

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

Interim condensed consolidated financial statements

For the three-month period ended 31 March 2025 (unaudited)

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

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

Directors' report for the three-month period ended 31 March 2025

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 period ended 31 March 2025.

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 539,959 thousand during the three-month period ended 31 March 2025, which represented a growth of 0.4% compared to the same period last year and achieved an operating profit of AED 204,135 thousand. The net profit attributable to the equity holders of the Company amounted to AED 142,971 thousand for the three-month period ended 31 March 2025.

Share capital

The paid-up capital of the Company is AED 1,000,000 thousand consisting of 10,000,000 thousand shares of AED 0.10 each. There has been no change in the capital structure of the Company during the three-month period ended 31 March 2025.

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

No Interim dividend proposed for the three-month period ended 31 March 2025.

Key agreements signed

During the three-month period ended 31 March 2025, Empower has signed 46 new customer service agreements with a total demand capacity of approximately 43,000 RT. With these newly signed agreements, Empower's total contracted capacity has reached 1.81 million RT. In addition to the above customer service agreements, Empower has signed the following 2 major building owner agreements:

- 1) Agreement with Dubai Multi Commodities Centre (DMCC), the leading international business district that drives the flow of global trade through Dubai, to supply the next phase of Uptown Dubai with its district cooling services, for a capacity of 24,675 refrigeration tons (RT); and
- 2) Agreement with Wasl Group to provide district cooling services to "The Island" project in Dubai with a capacity of 23,853 refrigeration tons (RT). The Island is a luxury beachfront development, spanning over a 10.5 hectare man-made island near Burj Al Arab and Jumeirah Beach.

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Directors' report **for the three-month period ended 31 March 2025** (continued)

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 2025 in the Annual General Assembly meeting held on 19 March 2025.

On behalf of the Board



H.E Saeed Mohammed Ahmad Al Tayer
Chairman
9 May 2025



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 (the "Group") as at 31 March 2025 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-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
9 May 2025

Ara Shahe Fermanian
Registered Auditor Number 5559
Dubai, United Arab Emirates

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

Interim condensed consolidated statement of financial position

		As at	
		31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
ASSETS	Note		
Non-current assets			
Property, plant and equipment	6	7,028,516	6,995,160
Right-of-use assets		4,173	5,513
Investment properties	28	142,559	118,015
Intangible assets	7	324,712	327,825
Financial assets at amortised cost	8	1,299,626	1,304,838
Financial assets at fair value through other comprehensive income	9	56,726	55,709
Investment in a joint venture		307	307
Deferred tax assets	27	15,925	16,228
		<u>8,872,544</u>	<u>8,823,595</u>
Current assets			
Inventories		51,723	53,789
Trade and other receivables	11	238,620	275,280
Due from related parties	13	17,061	18,076
Financial assets at amortised cost	8	20,202	19,949
Financial assets at fair value through profit or loss	10	30,761	25,466
Term deposits		36,102	30,264
Cash and cash equivalents	14	2,143,000	1,936,627
		<u>2,537,469</u>	<u>2,359,451</u>
Total assets		<u>11,410,013</u>	<u>11,183,046</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Other reserves		18,941	18,768
Contributed capital		82,190	82,190
Retained earnings		1,302,103	1,596,632
		<u>2,903,234</u>	<u>3,197,590</u>
Non-controlling interests		177,593	175,745
Total equity		<u>3,080,827</u>	<u>3,373,335</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	15	5,500,000	5,496,219
Government grant		302,083	302,778
Provision for employees' end of service benefits		59,880	57,646
Retentions payable	16	17,344	16,189
Lease liabilities		-	159
		<u>5,879,307</u>	<u>5,872,991</u>
Current liabilities			
Trade and other payables	16	1,855,031	1,677,637
Bank borrowings	15	3,626	2,196
Current tax liabilities	27	102,821	88,953
Due to related parties	13	481,002	159,372
Government grant		3,170	3,170
Lease liabilities		4,229	5,392
		<u>2,449,879</u>	<u>1,936,720</u>
Total liabilities		<u>8,329,186</u>	<u>7,809,711</u>
Total equity and liabilities		<u>11,410,013</u>	<u>11,183,046</u>

