Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated financial statements
For the three-month and six-month periods ended 30 June 2024 (unaudited)

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Directors' report
for the three-month and six-month periods ended 30 June 2024

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 (the "Company") and its subsidiaries (together referred to as the "Group") for the three-month and six-month periods ended 30 June 2024.

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 1,351,541 thousand during the six-month period ended 30 June 2024, which represented a growth of 10.3% compared to the same period last year and achieved an operating profit of AED 524,399 thousand, which represented a growth of 9.8% compared to the same period last year. The net profit attributable to the equity holders of the Company amounted to AED 384,542 thousand for the six-month period ended 30 June 2024.

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 six-month period ended 30 June 2024.

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

A final dividend of AED 425,000 thousand (AED 0.0425 per share) in respect of the year ended 31 December 2023 was declared and approved in the Annual General Assembly Meeting held on 27 March 2024 which was paid on 23 April 2024. No interim dividend has been declared for the three-month period and six-month periods ended 30 June 2024.

Key agreements signed

During the six-month period ended 30 June 2024, Empower has signed 54 new agreements in and around its existing concession agreements with a total demand capacity of approximately 55,000 RT. With these newly signed agreements, Empower's total contracted capacity has reached 1.72 million RT. Amongst the agreements signed during the year, Empower has signed an agreement with Al Habtoor Tower to provide 7,200 RT of district cooling services. Located along Sheikh Zayed Road, Al Habtoor Tower soon to be the world's largest residential icon upon completion and expected to provide housing for over 5,000 residents, will be supplied with Empower's world class district cooling services by the beginning of second quarter of 2025.

Directors' report
for the three-month and six-month periods ended 30 June 2024 (continued)

Awards and achievements

Empower was recognized as the leading district cooling company by Dubai Supreme Council of Energy (DSCE) in the Demand Side Management Recognition Program, which honours sustainability champions in Dubai. Empower has significantly contributed towards the greener future in the emirate by enhancing energy and water efficiencies and its commitment towards circular economy principles.

Empower has won four prestigious awards at the International District Energy Association Annual Conference and Exhibition (IDEA 2024) held in June 2024. Among the four awards, two awards are for innovation (Honourable Mention) for "Integrated Metering Solutions" and "Chiller Efficiency Improvement".

During the period, Empower has completed twenty glorious years of its operations. Empower's journey began with a single temporary plant serving the financial district of Dubai (DIFC) in 2004. From the beginning, Empower's vision was "To be the World's Leading District Cooling Service Provider". By the directives of visionary leaders of this country, guidance of its shareholders and support from its customers, the company has passionately achieved its objectives and has become the World's Largest District Cooling Services Provider.

Outlook

The global district cooling market size valued at USD 28.36 billion in 2023 is predicted to reach USD 51.88 billion by the year 2031, growing at a CAGR of 7.94% during the forecast period 2024-2031. In the coming years, due to growing environment consciousness, it is expected that the growth of district cooling will enhance as it utilises less energy than conventional cooling systems. In its recent economic update, UAE Central Bank (CBUAE) has revised UAE's growth forecast upward to 4.2% for the year 2024 and 5.2% for the year 2025. CBUAE also forecasted non-oil economic growth at 4.7% in both 2024 and 2025. We expect Empower to continue grow its connected capacity in UAE and explore other neighbouring countries to provide its energy efficient district cooling services.

Auditors

The interim condensed consolidated financial statements of the Group were reviewed by PricewaterhouseCoopers Limited Partnership Dubai Branch, who were re-appointed as external auditors of the Group for the year 2024 in the Annual General Assembly meeting held on 27 March 2024.

