
Gross profit	**970,170**	**11,842**	**(9,847)**	**972,165**	**908,509**	**6,836**	**(6,032)**	**909,313**
General and administrative expenses	(161,536)	(6,528)	-	(168,064)	(148,138)	(5,473)	-	(153,611)
Provision for impairment loss	-	-	-	-	(7,395)	-	-	(7,395)
Other income	3,463	1,062	-	4,525	4,051	761	-	4,812
Operating profit	**812,097**	**6,376**	**(9,847)**	**808,626**	**757,027**	**2,124**	**(6,032)**	**753,119**
Finance income	38,182	1,026	-	39,208	23,556	616	-	24,172
Finance costs	(162,940)	-	-	(162,940)	(45,249)	-	-	(45,249)
Net profit for the period	**687,339**	**7,402**	**(9,847)**	**684,894**	**735,334**	**2,740**	**(6,032)**	**732,042**

Inter-segment transaction are eliminated on consolidation

18 Operating segments (continued)

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

	Nine-month period ended 30 September 2023 (unaudited)			Nine-month period ended 30 September 2022 (unaudited)		
	Chilled water AED'000	Pre-insulated pipe AED'000	Total AED'000	Chilled water AED'000	Pre-insulated pipe AED'000	Total AED'000
Depreciation on property, plant and equipment (Note 6)	255,450	1,859	257,309	227,572	2,617	230,189
Depreciation on right-of-use asset	2,387	-	2,387	3,468	-	3,468
Amortisation of intangible asset (Note 7)	9,117	-	9,117	9,117	-	9,117
Total Depreciation	**266,954**	**1,859**	**268,813**	**240,157**	**2,617**	**242,774**

Segment assets and liabilities are as follows:

	30 September 2023 (Unaudited)			31 December 2022 (Audited)		
	Chilled water AED'000	Pre-insulated pipe AED'000	Total AED'000	Chilled water AED'000	Pre-insulated pipe AED'000	Total AED'000
Segment assets	10,002,512	93,423	10,095,935	9,565,808	88,860	9,654,668
Investment in joint venture	307	-	307	307	-	307
Total assets	**10,002,819**	**93,423**	**10,096,242**	**9,566,115**	**88,860**	**9,654,975**
Total liabilities	**7,045,248**	**11,202**	**7,056,450**	**6,606,193**	**14,040**	**6,620,233**

18 Operating segments (continued)

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

	Nine-month period ended 30 September 2023 (Unaudited)			Nine-month period ended 30 September 2022 (Unaudited)		
	Chilled water AED'000	Pre-insulated pipe AED'000	Total AED'000	Chilled water AED'000	Pre-insulated pipe AED'000	Total AED'000
Property, plant and equipment	261,332	3,787	265,119	366,558	(1,113)	365,445

Geographic information

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

	Revenue		Non-current assets	
	30 September 2023 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
United Arab Emirates	2,269,503	2,073,074	8,748,785	7,776,101

19 Cost of sales

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED'000 Unaudited	**2022 AED'000 Unaudited**	**2023 AED'000 Unaudited**	**2022 AED'000 Unaudited**
Utilities cost	555,418	468,930	973,742	880,503
Depreciation on property, plant and equipment (Note 6)	83,012	71,111	251,080	224,651
Staff costs (Note 21)	9,988	9,027	29,206	27,228
Materials	1,071	4,395	11,706	5,095
Amortisation of intangible asset (Note 7)	3,039	3,039	9,117	9,117
Depreciation on right-of-use assets	45	602	134	1,838
Others	15,235	5,409	46,022	29,256
	667,808	562,513	1,321,007	1,177,688

20 General and administrative expenses

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED'000 Unaudited	**2022 AED'000 Unaudited**	**2023 AED'000 Unaudited**	**2022 AED'000 Unaudited**
Staff costs (Note 21)	41,952	36,836	122,291	111,796
Depreciation on property, plant and equipment (Note 6)	2,092	1,987	6,229	5,538
Board of directors' remuneration	1,875	1,563	5,625	4,688
Advertising and marketing expenses	2,226	917	4,230	2,271
Communication expenses	1,383	767	3,951	6,298
Depreciation on right-of-use assets	751	546	2,253	1,630
Business travel	133	411	1,027	448
Consultancy	109	381	722	2,793
Rent	133	123	456	386
Others	11,226	5,672	21,280	17,763
	61,880	49,203	168,064	153,611

21 Staff costs

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED'000 Unaudited	2022 AED'000 Unaudited	2023 AED'000 Unaudited	2022 AED'000 Unaudited
Salaries	32,099	29,135	94,784	88,209
Staff benefits	18,309	15,758	51,683	47,133
End of service benefits	1,532	970	5,030	3,682
	51,940	45,863	151,497	139,024
Staff costs have been charged to:				
Cost of sales (Note 19)	9,988	9,027	29,206	27,228
General and administrative expenses (Note 20)	41,952	36,836	122,291	111,796
	51,940	45,863	151,497	139,024

22 Guarantees

At 30 September 2023, there are no outstanding bank guarantees and letters of credits (31 December 2022: AED 4,887 thousand), which were issued by the Group's bankers.

23 Commitments

(a) Capital commitments

As at 30 September 2023, the Group has project commitments of AED 670,970 thousand (31 December 2022: AED 509,685 thousand) for projects-in-progress. These commitments represent the value of contracts issued as of 30 September 2023, net of invoices recorded and accruals made as of that date.

24 Earning per share

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 Unaudited	2022 Unaudited	2023 Unaudited	2022 Unaudited
Profit attributable to equity holders of the company (AED '000)	278,053	300,314	680,822	731,960
Weighted average number of ordinary shares for basic and diluted earnings per share	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Basic and diluted earnings per share (AED)	0.0278	0.0300	0.0681	0.0732

25 Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 September 2023	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through other comprehensive income (Note 9)	54,310	-	-	**54,310**
	54,310	-	-	**54,310**

31 December 2022	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through other comprehensive income (Note 9)	52,911	-	-	52,911
	52,911	-	-	**52,911**

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for other financial instruments - discounted cash flow analysis. All of the resulting fair value estimates are included in level 2.

26 Seasonality of operations

The Group's financial results for any period are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to the weather conditions.

27 Corporate tax

On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Current taxes will only be payable for financial years beginning on or after 1 June 2023 so the company will be subject to current tax for the first time effective from 1 January 2024. However, enactment of the legislation requires the Group to record deferred taxes using the enacted rate of 9%.

The Group assessed the deferred tax implication and concluded it is not material as of and for the nine-month period ended 30 September 2023. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted.