Emirates Central Cooling Systems Corporation

Interim condensed consolidated financial statements
For the three-month and nine-month periods ended 30 September 2022 (unaudited)

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pwc

Review report on interim condensed consolidated financial statements to the board of directors of Emirates Central Cooling Systems Corporation

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emirates Central Cooling Systems Corporation ("the Corporation") and its subsidiaries (together, "the Group") as at 30 September 2022 and the related interim condensed consolidated statements 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'.

Emphasis of matter

The interim condensed consolidated financial statements are prepared by the management in connection with the listing of the Corporation on the Dubai Financial Market in the United Arab Emirates. As a result, the interim condensed consolidated financial statements may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Other matter

The comparative information for the interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021, interim condensed consolidated statements of changes in equity and cash flows, and other explanatory notes for the nine-month period ended 30 September 2021 has not been audited or reviewed. The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2021.

PricewaterhouseCoopers

PricewaterhouseCoopers
Dubai, United Arab Emirates
14 October 2022

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Emirates Central Cooling Systems Corporation

Interim condensed consolidated statement of financial position

	Note	As at 30 September 2022 AED'000 Unaudited	As at 31 December 2021 AED'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,978,831	7,032,991
Right-of-use assets		11,764	13,412
Investment properties	10	72,859	-
Intangible assets	7	355,179	364,296
Investment in a joint venture		307	307
Financial assets at amortised cost	8	302,055	305,164
Financial assets at fair value through other comprehensive income	9	53,278	58,113
		7,774,273	7,774,283
Current assets			
Inventories		39,985	27,018
Trade and other receivables	11	441,100	274,498
Due from related parties	13	16,571	3,618
Financial assets at amortised cost	8	4,100	3,911
Financial assets at fair value through profit or loss	14	100,000	100,000
Term deposits	15	12,100	114,800
Cash and cash equivalents	15	1,145,275	1,245,588
		1,759,131	1,769,433
Total assets		9,533,404	9,543,716
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Parent			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Other reserves		(811)	2,741
Retained earnings		1,175,984	3,844,024
Contributed capital		82,190	82,190
		2,757,363	5,428,955
Non-controlling interests		2,019	1,937
Total equity		2,759,382	5,430,892
LIABILITIES			
Non-current liabilities			
Bank borrowings	16	4,488,891	987,666
Lease liabilities		10,682	11,939
Government grant		309,033	370,890
Provision for employees' end of service benefits		51,534	49,703
Retentions payable	17	24,336	35,318
		4,884,476	1,455,516
Current liabilities			
Trade and other payables	17	1,676,570	1,485,009
Due to related parties	13	207,381	166,287
Bank borrowings	16	-	1,000,219
Government grant		3,170	2,780
Lease liabilities		2,425	3,013
		1,889,546	2,657,308
Total liabilities		6,774,022	4,112,824
Total equity and liabilities		9,533,404	9,543,716

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 14 Oct 2022 and were signed on its behalf by:

.... Chief Executive Officer

.... Chairman

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended 30 September 2022 AED'000 Unaudited	Three-month period ended 30 September 2021 AED'000 Unaudited and not reviewed	Nine-month period ended 30 September 2022 AED'000 Unaudited	Nine-month period ended 30 September 2021 AED'000 Unaudited and not reviewed
Revenue	*18*	918,817	813,668	2,073,074	1,806,782
Interest income on financial asset at amortised cost	*8*	4,676	-	13,927	-
Cost of sales	*20*	(562,513)	(499,426)	(1,177,688)	(1,019,837)
Gross profit		360,980	314,242	909,313	786,945
General and administrative expenses	*21*	(49,203)	(44,778)	(153,611)	(136,244)
Provision for expected credit losses	*11*	-	236	(7,395)	236
Other income		2,104	1,552	4,812	9,373
Operating profit		313,881	271,252	753,119	660,310
Finance income		12,336	1,907	24,172	6,572
Finance costs		(25,889)	(2,094)	(45,249)	(6,698)
Finance costs – net		(13,553)	(187)	(21,077)	(126)
Net profit for the period		300,328	271,065	732,042	660,184
Profit attributable to:					
Owners of the Parent		300,314	271,049	731,960	660,107
Non-controlling interests		14	16	82	77
		300,328	271,065	732,042	660,184
Basic and diluted earnings per share for profit attributable to the owners of the Parent (AED)	*26*	0.300	0.271	0.732	0.660
Profit for the period		300,328	271,065	732,042	660,184
Items that will not be reclassified to profit or loss					
Other comprehensive income / (loss) for the period		2,324	(281)	(3,552)	1,125
Total comprehensive income for the period		302,652	270,784	728,490	661,309
Total comprehensive income attributable to:					
Owners of the Parent		302,638	270,768	728,408	661,232
Non-controlling interests		14	16	82	77
		302,652	270,784	728,490	661,309

Interim condensed consolidated statement of changes in equity

	Note	Attributable to shareholders of the Parent							
		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
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**
At 1 January 2021		1,000,000	500,000	2,281	3,208,164	82,190	4,792,635	2,115	4,794,750
Total comprehensive income for the period									
Profit for the period		-	-	-	660,107	-	660,107	77	660,184
Other comprehensive income									
Other comprehensive income for the period		-	-	1,125	-	-	1,125	-	1,125
Total comprehensive income for the period		**-**	**-**	**1,125**	**660,107**	**-**	**661,232**	**77**	**661,309**
Transaction with owners in their capacity as owners:									
Dividends	*12*	-	-	-	(300,000)	-	(300,000)	(300)	(300,300)
At 30 September 2021 (unaudited)		**1,000,000**	**500,000**	**3,406**	**3,568,271**	**82,190**	**5,153,867**	**1,892**	**5,155,759**

The notes on pages 6 to 26 form an integral part of these interim condensed consolidated financial statements

Emirates Central Cooling Systems Corporation

Interim condensed consolidated statement of cash flows

	Note	Nine-month period ended 30 September 2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed
Cash flows from operating activities			
Profit for the period		732,042	660,184
Adjustments for:			
Depreciation on property, plant and equipment	6	230,189	223,868
Depreciation on right-of-use assets		3,468	4,504
Impairment of trade receivables	11	7,395	(236)
Settlement of financial assets	8	16,847	-
Amortisation of intangible assets	7	9,117	-
Loss on disposal of property, plant and equipment		-	(27)
Amortization of borrowings arrangement fee		7,781	1,131
Provision for employees' end of service benefits		3,682	3,455
Interest on lease liability		425	554
Interest on financial asset	8	(13,927)	-
Finance income		(24,172)	(6,572)
Finance costs net of arrangement fee		37,043	5,013
Government grant income		(2,085)	(2,085)
Operating cash flows before changes in working capital and Payment of employees' end of service benefits		1,007,805	889,789
Changes in working capital:			
Inventories		(12,967)	(735)
Trade and other receivables		(191,653)	(105,245)
Due from related parties		(12,953)	(23,136)
Trade and other payables		255,408	(2,254)
Due to related parties		41,094	248,840
Cash generated from operations		1,086,734	1,007,259
Payment of employees' end of service benefits		(568)	(1,144)
Net cash inflow from operating activities		1,086,166	1,006,115
Cash flows from investing activities			
Purchase of property, plant and equipment, net of project cost accruals		(365,445)	(435,320)
Short-term deposits (more than 3 months) redeemed		102,700	6,000
Gain on disposal of property, plant and equipment		-	27
Interest received		24,172	6,572
Net cash outflow from investing activities		(238,573)	(422,721)
Cash flows from financing activities			
Proceeds from bank borrowings net of arrangement fee		5,406,211	-
Repayment of borrowings		(2,912,984)	(84,349)
Lease payments		(4,090)	(5,557)
Interest paid		(37,043)	(5,013)
Dividends paid	12	(3,400,000)	(400,300)
Net cash outflow from financing activities		(947,906)	(495,219)
Net (decrease)/increase in cash and cash equivalents		(100,313)	88,175
Cash and cash equivalents, beginning of the period		1,245,588	1,069,196
Cash and cash equivalents, end of the period	15	1,145,275	1,157,371

The notes on pages 6 to 26 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 2022

1 Establishment and operations

Emirates Central Cooling Systems Corporation ("EMPOWER") ("the Corporation") was established on 23 November 2003 as a corporate entity in accordance with Article 3 of Law No. (10) "Emirates Central Cooling Systems Corporation Incorporation Law for the year 2003" ("the Decree") and commenced commercial operations on 15 February 2004. The Corporation 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 (formerly known as Dubai Creative Cluster Authority) ("the authority"), however, the beneficial interest of the authority was transferred to Tecom Investments FZ-LLC ("TECOM") effective from inception.

On 23 November 2009 a letter was issued by the Ruler of Dubai allowing DEWA to increase its shareholding to 70% in the Corporation and diluted TECOM's interest to 30%. This change in the shareholding structure has been formalised through the 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.

The principal activities of the Corporation are provision of district cooling services, management, operation and maintenance of central cooling plants and related distribution networks. The principal office of the Corporation is P.O. Box 8081, Al Hudaiba Awards Building, Dubai, United Arab Emirates.

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

Subsidiary	Principal activity	Beneficial holding	
		2022	2021
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%

These interim condensed consolidated financial statements for the three-month and nine-month ended 30 September 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 14 October 2022.

Notes to the interim condensed consolidated financial statements
for the three-month and nine-month periods ended 30 September 2022 (continued)

1 Establishment and operations (continued)

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 2021. The comparative information for the interim condensed consolidated statement of comprehensive income for the three-month and nine-month period ended 30 September 2021, interim condensed consolidated statements of changes in equity and cash flows, and other explanatory notes, for the nine-month period ended 30 September 2021 has not been audited or reviewed as it is the first time the Group has prepared interim condensed consolidated financial statements for the three-month period ended 30 September 2022 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 ended 30 September 2022 has been prepared in accordance with International Accounting Standard 34 'Interim financial reporting', ("IAS 34").

The interim condensed consolidated financial statements are prepared by the management in connection with the listing of the Corporation on the Dubai Financial Market in the United Arab Emirates. As a result, the interim condensed consolidated financial statements may not be suitable for another purpose.

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 2021.

As of 30 September 2022, the Group's current liabilities exceeded its current assets by AED 130,415 thousand (31 December 2021: AED 887,875 thousand). The current liabilities also includes deferred revenue amounting to AED 311,539 thousand (Note 17) which is billed to the customer on connection and is expected to be realised as revenue within the next 12 months. The current liabilities also include refundable customer security deposits (Note 17) amounting to AED 412,027 thousand which are only payable on disconnection of service by a customer in the ordinary course of business.

Further, the Group has undrawn long term loan facilities (Note 16) amounting to AED 1,000,000 thousand which are readily available to meet any additional capital needs that might arise.

Management has prepared cash flow projections covering a twelve-month period which take account of the above factors and which indicate that the Group will be able to meet its liabilities as they fall due.

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 2021 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.

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
Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimate – Amendments to IAS 8	1 January 2023
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Effective date deferred indefinitely
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS12	1 January 2023

The Group does not expect the adoption of the above new standards and amendments to have a material impact on the future consolidated financial statements of the Group.

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 2021.

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 2021. There have been no changes in any financial risk management policies since year-end.

5.2 Liquidity risk

During the nine-month period ended 30 September 2022, the Group obtained a new bank loan which is disclosed in Note 16. 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.

Notes to the interim condensed consolidated financial statements
for the three-month and nine-month periods ended 30 September 2022 (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 2022	494,282	8,032,967	70,037	16,776	11,490	40,902	6,914	842,741	9,516,109
Additions	-	-	-	1,051	186	482	1,865	304,686	308,270
Transfers	-	532,447	-	-	-	861	-	(533,308)	-
Transfers to investment properties (Note 10)	(2,536)	-	-	-	-	-	-	(70,323)	(72,859)
Disposals*	(59,382)	-	-	-	-	-	(225)	-	(59,607)
At 30 September 2022 (unaudited)	432,364	8,565,414	70,037	17,827	11,676	42,245	8,554	543,796	9,691,913
Accumulated depreciation									
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 period	-	224,651	2,048	818	182	2,038	452	-	230,189
Disposals	-	-	-	-	-	-	(225)	-	(225)
At 30 September 2022 (unaudited)	-	2,582,910	31,060	16,543	11,003	35,869	5,876	29,821	2,713,082
Net book amount at 30 September 2022 (unaudited)	432,364	5,982,504	38,977	1,284	673	6,376	2,678	513,975	6,978,831

Capital work-in-progress balances include costs of constructing district cooling plants and networks pertaining to various projects. During the nine-month period ended 30 September 2022, the transfer to plant, equipment and machinery from capital work in progress represents additions mainly to four district cooling projects.