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 9 May 2025 and were signed on their behalf by:

.....
Chief Executive Officer

.....
Chairman

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

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

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended 31 March	
		2025 AED'000 Unaudited	2024 AED'000 Unaudited
Revenue	17	539,959	537,720
Interest income on financial asset at amortised cost	8	14,414	14,706
Cost of sales	19	(290,763)	(266,670)
Gross profit		263,610	285,756
General and administrative expenses	20	(60,891)	(58,829)
Reversal of provision for expected credit losses		-	462
Other income		1,416	2,025
Operating profit		204,135	229,414
Finance income		13,098	7,638
Finance costs		(58,165)	(55,254)
Finance costs – net		(45,067)	(47,616)
Profit before income tax		159,068	181,798
Income tax expense	27	(14,249)	(16,294)
Profit for the interim period		144,819	165,504
Profit attributable to:			
Equity holders of the Company		142,971	163,361
Non-controlling interests		1,848	2,143
		144,819	165,504
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (AED)	24	0.0143	0.0163
Profit for the period		144,819	165,504
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of financial assets at fair value through other comprehensive income		190	728
Deferred tax expense	27	(17)	(66)
Other comprehensive income for the period		173	662
Total comprehensive income for the period		144,992	166,166
Total comprehensive income attributable to:			
Equity holders of the Company		143,144	164,023
Non-controlling interests		1,848	2,143
		144,992	166,166

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

Interim condensed consolidated statement of changes in equity

	Note	Attributable to equity holders of the Company					Non-controlling interests AED'000	Total equity AED'000
		Share capital AED'000	Statutory reserve AED'000	Other reserves AED'000	Contributed capital AED'000	Retained earnings AED'000	Total AED'000	
At 1 January 2025		1,000,000	500,000	18,768	82,190	1,596,632	3,197,590	3,373,335
Total comprehensive income for the period								
Profit for the period		-	-	-	-	142,971	142,971	144,819
Other comprehensive income								
Other comprehensive income for the period		-	-	173	-	-	173	173
Total comprehensive income for the period		-	-	173	-	142,971	143,144	144,992
Transaction with owners in their capacity as owners:								
Dividends	12	-	-	-	-	(437,500)	(437,500)	(437,500)
At 31 March 2025 (unaudited)		1,000,000	500,000	18,941	82,190	1,302,103	2,903,234	3,080,827
At 1 January 2024		1,000,000	500,000	14,510	82,190	1,547,518	3,144,218	3,311,001
Total comprehensive income for the period								
Profit for the period		-	-	-	-	163,361	163,361	165,504
Other comprehensive income								
Other comprehensive income for the period		-	-	662	-	-	662	662
Total comprehensive income for the period		-	-	662	-	163,361	164,023	166,166
Transaction with owners in their capacity as owners:								
Acquisition of minority interest		-	-	-	-	2,360	2,360	(159)
Dividends	12	-	-	-	-	(425,000)	(425,000)	(425,000)
At 31 March 2024 (unaudited)		1,000,000	500,000	15,172	82,190	1,288,239	2,885,601	3,052,008

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Interim condensed consolidated statement of cash flows