On behalf of the Board

H.E Saeed Mohammed Ahmad Al Tayer
Chairman
5 August 2024

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emirates Central Cooling Systems Corporation P.J.S.C ("the Company") and its subsidiaries (together, "the Group") as at 30 June 2024 and the related interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated 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 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
5 August 2024

Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of financial position

		As at	
		30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
ASSETS	*Note*		
Non-current assets			
Property, plant and equipment	*6*	7,012,826	6,934,815
Right-of-use assets		3,848	3,994
Investment properties		85,645	85,645
Intangible assets	*7*	333,904	339,982
Financial assets at amortised cost	*8*	1,313,834	1,324,786
Financial assets at fair value through other comprehensive income	*9*	54,939	54,153
Investment in a joint venture		307	307
Deferred tax assets	*27*	16,811	17,454
		8,822,114	8,761,136
Current assets			
Inventories		45,858	43,730
Trade and other receivables	*11*	430,722	319,094
Due from related parties	*13*	30,803	8,821
Financial assets at amortised cost	*8*	20,496	19,105
Financial assets at fair value through profit or loss	*10*	15,043	10,000
Term deposits		349,562	27,500
Cash and cash equivalents	*14*	1,333,643	538,780
		2,226,127	967,030
Total assets		11,048,241	9,728,166
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		16,951	14,510
Contributed capital		82,190	82,190
Retained earnings		1,509,420	1,547,518
		3,108,561	3,144,218
Non-controlling interests		169,251	166,783
Total equity		3,277,812	3,311,001
LIABILITIES			
Non-current liabilities			
Bank borrowings	*15*	5,493,813	4,492,438
Government grant		304,168	305,558
Provision for employees' end of service benefits		56,700	54,666
Retentions payable	*16*	16,659	18,036
Lease liabilities		848	584
		5,872,188	4,871,282
Current liabilities			
Trade and other payables	*16*	1,616,166	1,403,263
Interest payable	*15*	53,221	-
Current tax liabilities	*27*	38,049	-
Due to related parties	*13*	184,585	135,953
Government grant		3,170	3,170
Lease liabilities		3,050	3,497
		1,898,241	1,545,883
Total liabilities		7,770,429	6,417,165
Total equity and liabilities		11,048,241	9,728,166

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 5 August 2024 and were signed on their behalf by:

....

Chief Executive Officer Chairman

The notes on pages 8 to 27 form an integral part of these interim condensed consolidated financial statements

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended 30 June 2024 AED'000 Unaudited	Three-month period ended 30 June 2023 AED'000 Unaudited	Six-month period ended 30 June 2024 AED'000 Unaudited	Six-month period ended 30 June 2023 AED'000 Unaudited
Revenue	*17*	813,821	730,557	1,351,541	1,224,831
Interest income on financial asset at amortised cost	*8*	14,708	4,565	29,414	9,080
Cost of sales	*19*	(476,863)	(408,801)	(743,533)	(653,199)
Gross profit		351,666	326,321	637,422	580,712
General and administrative expenses	*20*	(57,682)	(51,447)	(116,511)	(106,184)
Reversal of provision for expected credit losses	*11*	-	-	462	-
Other income		1,001	1,742	3,026	2,940
Operating profit		294,985	276,616	524,399	477,468
Finance income		14,799	14,482	22,437	32,012
Finance costs		(63,432)	(55,501)	(118,686)	(106,524)
Finance costs – net		(48,633)	(41,019)	(96,249)	(74,512)
Net profit for the period		246,352	235,597	428,150	402,956
Income tax expense		(22,327)	-	(38,621)	-
Net profit for the period after tax		224,025	235,597	389,529	402,956
Profit attributable to:					
Equity holders of the Company		221,181	235,509	384,542	402,770
Non-controlling interests		2,844	88	4,987	186
		224,025	235,597	389,529	402,956
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (AED)	24	0.0221	0.0236	0.0385	0.0403
Profit for the period		224,025	235,597	389,529	402,956
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss					
Changes in fair value of financial assets at fair value through other comprehensive income		58	328	786	986
Deferred tax expense		(5)	-	(71)	-
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefit obligations		1,726	8,446	1,726	8,558
Other comprehensive income for the period		1,779	8,774	2,441	9,544
Total comprehensive income for the period		225,804	244,371	391,970	412,500
Total comprehensive income attributable to:					
Equity holders of the Company		222,960	244,283	386,983	412,314
Non-controlling interests		2,844	88	4,987	186
		225,804	244,371	391,970	412,500