*During the period, the Group returned eleven plots of land to related parties amounting to AED 59,382 thousand which were granted to the Group in prior years for the purpose of constructing the district cooling plants. Accordingly, the Group reversed the carrying amount from property, plant and equipment and corresponding deferred government grant.

Notes to the interim condensed consolidated financial statements
for the three-month and nine-month periods ended 30 September 2022 (continued)

6 Property, plant and equipment (continued)

Certain district cooling assets with a net book value of AED 280,243 thousand (2021: AED 277,324 thousand) are developed on plots of lands owned by related parties. Management is currently in discussion with these related parties to enter into lease agreements related to these plots.

	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 2021	494,282	7,633,115	70,709	15,803	10,936	39,638	6,337	658,167	8,928,987
Additions	-	-	-	975	554	1,265	730	588,849	592,373
Transfers	-	404,947	-	-	-	-	-	(404,947)	-
Disposals	-	(5,095)	-	(2)	-	(1)	(153)	-	(5,251)
At 31 December 2021 (audited)	494,282	8,032,967	70,709	16,776	11,490	40,902	6,914	842,069	9,516,109
Accumulated depreciation									
At 1 January 2021	-	2,064,333	26,221	14,799	10,656	32,297	5,277	62,149	2,215,732
Charge for the year	-	299,021	2,791	928	165	1,535	525	-	304,965
Impairment reversal	-	-	-	-	-	-	-	(32,328)	(32,328)
Disposals	-	(5,095)	-	(2)	-	(1)	(153)	-	(5,251)
At 31 December 2021 (audited)	-	2,358,259	29,012	15,725	10,821	33,831	5,649	29,821	2,483,118
Net book amount at 31 December 2021 (audited)	494,282	5,674,708	41,697	1,051	669	7,071	1,265	812,248	7,032,991

6 Property, plant and equipment (continued)

	Three-month period ended 30 September 2022 AED'000 Unaudited	Three-month period ended 30 September 2021 AED'000 Unaudited and not reviewed	Nine-month period ended 30 September 2022 AED'000 Unaudited	Nine-month period ended 30 September 2021 AED'000 Unaudited and not reviewed
Depreciation expense has been charged to:				
Cost of sales (Note 20)	71,111	73,558	224,651	219,427
General and administrative expenses (Note 21)	1,987	1,460	5,538	4,441
	73,098	75,018	230,189	223,868

7 Intangible assets

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
At the beginning of the period/year	364,296	-
Additions during the period/year	-	364,696
Amortisation during the period/year	(9,117)	(400)
At the end of the period/year	355,179	364,296

Intangible asset represents right 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 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
At the beginning of the period/year	309,075	-
Additions during the period/year	-	309,204
Interest earned during the period/year	13,927	610
Settlement during the period/year	(16,847)	(739)
At the end of the period/year	306,155	309,075
Less: current portion	(4,100)	(3,911)
Non-current portion	302,055	305,164

The financial assets at amortised cost represents receivable from Nakheel PJSC (Note 13) in relation to acquisition of Empower Snow LLC (formerly Snow LLC) during 2021.

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

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
At the beginning of the period/year	58,113	57,653
(Loss) /gain during the period/year	(4,835)	460
At the end of the period/year	53,278	58,113

During the period, the following (loss)/gain was recognised in profit or loss and other comprehensive income for the above financial assets:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	Unaudited	Unaudited and not reviewed	Unaudited	Unaudited and not reviewed
(Loss)/gain recognised in other comprehensive income	(842)	(281)	(4,835)	1,125

Financial assets at fair value through other comprehensive income pertains to an investment in Tier 1 Capital Certificates ("Bonds") issued at their par value. The Bonds are listed perpetual instruments and carry non-cumulative interest at a rate of 6% per annum payable every six months at the discretion of the issuer.

The Bonds are classified as equity and at the initial recognition the Group made an irrevocable decision to classify the Bonds as financial assets at fair value through other comprehensive income under IFRS 9 as the Bonds are not held for trading.

10 Investment properties

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
	Land and building under construction	
At the beginning of the period	-	-
Transfer from Land (Note 6)	2,536	-
Transfer from property, plant and equiptment (Note 6)	70,323	-
At the end of the period/year	72,859	-

The Group started construction of its head quarter project in 2021. The project consists of two towers with common area and retail outlets which are expected to be completed during the last quarter of 2022.