		Three-month period ended 31	
		March	
		2025	2024
		AED'000	AED'000
	Note	Unaudited	Unaudited
Cash flows from operating activities			
Profit before income tax		159,068	181,798
Adjustments for:			
Depreciation on property, plant and equipment	6	85,944	81,788
Depreciation on right-of-use assets		1,340	874
Depreciation on investment properties	28	1,142	-
Settlement of financial assets	8	19,373	19,488
Amortisation of intangible assets	7	3,113	3,039
Reversal of provision for expected credit losses		-	(462)
Loss on disposal of property, plant and equipment		-	33
Provision for employees' end of service benefits		2,555	2,112
Interest income earned on financial assets at amortised cost	8	(14,414)	(14,706)
Finance income		(13,098)	(7,638)
Finance costs		58,165	55,254
Government grant income		(695)	(695)
Operating cash flows before changes in working capital and Payment of employees' end of service benefits		302,493	320,885
Changes in working capital:			
Inventories		2,066	(5,570)
Trade and other receivables		23,618	46,372
Due from related parties		1,015	(17,967)
Trade and other payables, net of dividends		70,368	105,413
Due to related parties, net of dividends		(28,370)	(40,627)
Cash generated from operations		371,190	408,506
Payment of employees' end of service benefits		(321)	(255)
Net cash generated from operating activities		370,869	408,251
Cash flows from investing activities			
Acquisition of interest in a subsidiary		-	(159)
Purchase of property, plant and equipment		(79,722)	(87,858)
Additions to investment properties		(25,686)	-
Investment in financial assets at fair value through profit or loss		(5,295)	(10,141)
Short-term deposits (more than 3 months) invested / (withdrawn)		(5,838)	6,300
Interest received		12,272	7,638
Net cash used in investing activities		(104,269)	(84,220)
Cash flows from financing activities			
Proceeds from bank borrowings net of arrangement fee		3,749,358	700,000
Repayment of bank borrowings		(3,750,000)	-
Lease payments		(1,389)	(909)
Finance cost paid		(58,196)	(68,350)
Net cash (used in) / generated from financing activities		(60,227)	630,741
Net increase in cash and cash equivalents		206,373	954,772
Cash and cash equivalents, beginning of the period		1,936,627	538,780
Cash and cash equivalents, end of the period	14	2,143,000	1,493,552

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025

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 (Ultimate Parent), and the Dubai Development Authority (later transferred to TECOM Investments FZ-LLC (“TECOM”). EMPOWER began commercial operations on 15 February 2004, and its principal activities are the provision of district cooling services and management, operation and maintenance of central cooling plants and related distribution networks.

In 2009, DEWA increased its shareholding in the Company to 70% and reduced TECOM’s interest to 30%, as 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. As a result, DEWA and Emirates Power Investment LLC’s interest was diluted to 56.0% and 24.0% respectively.

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	
		2025	2024
Empower Insulated Pipe Systems LLC (formerly Empower Logstor LLC)*	Manufacturing of pre-insulated pipes, mainly for district cooling. Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	100.0%	100.0%
Palm District Cooling LLC **	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	100.0%	100.0%
Palm Utilities 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 FM LLC	Consultancy services for Project Development	100.0%	100.0%
Empower Engineering & Consultancy LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	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%

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

1 Establishment and operations (continued)

- * During 2024, EMPOWER acquired 3% minority shareholding in Empower Logstor LLC from Logstor Holding for AED 159 thousand. In July 2024, the legal name was changed to Empower Insulated Pipe Systems L.L.C.
- ** During 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 Utilities LLC and Palm District Cooling LLC increased to 100%.

These interim condensed consolidated financial statements for the three-month period ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 9 May 2025.

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 2024. The comparative information for the interim condensed consolidated statement of comprehensive income for three-month period ended 31 March 2025 and interim condensed consolidated statements of changes in equity and cash flows for the three-month period ended 31 March 2025, and other explanatory notes, is based on the unaudited interim condensed consolidated financial statements.

2 Basis of preparation

These interim condensed consolidated financial statements for the three-month period ended 31 March 2025 have 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 2024.

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 2024 except for the adoption of new and amended standards as set out below:

- (a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2025:

- Amendments to IAS 21 - Lack of Exchangeability

The Group did not have to change its material accounting policies or make retrospective adjustments as a result of adopting the amended standard.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

3 Material 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
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
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 2024.

5 Financial risk management

5.1 Financial risk factors

The Group's activities and borrowings exposes it to a variety of financial risk i.e. 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 2024. There have been no changes in any financial risk management policies since year-end.