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 2024		**1,000,000**	**500,000**	**14,510**	**1,547,518**	**82,190**	**3,144,218**	**166,783**	**3,311,001**
Total comprehensive income for the period									
Profit for the period		-	-	-	384,542	-	384,542	4,987	389,529
Other comprehensive income									
Other comprehensive income for the period		-	-	2,441	-	-	2,441	-	2,441
Total comprehensive income for the period		**-**	**-**	**2,441**	**384,542**	**-**	**386,983**	**4,987**	**391,970**
Transaction with owners in their capacity as owners:									
Acquisition of minority interest		-	-	-	2,360	-	2,360	(2,519)	(159)
Dividends	*12*	-	-	-	(425,000)	-	(425,000)	-	(425,000)
At 30 June 2024 (unaudited)		**1,000,000**	**500,000**	**16,951**	**1,509,420**	**82,190**	**3,108,561**	**169,251**	**3,277,812**
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		-	-	-	402,770	-	402,770	186	402,956
Other comprehensive income									
Other comprehensive income for the period		-	-	9,544	-	-	9,544	-	9,544
Total comprehensive income for the period		**-**	**-**	**9,544**	**402,770**	**-**	**412,314**	**186**	**412,500**
Transaction with owners in their capacity as owners:									
Dividends	*12*	-	-	-	(425,000)	-	(425,000)	-	(425,000)
At 30 June 2023 (unaudited)		**1,000,000**	**500,000**	**15,380**	**1,422,361**	**82,190**	**3,019,931**	**2,311**	**3,022,242**

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of cash flows

	Note	Six-month period ended 30 June 2024 AED'000 Unaudited	2023 AED'000 Unaudited
Cash flows from operating activities			
Profit before tax		428,150	402,956
Adjustments for:			
Depreciation of property, plant and equipment	*6*	164,136	172,205
Depreciation of right-of-use assets		2,220	1,591
Reversal of Impairment of trade receivables	*11*	(462)	-
Settlement of financial assets	*8*	38,975	11,232
Amortisation of intangible assets	*7*	6,078	6,078
Gain on modification of lease		(87)	-
Loss on disposal of property, plant and equipment		33	-
Amortisation of borrowings arrangement fee		1,375	1,443
Provision for employees' end of service benefits		4,226	3,498
Interest on lease liability		141	70
Interest income earned on financial assets at amortised cost	*8*	(29,414)	(9,080)
Finance income		(22,437)	(32,012)
Finance costs		117,170	105,011
Government grant income		(1,390)	(1,390)
Operating cash flows before changes in working capital and Payment of employees' end of service benefits		708,714	661,602
Changes in working capital:			
Inventories		(2,128)	68
Trade and other receivables		(111,598)	(139,671)
Due from related parties		(21,982)	20,808
Trade and other payables		158,671	199,593
Due to related parties		48,632	(194,578)
Cash generated from operations		780,309	547,822
Payment of employees' end of service benefits		(466)	(727)
Net cash inflow from operating activities		779,843	547,095
Cash flows from investing activities			
Acquisition of minority interest in a subsidiary		(159)	-
Purchase of property, plant and equipment, net of project cost accruals		(159,273)	(187,866)
Additions to investment properties		-	(7,573)
Investment in financial assets at fair value through profit or loss		(5,043)	-
Short-term deposits (more than 3 months) invested		(322,062)	(5,700)
Interest received		22,437	32,012
Net cash used in investing activities		(464,100)	(169,127)
Cash flows from financing activities			
Proceeds from bank borrowings net of arrangement fee		1,000,000	-
Lease payments		(2,311)	(1,657)
Interest paid		(93,569)	(105,011)
Dividends paid	*12*	(425,000)	(425,000)
Net cash generated from/(used in) financing activities		479,120	(531,668)
Net increase/(decrease) in cash and cash equivalents		794,863	(153,700)
Cash and cash equivalents, beginning of the period/ year		538,780	1,473,908
Cash and cash equivalents, end of the period/ year	*14*	1,333,643	1,320,208

The notes on pages 8 to 27 form an integral part of these interim condensed consolidated financial statements

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2024

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 ("DEWA"), which is ultimately owned by the Government of Dubai, 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 formalised 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 2024	2023
Empower Logstor LLC ("ELIPS")*#	Manufacturing of pre-insulated pipes, mainly for district cooling.	100.0%	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, as well as their 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%	85.0%

1 Establishment and operations (continued)

* In January 2024, EMPOWER acquired 3% minority shareholding, in ELIPS, from Logstor Holding for AED 160 thousand.