During the period, management revisited its plan of occupation and concluded to occupy only one tower for its use along with its related common area which were initially planned to be occupied for its use. As a result, the carrying amount of one tower and related areas were transferred to investment properties from property, plant and equipment (Note 6).

10 Investment properties (continued)

The Group carries investment properties at cost less accumulated depreciation and any accumulated impairment. Investment property under the cost model is impaired if its carrying amount exceeds its recoverable amount.

11 Trade and other receivables

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Trade receivables	311,577	180,659
Accrued revenues	87,586	27,069
	399,163	207,728
Less: Provision for expected credit losses	(64,227)	(56,832)
	334,936	150,896
Other financial assets at amortised cost		
Other receivables	15,798	10,216
Other assets		
Advance to contractors and suppliers	81,629	99,285
Prepayments	8,737	14,101
	90,366	113,386
	441,100	274,498

The movement in the allowance for impairment of receivables is as follows:

	30 September 2022 AED'000 Unaudited	30 September 2021 AED'000 Audited
At the beginning of the period	56,832	48,264
Charge/(reversal) for the period	7,395	(236)
At the end of the period	64,227	48,028

12 Dividends

A final dividend of AED 500,000 thousand (AED 0.5 per share), 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 (2021: a final dividend of AED 300,000 thousand (AED 0.3 per share), in respect of the year ended 31 December 2020 was declared and approved on 19 January 2021 by the Board of Directors of the Group).

An interim dividend of AED 2,900,000 thousand (AED 2.9 per share) was declared and approved on 26 September 2022 by the Board of the Directors of the Group which was paid on 29 September 2022.

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 September		Nine-month period ended 30 September	
	2022 AED'000	**2021 AED'000**	**2022 AED'000**	**2021 AED'000**
	Unaudited	**Unaudited and not reviewed**	**Unaudited**	**Unaudited and not reviewed**
Services rendered to entities under common control of shareholders				
Dubai Properties Group LLC	51,356	56,674	116,819	118,254
Tecom Investments FZ LLC	21,369	19,847	48,953	46,194
Jumeirah Group LLC	16,301	15,458	36,634	35,288
Meraas Holding LLC	13,648	13,667	31,427	21,895
Global Village Dubai LLC	201	210	518	524
	102,875	105,856	234,351	222,155
Dividend to shareholders				
Tecom Investments FZ LLC*	-	-	150,000	90,000
Emirates Power Investment LLC*	870,000	-	870,000	-
Dubai Electricity and Water Authority (DEWA)	2,030,000	-	2,380,000	210,000
	2,900,000	-	3,400,000	300,000
Services received from shareholder				
Dubai Electricity and Water Authority (DEWA)	466,005	397,922	874,724	707,671
Services received from entities under common control of Ultimate Parent				
Finance cost from Emirates NBD PJSC	8,196	1,688	15,936	4,359
Key management remuneration				
Board of directors' remuneration (Note 21)	1,563	1,563	4,688	4,688
Compensation of key management personnel				
Short term benefits	1,255	1,149	3,781	3,462
End of service benefits	130	118	390	354
	1,385	1,267	4,171	3,816
Number of key management personnel	1	1	1	1

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

13 Transactions and balances with related parties (continued)

(b) Balances with related parties

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Due from related parties		
Entities under common control of shareholders		
Jumeirah Group LLC	9,265	2,085
Tecom Investments FZ LLC	4,086	-
Meraas Holding LLC	3,121	1,494
Others	99	39
	16,571	3,618
Due to related parties		
Shareholder		
Dubai Electricity and Water Authority (DEWA)	184,999	153,599
Entities under common control of shareholders		
Dubai Properties Group LLC	13,532	2,828
Dubai Holding LLC	3,727	3,708
Tecom Investments FZ LLC	-	668
	17,259	7,204
Others		
Board of directors	4,688	5,050
Others	435	434
	207,381	166,287

The outstanding bank borrowings as at 30 September 2022 includes a balance of AED 4,488,891 thousand (2021: AED 1,002,862 thousand) from Emirates NBD PJSC, an entity under common control.