5.2 Liquidity risk

During the three-month period ended 31 March 2025, the Group has obtained a new facility to refinance certain existing facilities which were due on 26 September 2027. The information in relation to refinancing, including contractual maturity and cash flows, are disclosed in Note 15. There has been no other material change in the contractual undiscounted cash outflows for financial liabilities during the 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), due from related parties, financial assets at amortised cost and term deposits. 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.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (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 2025	432,364	9,459,653	70,709	22,078	12,625	47,922	12,103	339,040	10,396,494
Additions	-	616	-	187	-	834	-	117,663	119,300
Transfers	-	16,289	-	-	-	-	-	(16,289)	-
At 31 March 2025	<u>432,364</u>	<u>9,476,558</u>	<u>70,709</u>	<u>22,265</u>	<u>12,625</u>	<u>48,756</u>	<u>12,103</u>	<u>440,414</u>	<u>10,515,794</u>
Accumulated depreciation									
At 1 January 2025	-	3,265,155	37,330	20,192	12,037	40,748	7,859	18,013	3,401,334
Charge for the period	-	83,767	689	408	54	670	356	-	85,944
At 31 March 2025	<u>-</u>	<u>3,348,922</u>	<u>38,019</u>	<u>20,600</u>	<u>12,091</u>	<u>41,418</u>	<u>8,215</u>	<u>18,013</u>	<u>3,487,278</u>
Net book amount at 31 March	<u>432,364</u>	<u>6,127,636</u>	<u>32,690</u>	<u>1,665</u>	<u>534</u>	<u>7,338</u>	<u>3,888</u>	<u>422,401</u>	<u>7,028,516</u>

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

6 Property, plant and equipment (continued)

	Land AED'000	Plant, equipment and machinery AED'000	Building AED'000	Furniture and fixtures AED'000	Leasehold improvements AED'000	Computer equipment AED'000	Vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
Cost									
At 1 January 2024	432,364	9,162,263	70,709	20,692	12,455	44,940	11,992	249,832	10,005,247
Additions	-	-	-	292	-	252	441	151,494	152,479
Transfers	-	36,000	-	-	-	-	-	(36,000)	-
Disposals / Retirement	-	-	-	-	-	-	(49)	-	(49)
At 31 March 2024	432,364	9,198,263	70,709	20,984	12,455	45,192	12,384	365,326	10,157,677
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	-	80,033	689	296	77	318	375	-	81,788
Disposals / Retirement	-	-	-	-	-	-	(16)	-	(16)
At 31 March 2024	-	3,023,489	35,234	18,518	11,856	38,859	7,154	17,094	3,152,204
Net book amount 31 March 2024	432,364	6,174,774	35,475	2,466	599	6,333	5,230	348,232	7,005,473

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 307,420 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 three-month period ended 31 March 2025, the transfer to plant, equipment and machinery from capital work in progress represents additions mainly to district cooling projects.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

6 Property, plant and equipment (continued)

	Three-month period ended 31 March	
	2025	2024
	AED'000 Unaudited	AED'000 Unaudited
Depreciation expense has been charged to:		
Cost of sales (Note 19)	83,767	80,033
General and administrative expenses (Note 20)	2,177	1,755
	<u>85,944</u>	<u>81,788</u>

7 Intangible assets

	31 March 2025	31 December 2024
	AED'000 Unaudited	AED'000 Audited
At 1 January	327,825	339,982
Amortisation during the period/year	(3,113)	(12,157)
At 31 March / 31 December	<u>324,712</u>	<u>327,825</u>

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

	31 March 2025	31 December 2024
	AED'000 Unaudited	AED'000 Audited
At 1 January	1,324,787	1,343,891
Interest earned during the period/year	14,414	59,151
Settlement during the period/year	(19,373)	(78,255)
At 31 March / 31 December	<u>1,319,828</u>	<u>1,324,787</u>
Less: current portion	(20,202)	(19,949)
Non-current portion	<u>1,299,626</u>	<u>1,304,838</u>

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

- AED 295,408 thousand (2024: AED 296,600 thousand) from Nakheel PJSC, an entity under common control, in relation to acquisition of Empower Snow LLC during 2021, and
- AED 1,024,420 thousand (2024: AED 1,028,187 thousand) from Dubai Aviation City Corporation, an entity under common control, in relation to acquisition of DXB CoolCo FZCO during 2023.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

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

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
At 1 January	55,709	54,153
Interest accrued	827	643
Gain during the period/year	190	913
At 31 March / 31 December	56,726	55,709

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

	31 March 2025 AED'000 Unaudited	31 March 2024 AED'000 Unaudited
Gain recognised in other comprehensive income	190	728
Interest income from equity investments held at FVTOCI recognised in profit or loss	826	826

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

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Investment in National Bonds	30,551	25,454
Interest accrued	210	12
At 31 March / 31 December	30,761	25,466