** In July 2024, EMPOWER acquired additional 1% shareholding in Palm Utilities LLC, from Utilities Management Company LLC. As a result of this transaction, the ownership of EMPOWER in Palm District Cooling LLC increased to 100%.

In July 2024, the legal name was changed to Empower Insulated Pipe Systems L.L.C.

These interim condensed consolidated financial statements for the three-month and six-month period ended 30 June 2024 were authorised for issue in accordance with a resolution of the Board of Directors on...5 August 2024

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 2023. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and other explanatory notes, for the six-month period ended 30 June 2024 is based on the unaudited interim condensed consolidated financial statements.

2 Basis of preparation

These interim condensed consolidated financial statements for the six-month ended 30 June 2024 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 2023.

3 Material 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 2023 except for 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.

(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
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
Annual improvements to IFRS Accounting Standards	1 January 2026
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
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

3 Material accounting policies (continued)

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

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 2023.

5 Financial risk management

5.1 Financial risk factors

The Group's activities and borrowings exposes 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 does 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 2023. There have been no changes in any financial risk management policies since year-end.

5.2 Liquidity risk

During the six-month period ended 30 June 2024, the Group drew down AED 1,000,000 thousand of bank loan which is disclosed in Note 15. There has been no other material change in the contractual undiscounted cash outflows for financial liabilities during this period.

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.

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 2024	432,364	9,162,263	70,709	20,692	12,455	44,940	11,992	249,832	10,005,247
Additions	-	-	-	524	-	596	441	240,619	242,180
Transfers	-	45,898	-	-	-	-	-	(45,898)	-
Disposals	-	(10,743)	-	(25)	-	-	(446)	-	(11,214)
At 30 June 2024 (unaudited)	432,364	9,197,418	70,709	21,191	12,455	45,536	11,987	444,553	10,236,213
Accumulated depreciation									
At 1 January 2024	-	2,943,456	34,545	18,222	11,779	38,541	6,795	17,094	3,070,432
Charge for the period	-	160,584	1,384	574	142	703	749	-	164,136
Disposals	-	(10,743)	-	(25)	-	-	(413)	-	(11,181)
At 30 June 2024 (unaudited)	-	3,093,297	35,929	18,771	11,921	39,244	7,131	17,094	3,223,387
Net book amount at 30 June 2024 (unaudited)	432,364	6,104,121	34,780	2,420	534	6,292	4,856	427,459	7,012,826

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 2023	432,364	8,780,427	70,709	18,350	11,890	42,421	8,566	393,368	9,758,095
Additions	-	-	-	919	-	404	532	169,762	171,617
Transfers	-	274,899	-	222	337	1,685	-	(277,143)	-
Disposals	-	(10,958)	-	(24)	-	(5)	-		(10,987)
At 30 June 2023 (unaudited)	432,364	9,044,368	70,709	19,467	12,227	44,505	9,098	285,987	9,918,725
Accumulated depreciation									
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	-	168,068	1,384	567	513	1,293	380	-	172,205
Disposals	-	(10,958)	-	(24)	-	(5)	-	-	(10,987)
At 30 June 2023 (unaudited)	-	2,802,669	33,144	17,381	11,392	37,475	6,219	17,094	2,925,374
Net book amount at 30 June 2023 (unaudited)	432,364	6,241,699	37,565	2,086	835	7,030	2,879	268,893	6,993,351

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 309,013 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. 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.

Capital work-in-progress balances include costs of constructing district cooling plants and networks pertaining to various projects. During six-month period ended 30 June 2024, the transfer to plant, equipment and machinery from capital work in progress represents additions mainly to district cooling projects.

6 Property, plant and equipment (continued)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024 AED'000 Unaudited	2023 AED'000 Unaudited	2024 AED'000 Unaudited	2023 AED'000 Unaudited
Depreciation expense has been charged to:				
Cost of sales (Note 19)	80,551	84,504	160,584	168,068
General and administrative expenses (Note 20)	1,797	2,342	3,552	4,137
	82,348	86,846	164,136	172,205

7 Intangible assets

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
At 1 January	339,982	352,139
Amortisation during the period/year	(6,078)	(12,157)
At 30 June / 31 December	333,904	339,982

Intangible assets of the Group represent rights to charge users that have been acquired and recognised at fair value as of the acquisition date. These assets have a useful life of 30 years.