Other receivables include a balance of AED 4,490 thousand (2021: AED 4,490 thousand) deposit receivable from DEWA (Note 11).

The financial assets at amortised cost (Note 8) represents receivable from Nakheel PJSC, an entity under common control, in relation to acquisition of Empower Snow LLC (formerly Snow LLC) during 2021.

As of 30 September 2022, the cash and cash equivalents includes a balance of AED 1,029,319 thousand (2021: AED 1,155,126 thousand) and term deposits of AED nil (2021: AED 100,000 thousand) held with banks which are under common control of shareholders.

14 Financial assets at fair value through profit or loss (FVTPL)

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Investment in National Bonds	100,000	100,000

During the year 2021, the Group made an investment of AED 100 million in National Bonds for a tenure of 1 year. As of 30 September 2022, the fair value of the investment in National Bonds approximates to carrying value. Fair value hierarchy is disclosed in Note 27.

15 Cash and cash equivalents

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Cash in hand	607	589
Cash at bank	777,593	244,286
Short term bank deposits –3 months and less	367,075	1,000,713
	1,145,275	1,245,588

Bank balances are held with branches of local and international banks. Short-term bank deposits bear an effective interest rate of 2022: 1.58% per annum (2021: 0.80% per annum).

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.

For purposes of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Cash and bank	1,157,375	1,360,388
Less: short term deposits more than 3 months	(12,100)	(114,800)
	1,145,275	1,245,588

16 Bank borrowings

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Term loan	4,500,000	1,994,747
Unamortised loan cost	(11,109)	(6,862)
Total	4,488,891	1,987,885
Less: current portion	-	(1,000,219)
Non-current portion	4,488,891	987,666

On 26 September 2022, the Group entered into term facility agreements with Emirates NBD PJSC, an entity under common control for AED 5,500,000 thousand. The facilities are guaranteed by the Corporation and Palm District Cooling LLC. Following are the terms of each facility agreement:

Facility	Term	Interest rate	Amount (AED'000)
A1- conventional	3 Years	EIBOR + Margin	1,375,000
A2 - conventional	5 Years	EIBOR + Margin	1,375,000
B1 - Islamic	3 Years	EIBOR + Margin	1,375,000
B2- Islamic	5 Years	EIBOR + Margin	1,375,000
Total			**5,500,000**

The exposure of the Group's borrowings to interest rate changes and the contractual repricing ranges between one to twelve months. The Group's borrowings are not exposed to interbank offer rate (IBOR). The maturity profile of the borrowings is as follows:

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Within one year	173,143	1,020,472
After one year but not more than three years	3,096,985	512,467
More than 3 years	1,889,561	508,165
	5,159,689	2,041,104

The movement in bank borrowings during the period:

	30 September 2022 AED'000 Unaudited	30 September 2021 AED'000 Unaudited and not reviewed	31 December 2021 AED'000 Audited
At the beginning of the period/year	1,994,747	1,329,582	1,329,582
Drawdown during the period/year*	5,418,238	-	918,212
Interest expense during the period/year	44,824	5,013	20,063
Interest paid during the period/year	(44,824)	(5,013)	(20,063)
Principal repayment during the period/year	(2,912,984)	(84,349)	(253,047)
Amortisation	(11,110)	(6,411)	(6,862)
At the end of the period/year	4,488,891	1,238,822	1,987,885

16 Bank borrowings (continued)

* On 29 March 2022, the Group entered into a new bridge loan facility to finance the acquisition of Dubai Airports district cooling assets acquisition with Dubai Islamic Bank PJSC, a related party, amounting to US$ 250,000 thousand (AED 918,125 thousand) with a tenor of 1 year from utilisation date with a profit rate of Libor + margin. The amount was fully drawn down on 31 March 2022. The Group utilised AED 4,500,000 thousand from the new long term loan facility and repaid its exiting borrowings amounting to AED 2,912,984 thousand.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is nullified with the floating rate interest arrangement for such borrowings.