During the period ended 31 March 2025, the Group invested an additional amount of AED 5,000 thousand into the National Bonds Corporation Sole Proprietorship P.S.C.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

11 Trade and other receivables

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Trade receivables	154,321	185,829
Accrued revenues	49,213	38,313
	<u>203,534</u>	<u>224,142</u>
Less: Provision for expected credit losses	(57,215)	(57,215)
	<u>146,319</u>	<u>166,927</u>
<i>Other financial assets at amortised cost</i>		
Other receivables	15,035	15,645
<i>Other assets</i>		
Advance to contractors / suppliers	62,070	75,112
Prepayments	15,196	17,596
	<u>77,266</u>	<u>92,708</u>
	<u>238,620</u>	<u>275,280</u>

Other receivables includes a deposit of AED 4,490 thousand (2024: AED 4,490 thousand) receivable from DEWA (Note 13).

12 Dividends

A final dividend of AED 437,500 thousand (AED 0.04375 per share) in respect of the year ended 31 December 2024 was declared and approved in Annual General Assembly Meeting held on 19 March 2025. The dividend payable amounting to AED 437,500 thousand comprises of AED 350,000 thousand recorded in due to related parties (Note 13) and AED 87,500 thousand in trade and other payables (Note 16) which was subsequently paid on 16 April 2025 (2024: 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 and was subsequently paid on 23 April 2024).

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

13 Transactions and balances with related parties

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

(a) Related party transactions

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

	Three-month period ended 31 March	
	2025 AED'000 Unaudited	2024 AED'000 Unaudited
<i>Services rendered to entities under common control of shareholders</i>		
Dubai Properties Group LLC	31,769	27,690
Nakheel PJSC	25,995	28,571
Tecom Investments FZ LLC	13,769	11,393
Jumeirah Group LLC	10,098	8,679
Meraas Holding LLC	6,318	6,124
Global Village Dubai LLC	118	129
	<u>88,067</u>	<u>82,586</u>
<i>Dividend to shareholders</i>		
Dubai Electricity and Water Authority PJSC (DEWA)	245,000	238,000
Emirates Power Investment LLC	105,000	102,000
	<u>350,000</u>	<u>340,000</u>
<i>Services received from shareholder</i>		
Dubai Electricity and Water Authority PJSC (DEWA)	164,977	154,846
<i>Services rendered to entities under common control of Ultimate Parent</i>		
Dubai Airports Corporation	41,364	44,177
<i>Services received from entities under common control of Ultimate Parent</i>		
Finance cost from Emirates NBD PJSC	56,002	66,847
Board of directors' remuneration (Note 20)	1,470	1,450
<i>Compensation of key management personnel</i>		
Short term benefits	1,219	1,216
End of service benefits	130	130
	<u>1,349</u>	<u>1,346</u>

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

13 Transactions and balances with related parties (continued)

(b) Balances with related parties

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Due from related parties		
<i>Entities under common control of shareholders</i>		
Tecom Investments FZ LLC	-	140
Jumeirah Group LLC	2,028	2,566
Meraas Holding LLC	411	371
Others	28	31
	<u>2,467</u>	<u>3,108</u>
<i>Entity under common control of Ultimate Parent</i>		
Dubai Airports Corporation (DAC)	13,965	14,708
Dubai Aviation City Corporation (DACC)	629	260
	<u>17,061</u>	<u>18,076</u>
Due to related parties		
<i>Shareholders</i>		
Dubai Electricity and Water Authority PJSC (DEWA)	334,953	124,321
Emirates Power Investment LLC	105,000	-
	<u>439,953</u>	<u>124,321</u>
<i>Entities under common control of shareholders</i>		
Dubai Properties Group LLC	19,817	17,270
Nakheel PJSC	13,225	10,412
TECOM	101	-
	<u>33,143</u>	<u>27,682</u>
<i>Entity under common control of Ultimate Parent</i>		
Dubai Airports Corporation (DAC)	6,462	6,869
	<u>6,462</u>	<u>6,869</u>
Others	1,444	500
	<u>481,002</u>	<u>159,372</u>
Amounts included in bank borrowings, financial assets at amortised cost, cash and cash equivalents and trade and other receivables		
<i>Shareholder</i>		
Dubai Electricity and Water Authority PJSC	<u>4,490</u>	<u>4,490</u>
<i>Entities under common control of shareholder</i>		
Emirates NBD PJSC	<u>5,865,991</u>	<u>5,556,869</u>
Dubai Islamic Bank PJSC	<u>35,483</u>	<u>1,022,820</u>
Dubai Aviation City Corporation (DACC)	<u>1,024,420</u>	<u>1,028,187</u>
Nakheel PJSC	<u>295,408</u>	<u>296,600</u>
Emirates Islamic Bank (P.J.S.C.)	<u>232,719</u>	<u>135,847</u>