8 Financial assets at amortised cost

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
At 1 January	1,343,891	305,157
Additions during the period/year	-	1,050,000
Interest earned during the period/year	29,414	38,711
Settlement during the period/year	(38,975)	(49,977)
At 30 June / 31 December	1,334,330	1,343,891
Less: current portion	(20,496)	(19,105)
Non-current portion	1,313,834	1,324,786

The balance of financial assets at amortised cost as above represents receivable of:

a) AED 298,752 thousand from Nakheel PJSC, an entity under common control, in relation to acquisition of Empower Snow LLC during the year ended 31 December 2021, and

b) AED 1,035,578 thousand from Dubai Aviation City Corporation, an entity under common control, in relation to acquisition of DXB CoolCo FZCO during the year ended 31 December 2023.

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

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
At 1 January	54,153	52,911
Gain during the period/year	786	1,242
At 30 June / 31 December	54,939	54,153

During the period, the following amounts were recognised in profit or loss and other comprehensive income:

	30 June 2024 AED'000 Unaudited	30 June 2023 AED'000 Unaudited
Gain recognised in other comprehensive income	786	986
Interest income from equity investments held at FVTOCI recognised in profit or loss	1,652	2,029

The Group had 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 Financial assets at fair value through profit or loss

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Investment in National Bonds	15,043	10,000

During the period ended 30 June 2024, the Group reinvested the matured amount AED 10,000 thousand with interest of AED 43 thousand and also made an additional investment of AED 5,000 thousand into the National Bonds Corporation.

11 Trade and other receivables

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Trade receivables	290,529	226,508
Accrued revenues	96,208	49,488
	386,737	275,996
Less: Provision for expected credit losses	(74,235)	(74,697)
	312,502	201,299
Other financial assets at amortised cost		
Other receivables	16,351	14,333
Other assets		
Advance to contractors / suppliers	89,483	89,915
Prepayments	12,386	13,547
	101,869	103,462
	430,722	319,094

Other receivables includes a deposit of AED 4,490 thousand (2023: AED 4,490 thousand) receivable from DEWA (Note 13).

12 Dividends

A final dividend of AED 425,000 thousand (AED 0.0425 per share) in respect of the year ended 31 December 2023 was declared and approved in Annual General Assembly Meeting held on 27 March 2024 which was paid on 23 April 2024 (2023: a final dividend of AED 425,000 thousand (AED 0.0425 per share), 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).

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.

13 Transactions and balances with related parties (continued)

(a) Related party transactions

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024 AED'000 Unaudited	**2023 AED'000 Unaudited**	**2024 AED'000 Unaudited**	**2023 AED'000 Unaudited**
Services rendered to entities under common control of shareholders				
Dubai Properties Group LLC	36,120	36,750	63,810	64,936
Tecom Investments FZ LLC	15,892	16,410	27,285	28,474
Jumeirah Group LLC	12,687	12,424	21,366	20,951
Meraas Holding LLC	33,167	9,548	39,291	16,405
Global Village Dubai LLC	175	178	304	312
	98,041	75,310	152,056	131,078
Dividend to shareholders				
Emirates Power Investment LLC	-	-	102,000	102,000
Dubai Electricity and Water Authority PJSC (DEWA)	-	-	238,000	238,000
	-	-	340,000	340,000
Services received from shareholder				
Dubai Electricity and Water Authority PJSC (DEWA)	365,326	294,125	520,172	414,278
Services rendered to entities under common control of Ultimate Parent				
Dubai Airports Corporation	63,461	-	107,638	-
Services received from entities under common control of Ultimate Parent				
Finance cost from Emirates NBD PJSC	70,300	62,552	137,147	120,230
Key Management Remuneration				
Board of directors' remuneration (Note 20)	1,450	1,875	2,900	3,750
Compensation of key management personnel				
Short term benefits	1,280	1,264	2,496	2,548
End of service benefits	130	130	260	260
	1,410	1,394	2,756	2,808