17 Trade and other payables

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Refundable customers' security deposits	412,027	381,590
Deferred revenue	311,539	335,556
Project cost accruals	291,895	339,088
Project payables	80,741	110,536
Retentions payable	101,713	99,554
Other liabilities*	502,991	254,003
	1,700,906	1,520,327
Less: Non-current portion retentions payable	(24,336)	(35,318)
Current portion	1,676,570	1,485,009

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

Movement in deferred revenue is as follows:

	30 September 2022 AED'000 Unaudited	30 September 2021 AED'000 Unaudited and not reviewed
At the beginning of the period	335,556	296,031
Billed during the period	830,165	851,848
Less: Income recognised during the period	(854,182)	(820,405)
At the end of the period	311,539	327,474

Terms and conditions of the financial liabilities:

Trade payables and other financial liabilities are non-interest bearing and are normally settled on 60–90-day terms. Retentions payables are non-interest bearing and are normally settled in accordance with the terms of the contacts.

Revenue recognized in relation to deferred revenue

The table overleaf shows the revenue recognised in the current reporting period which relates to carried-forward contract liabilities and revenue which relates to performance obligations that were satisfied in a prior year:

17 Trade and other payables (continued)

	30 September 2022 AED'000 Unaudited	30 September 2021 AED'000 Unaudited and not reviewed
Revenue recognised that was included in the contract liability balance at the beginning of the period	83,770	82,525

18 Revenue

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed
District cooling services	911,703	810,103	2,064,801	1,801,704
Pre-insulated pipe	7,114	3,565	8,273	5,078
	918,817	813,668	2,073,074	1,806,782

During the nine-month period ended 30 September 2022, the Group recognised district cooling services revenue from Empower Snow LLC (formerly Snow LLC), which was acquired in December 2021, amounting to AED 85,420 thousand (30 September 2021: nil).

19 Operating segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ('CEO') who makes strategic decisions.

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

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

19 Operating segments (continued)

	Nine-month period ended 30 September 2022 (unaudited)				Nine-month period ended 30 September 2021 (unaudited and not reviewed)			
	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	2,064,801	8,273		2,073,074	1,801,704	5,078		1,806,782
Inter-segment revenue	-	13,638	(13,638)	-	-	18,702	(18,702)	-
Total revenues	**2,064,801**	21,911	**(13,638)**	**2,073,074**	**1,801,704**	**23,780**	**(18,702)**	**1,806,782**
Interest earned on financial asset	13,927	-	-	13,927	-	-	-	-
Cost of sales	(1,170,219)	(15,075)	7,606	(1,177,688)	(1,014,267)	(17,950)	12,380	(1,019,837)
Gross profit	**908,509**	**6,836**	**(6,032)**	**909,313**	**787,437**	**5,830**	**(6,322)**	**786,945**
General and administrative expenses	(148,138)	(5,473)	-	(153,611)	(131,748)	(4,496)	-	(136,244)
Net impairment loss on financial assets	(7,395)	-	-	(7,395)	-	236	-	236
Other income	4,051	761	-	4,812	9,127	246	-	9,373
Operating profit	**757,027**	**2,124**	**(6,032)**	**753,119**	**664,816**	**1,816**	**(6,322)**	**660,310**
Finance income	23,556	616	-	24,172	5,806	766		6,572
Finance costs	(45,249)	-	-	(45,249)	(6,698)	-	-	(6,698)
Net profit for the period	**735,334**	**2,740**	**(6,032)**	**732,042**	**663,924**	**2,582**	**(6,322)**	**660,184**

Inter-segment transaction are eliminated on consolidation.

19 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 2022 (Unaudited)			Nine-month period ended 30 September 2021 (Unaudited and not reviewed)		
	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)	227,572	2,617	230,189	220,798	3,070	223,868
Depreciation on right-of-use assets	3,468	-	3,468	4,504	-	4,504
Amortisation on intangible asset (Note 7)	9,117	-	9,117	-	-	-
Total depreciation and amortisation	**240,157**	**2,617**	**242,774**	**225,302**	**3,070**	**228,372**

Segment assets and liabilities are as follows:

	30 September 2022 (Unaudited)			31 December 2021 (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	9,446,527	86,570	9,533,097	9,463,091	80,318	9,543,409
Investment in joint venture	307	-	307	307	-	307
Total assets	**9,446,834**	**86,570**	**9,533,404**	**9,463,398**	**80,318**	**9,543,716**
Total liabilities	**6,758,760**	**15,262**	**6,774,022**	**4,101,075**	**11,749**	**4,112,824**

19 Operating segments (continued)

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

	Nine-month period ended 30 September 2022 (Unaudited)			Nine-month period ended 30 September 2021 (Unaudited and not reviewed)		
	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	366,558	(1,113)	365,445	437,201	(1,881)	435,320