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

14 Cash and cash equivalents

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Cash on hand	1,159	-
Cash at bank	250,921	394,761
Short term bank deposits – less than 3 months	1,890,920	1,541,866
	<u>2,143,000</u>	<u>1,936,627</u>

Bank balances are held with branches of local and international banks. Short-term bank deposits bear an effective interest rate of 3.80% to 4.82% per annum (31 December 2024: 3.50% to 5.45% 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.

The Group earned finance income of AED 13,098 thousand during the three-month period ended 31 March 2025 (2024: AED 7,638 thousand). The increase is mainly due to interest earned on additional term deposits invested during the period.

15 Bank borrowings

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Term loan	-	2,750,000
Interest accrued	-	388
Unamortised arrangement fee	-	(3,781)
Term loan	-	<u>2,746,607</u>
Revolving credit facilities	5,500,000	2,750,000
Interest accrued	3,626	1,808
Revolving credit facilities	<u>5,503,626</u>	<u>2,751,808</u>
Total borrowings	5,503,626	5,498,415
Less: current portion	3,626	2,196
Non-current balance	<u>5,500,000</u>	<u>5,496,219</u>

During the three-month period ended 31 March 2025, the Group accrued interest amounting to AED 61,822 thousand and paid AED 58,196 thousand. Interest accrued as on 31 March 2025 amounts to AED 3,626 thousand, classified as short-term portion of bank borrowings which is payable in April 2025.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

15 Bank borrowings (continued)

The movement in bank borrowings during the period:

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
As at 1 January	5,498,415	4,492,438
Drawdown during the period/year	3,749,358	4,749,358
Interest expense during the period/year	54,317	246,359
Interest capitalised during the period/year	5,951	55,489
Interest paid during the period/year	(58,196)	(299,010)
Principal repayment during the period/year	(3,750,000)	(3,750,000)
Arrangement fee charged to statement of profit and loss	3,781	3,781
At 31 March / 31 December	5,503,626	5,498,415

During the year ended 31 December 2024, the Group exchanged certain borrowing facilities with one of its existing lenders. For further information, please refer to note 19 in the Group's annual consolidated financial statements for the year ended 31 December 2024.

On 25 February 2025, the Group exchanged certain borrowing facilities with one of its existing lenders which resulted in the following changes to the terms of the facilities:

- Extension of the maturity date from September 2027 to February 2028.
- Reduction in interest margin.
- Change in the nature of the facilities from term loans to revolving facilities.

Pursuant to the requirements of International Financial Reporting Standard 9, the Group assessed whether the present value of the new cash flows under the new terms is at least 10% different from the present value of the remaining cash flows of the original liability, using the original effective interest rate, based on this quantitative test the difference is less than 10%.

The Group has adopted as its accounting policy to perform a qualitative assessment in addition to the quantitative test, when the difference is less than 10%.

Management has considered the qualitative changes (e.g. change in the nature of the facilities from term loan to revolving credit facilities, extension of term, changes in interest margin) and concluded that those changes are substantial, and as such the exchange of the loan with the existing lender results in a new loan with substantially different terms compared to the original loan. Therefore, the arrangement was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, at fair value.

The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in profit or loss, together with the related costs/fees incurred amounting to AED 4,423 thousand which includes the arrangement fee in relation to previous borrowings amounting to AED 3,781 thousand.

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

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

15 Bank borrowings (continued)

As of 31 March 2025, the Group has the following outstanding borrowing facilities;

Facility	Maturity	Interest rate	Amount (AED'000)
RCF – Conventional & Islamic	September 2027	EIBOR + margin	2,750,000
RCF – Conventional & Islamic	February 2028	EIBOR + margin	2,750,000
Total			<u>5,500,000</u>

Revolving credit facilities (RCF) are classified as non-current liabilities at the end of the reporting period as the Company has a right to defer settlement of these for at least 12 months after the reporting period.