13 Transactions and balances with related parties (continued)

(b) Balances with related parties

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Due from related parties		
Shareholders		
Emirates Power Investment LLC	-	2
Dubai Electricity and Water Authority PJSC	-	4
	-	6
Entities under common control of shareholders		
Tecom Investments FZ LLC	9,995	3,762
Jumeirah Group LLC	4,868	2,311
Meraas Holding LLC	2,886	602
Others	52	65
	17,801	6,740
Entity under common control of Ultimate Parent		
Dubai Airports Corporation	13,002	2,075
	30,803	8,821
Due to related parties		
Shareholders		
Dubai Electricity and Water Authority PJSC (DEWA)	168,791	113,854
Entities under common control of shareholders		
Dubai Properties Group LLC	15,315	17,955
Dubai Holding LLC	-	3,708
	15,315	21,663
Others	479	436
	184,585	135,953

Amounts included in bank borrowings, financial assets at amortised cost, cash and cash equivalents and trade and other receivables

Shareholder		
Dubai Electricity and Water Authority PJSC	4,490	4,490
Entities under common control of shareholder		
Emirates NBD PJSC	5,465,698	4,498,463
Dubai Islamic Bank PJSC	1,029,575	6,892
Dubai Aviation City Corporation	1,035,578	1,042,888
Nakheel PJSC	298,752	301,003
Emirates Islamic Bank (P.J.S.C.)	25,287	40,220

14 Cash and cash equivalents

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Cash on hand	1,390	-
Cash at bank	256,253	168,980
Short term bank deposits – less than 3 months	1,076,000	369,800
	1,333,643	538,780

Bank balances are held with branches of local and international banks. Short-term bank deposits bear an effective interest rate of 3.75% to 5.45% per annum (2023: 4.65% to 5.20%).

Term deposits are presented as cash equivalents only if they have a maturity of three-month 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.

During the six months period ended 30 June 2024, the Group invested AED 325,000 thousand (2023: Nil) from the drawdown of loan facilities (Note 15) into term deposits with maturity of more than 3 months.

The Group earned finance income AED 22,437 thousand during the six-month period ended 30 June 2024 (2023: AED 32,012 thousand). The decrease is mainly due to reduction in average deposit placed and deposit rates during the period.

15 Bank borrowings

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Term loan	5,500,000	4,500,000
Unamortised loan cost	(6,187)	(7,562)
Non-current balance	5,493,813	4,492,438

During the period ended 30 June 2024, the Group drawdown AED 1,000,000 thousand from its loan facilities. The undrawn term loan facilities are Nil as at 30 June 2024 (31 December 2023: AED 1,000,000 thousand) at a floating rate linked to EIBOR plus margin. Management is currently in discussions with the bank to restructure its banking facilities.

During the six-months period ended 30 June 2024, the Group accrued interest amounting to AED 146,790 thousand and paid AED 93,569 thousand. Interest accrued as at 30 June 2024 amounts to AED 53,221 thousand which is payable on 31 July 2024.

16 Trade and other payables

	30 June 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Refundable customers' security deposits	475,127	456,361
Deferred revenue	436,773	341,792
Project cost accruals	266,956	240,489
Project payables	102,073	75,796
Retentions payable	87,842	87,731
Other liabilities*	264,054	219,130
	1,632,825	1,421,299
Less: Non-current portion		
Retentions payable	(16,659)	(18,036)
Current portion	1,616,166	1,403,263

* Other liabilities mainly include accrued expenses for water, electricity and staff liabilities.

Movement in deferred revenue is as follows:

	30 June 2024 AED'000 Unaudited	30 June 2023 AED'000 Unaudited
At the beginning of the period	341,792	290,225
Billed during the period	667,771	565,799
Less: Income recognised during the period	(572,790)	(556,655)
At the end of the period	436,773	299,369

17 Revenue

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024 AED'000 Unaudited	2023 AED'000 Unaudited	2024 AED'000 Unaudited	2023 AED'000 Unaudited
District cooling services	811,607	721,736	1,348,730	1,209,064
Pre-insulated pipe	2,214	8,821	2,811	15,767
	813,821	730,557	1,351,541	1,224,831

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 are 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 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.

Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2024 (continued)

18 Operating segments (continued)

	Six-month period ended 30 June 2024 (unaudited)				Six-month period ended 30 June 2023 (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	1,348,731	2,810	-	1,351,541	1,209,064	15,767	-	1,224,831
Interest earned on financial asset at amortised cost	29,414	-	-	29,414	9,080	-	-	9,080
Inter-segment revenue	-	21,883	(21,883)	-	-	15,053	(15,053)	-
Cost of sales	(740,786)	(15,270)	12,523	(743,533)	(640,052)	(21,200)	8,053	(653,199)
Gross profit	**637,359**	**9,423**	**(9,360)**	**637,422**	**578,092**	**9,620**	**(7,000)**	**580,712**
General and administrative expenses	(113,434)	(3,077)	-	(116,511)	(101,891)	(4,293)	-	(106,184)
Provision for expected credit losses	-	462	-	462	-	-	-	-
Other income	1,949	1,077	-	3,026	2,052	888	-	2,940
Operating profit	**525,874**	**7,885**	**(9,360)**	**524,399**	**478,253**	**6,215**	**(7,000)**	**477,468**
Finance income	21,650	787	-	22,437	32,012	-	-	32,012
Finance costs	(118,686)	-	-	(118,686)	(106,524)	-	-	(106,524)
Income taxes	(38,621)	-	-	(38,621)	-	-	-	-
Net profit for the period	**390,217**	**8,672**	**(9,360)**	**389,529**	**403,741**	**6,215**	**(7,000)**	**402,956**

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:

	Six-month period ended 30 June 2024 (unaudited)			Six-month period ended 30 June 2023 (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)	162,941	1,195	164,136	170,972	1,233	172,205
Depreciation on right-of-use asset	2,220	-	2,220	1,591	-	1,591
Amortisation of intangible asset (Note 7)	6,078	-	6,078	6,078	-	6,078
Total Depreciation and Amortisation	**171,239**	**1,195**	**172,434**	**178,641**	**1,233**	**179,874**

Segment assets and liabilities are as follows:

	Six-month period ended 30 June 2024 (unaudited)			31 December 2023 (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	10,936,735	111,199	11,047,934	9,626,555	101,304	9,727,859
Investment in joint venture	307	-	307	307	-	307
Total assets	**10,937,042**	**111,199**	**11,048,241**	**9,626,862**	**101,304**	**9,728,166**
Segment liabilities	7,755,875	14,554	7,770,429	6,403,832	13,333	6,417,165
Total liabilities	**7,755,875**	**14,554**	**7,770,429**	**6,403,832**	**13,333**	**6,417,165**

18 Operating segments (continued)

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

	Six-month period ended 30 June 2024 (unaudited)			Six-month period ended 30 June 2023 (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	158,801	472	159,273	185,330	2,536	187,866

Geographic information

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

	Revenue		Non-current assets	
	30 June 2024 (unaudited) AED'000	30 June 2023 (unaudited) AED'000	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
United Arab Emirates	1,350,165	1,215,755	8,822,114	8,761,136
Kuwait	1,376	9,076	-	-
	1,351,541	1,224,831	8,822,114	8,761,136

19 Cost of sales

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024	**2023**	**2024**	**2023**
	AED'000	**AED'000**	**AED'000**	**AED'000**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Utilities cost	366,694	294,519	522,597	418,324
Depreciation on property, plant and equipment (Note 6)	80,551	84,504	160,584	168,068
Staff costs (Note 21)	11,064	9,465	21,593	19,218
Materials	1,150	5,455	1,438	10,635
Amortisation of intangible asset (Note 7)	3,039	3,039	6,078	6,078
Depreciation on right-of-use assets	491	44	511	89
Others	13,874	11,775	30,732	30,787
	476,863	408,801	743,533	653,199