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 2022 (Unaudited) AED'000	30 September 2021 (Unaudited and not reviewed) AED'000	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000
United Arab Emirates	2,073,074	1,806,782	7,774,273	7,774,283

20 Cost of sales

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed
Utilities cost	468,930	400,428	880,503	711,367
Depreciation on property, plant and equipment (Note 6)	71,111	73,558	224,651	219,427
Staff costs (Note 22)	9,027	10,374	27,228	28,923
Materials	4,395	2,201	5,095	3,178
Amortisation of intangible asset (Note 7)	3,039	-	9,117	-
Depreciation on right-of-use assets	602	1,288	1,838	3,612
Others	5,409	11,577	29,256	53,330
	562,513	499,426	1,177,688	1,019,837

21 General and administrative expenses

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed
Staff costs (Note 22)	36,836	36,639	111,796	102,846
Depreciation on property, plant and equipment (Note 6)	1,987	1,460	5,538	4,441
Board of directors' remuneration	1,563	1,563	4,688	4,688
Advertising and marketing expenses	917	1,856	2,271	2,464
Communication expenses	767	1,029	6,298	8,079
Depreciation on right-of-use assets	546	43	1,630	892
Business travel	411	18	448	18
Consultancy	381	918	2,793	2,824
Rent	123	121	386	379
Others	5,672	1,131	17,763	9,613
	49,203	44,778	153,611	136,244

22 Staff costs

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed	2022 AED'000 Unaudited	2021 AED'000 Unaudited and not reviewed
Salaries	29,135	27,360	88,209	80,028
Staff benefits	15,758	18,793	47,133	48,286
End of service benefits	970	860	3,682	3,455
	45,863	47,013	139,024	131,769
Staff costs have been charged to:				
Cost of sales (Note 20)	9,027	10,374	27,228	28,923
General and administrative expenses (Note 21)	36,836	36,639	111,796	102,846
	45,863	47,013	139,024	131,769

23 Guarantees

At 30 September 2022, the Group had outstanding bank guarantees and letters of credits amounting to AED 4,885 thousand (31 December 2021: AED 377 thousand), which were issued by the Group's bankers in the normal course of business.

24 Commitments

(a) Capital commitments

As at 30 September 2022, the Group has project commitments of AED 551,711 thousand (31 December 2021: AED 610,685 thousand) for projects-in-progress. These commitments represent the value of contracts issued as of 30 September 2022, net of invoices recorded and accruals made as of that date.

25 Operating lease commitments

The Group has leased an office building under non-cancellable operating lease agreement. The future minimum lease payments under the lease are as follows:

	30 September 2022 AED'000 Unaudited	31 December 2021 AED'000 Audited
Not later than 1 year	265	409
Later than 1 year and no later than 5 years	20	118
	285	527

26 Earning per share

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022		2021	
	Unaudited	Unaudited and not reviewed	Unaudited	Unaudited and not reviewed
Profit attributable to owners of the parent (AED '000)	300,314	271,049	731,960	660,107
Weighted average number of ordinary shares for basic and diluted EPS	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Basic and diluted earnings per share (AED)	0.300	0.271	0.732	0.660

27 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 2022	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss (Note 14)	-	100,000	-	**100,000**
Financial assets at fair value through other comprehensive income (Note 9)	53,278	-	-	**53,278**
	53,278	**100,000**	-	**153,278**

27 Fair value measurement (continued)

31 December 2021	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss (Note 14)	-	100,000	-	**100,000**
Financial assets at fair value through other comprehensive income (Note 9)	58,113	-	-	**58,113**
	58,113	**100,000**	-	**158,113**

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.

28 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.

29 Subsequent events

As stated in Note 2, as part of the Corporation's plan to list its shares on the Dubai Financial Market, Decree No. (22) of 2022 (the "Decree") was issued by the Ruler of Dubai on 14 October 2022 amending the legal status of the Corporation to a Public Joint Stock Company and hence the revised name of the Corporation is Emirates Central Cooling Systems Corporation P.J.S.C.

Further, the Decree structured the share capital of the Corporation as follows:

Number of shares	10,000,000,000
Par value per share	AED 0.10
Capital	AED 1,000,000,000