20 General and administrative expenses

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024	**2023**	**2024**	**2023**
	AED'000	**AED'000**	**AED'000**	**AED'000**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Staff costs (Note 21)	41,596	38,913	85,697	80,339
Depreciation on property, plant and equipment (Note 6)	1,797	2,342	3,552	4,137
Board of directors' remuneration	1,450	1,875	2,900	3,750
Advertising and marketing expenses	1,928	1,579	2,814	2,004
Communication expenses	1,334	1,293	2,613	2,568
Consultancy	1,142	97	2,387	613
Depreciation on right-of-use assets	855	751	1,709	1,502
Business travel	50	653	1,326	894
Rent	128	128	192	323
Others	7,402	3,816	13,321	10,054
	57,682	51,447	116,511	106,184

Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2024 (continued)

21 Staff costs

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024 AED'000 Unaudited	2023 AED'000 Unaudited	2024 AED'000 Unaudited	2023 AED'000 Unaudited
Salaries	32,010	30,178	67,018	62,685
Staff benefits	18,536	16,714	36,046	33,374
End of service benefits	2,114	1,486	4,226	3,498
	52,660	48,378	107,290	99,557
Staff costs have been charged to:				
Cost of sales (Note 19)	11,064	9,465	21,593	19,218
General and administrative expenses (Note 20)	41,596	38,913	85,697	80,339
	52,660	48,378	107,290	99,557

22 Guarantees

As at 30 June 2024, the Group had no outstanding bank guarantees and letters of credits (31 December 2023: AED 3,842 thousand), which were issued by the Group's bankers in the normal course of business.

23 Commitments

Capital commitments

As at 30 June 2024, the Group has project commitments of AED 854,568 thousand (31 December 2023: AED 687,341 thousand) for projects-in-progress. These commitments represent the value of contracts issued as of 30 June 2024, net of invoices recorded and accruals made as of that date.

24 Earning per share

	Three-month period ended 30 June 2024		Six-month period ended 30 June 2023	
	AED'000 Unaudited	AED'000 Unaudited	AED'000 Unaudited	AED'000 Unaudited
Profit attributable to the ordinary equity holders of the Company	221,181	235,509	384,542	402,770
Weighted average number of ordinary shares used as a denominator in calculating basic 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	0.0221	0.0236	0.0385	0.0403

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 June 2024	Level 1 AED'000 Unaudited	Level 2 AED'000 Unaudited	Level 3 AED'000 Unaudited	Total AED'000 Unaudited
Financial assets at fair value through other comprehensive income	54,939	-	-	54,939
Financial assets at fair value through profit or loss	-	15,043	-	15,043
	54,939	15,043	-	69,982

31 December 2023	Level 1 AED'000 Audited	Level 2 AED'000 Audited	Level 3 AED'000 Audited	Total AED'000 Audited
Financial assets at fair value through other comprehensive income	54,153	-	-	54,153
Financial assets at fair value through profit or loss	-	10,000	-	10,000
	54,153	10,000	-	64,153

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 Income tax expense

(a) Components of income tax expense

Income tax expenses recorded in profit or loss comprises the following:

	Six-month period ended 30 June	
	2024	2023
	AED'000	AED'000
	Unaudited	Unaudited
Current tax	38,049	-
Deferred tax	572	-
Income tax expense for the period	**38,621**	**-**

Income tax expense is recognised during the six-month period ended 30 June 2024 on a best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense may have to be adjusted if the estimate of the annual income tax rate changes. As of 30 June 2024, the Group has current tax liabilities of AED 38,049 (2023: Nil) and deferred tax asset of AED 16,811 thousand (31 December 2023: AED 17,454 thousand).

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate.

The income tax rate applicable to the Group's income is 9% (2023: Nil). A reconciliation between the expected and the actual tax charge is provided below:

	Six-month period ended 30 June	
	2024	2023
	AED'000	AED'000
	Unaudited	Unaudited
Profit before tax	428,150	-
Profit before tax at statutory rate of 9%	38,534	-
Income which is exempt from taxation	(485)	-
Income tax expense	38,049	-

The effective tax rate as of 30 June 2024 is 8.9% (2023: Nil).

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS Accounting Standards and statutory taxation regulations in the United Arab Emirates give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences was not material to the interim condensed consolidated financial statements.

Further, AED 71 thousand of deferred tax relates to changes in fair value of financial assets at fair value through other comprehensive income which has been recognised in other comprehensive income in interim condensed consolidated statement of comprehensive income.