The maturity profile of the borrowings is as follows:

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Within one year	3,626	2,196
After one year but not more than three years	<u>5,500,000</u>	<u>5,496,219</u>
	<u>5,503,626</u>	<u>5,498,415</u>

The change in financial covenants is not substantial and the facilities are guaranteed by the Company and Palm District Cooling LLC.

The undrawn facilities are Nil as at 31 March 2025 (31 December 2024: Nil).

16 Trade and other payables

	31 March 2025 AED'000 Unaudited	31 December 2024 AED'000 Audited
Deferred revenue	563,524	520,094
Refundable customers' security deposits	503,207	492,212
Project cost accruals	282,633	277,730
Project payables	110,702	93,539
Retention payable	90,192	91,673
Other liabilities*	<u>322,117</u>	<u>218,578</u>
	1,872,375	1,693,826
Less: Non-current portion of retentions payable	<u>(17,344)</u>	<u>(16,189)</u>
Current portion	<u>1,855,031</u>	<u>1,677,637</u>

*Other liabilities mainly include dividend payable to public shareholders amounting to AED 87,500 thousand (31 December 2024: AED Nil), accrued expenses for water and electricity amounting to AED 48,748 thousand (31 December 2024: AED 37,697 thousand), staff liabilities amounting to AED 60,102 thousand (2024: AED 50,715 thousand) and others.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

16 Trade and other payables

Movement in deferred revenue is as follows:

	31 March 2025 AED'000 Unaudited	31 March 2024 AED'000 Unaudited
At the beginning of the period	520,094	341,792
Billed during the period	334,885	326,348
Less: Income recognised during the period	(291,455)	(285,056)
At the end of the period	563,524	383,084

17 Revenue

	Three-month period ended 31 March	
	2025 AED'000 Unaudited	2024 AED'000 Unaudited
District cooling services	538,251	537,123
Sale of pre-insulated pipes	1,708	597
	539,959	537,720

18 Operating segments

The Group has determined that the Board of Directors, are the chief operating decision-makers ("CODM") as 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 air conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies.
- The 'Pre-insulated pipe business' segment is involved in manufacturing, assembling and selling activities relating to the expansion of the Group's chilled water business.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

18 Operating segments (continued)

	Three-month period ended 31 March 2025 (unaudited)				Three-month period ended 31 March 2024 (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	538,250	1,709	-	539,959	537,123	597	-	537,720
Interest income on financial asset at amortised cost	14,414	-	-	14,414	14,706	-	-	14,706
Inter-segment revenue	-	9,020	(9,020)	-	-	6,608	(6,608)	-
Total revenues	552,664	10,729	(9,020)	554,373	551,829	7,205	(6,608)	552,426
Cost of sales	(289,468)	(6,276)	4,981	(290,763)	(266,038)	(4,390)	3,758	(266,670)
Gross profit	263,196	4,453	(4,039)	263,610	285,791	2,815	(2,850)	285,756
General and administrative expenses	(59,768)	(1,123)	-	(60,891)	(57,877)	(952)	-	(58,829)
Net impairment reversal on financial assets	-	-	-	-	462	-	-	462
Other income	1,413	3	-	1,416	955	1,070	-	2,025
Operating profit	204,841	3,333	(4,039)	204,135	229,331	2,933	(2,850)	229,414
Finance income	12,719	379	-	13,098	7,231	407	-	7,638
Finance costs	(58,165)	-	-	(58,165)	(55,254)	-	-	(55,254)
Income taxes	(14,249)	-	-	(14,249)	(16,294)	-	-	(16,294)
Net profit for the period	145,146	3,712	(4,039)	144,819	165,014	3,340	(2,850)	165,504

Inter-segment transactions are eliminated on consolidation.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

18 Operating segments (continued)

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

	Three-month period ended 31 March 2025 (unaudited)			Three-month period ended 31 March 2024 (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)	85,395	549	85,944	81,175	613	81,788
Depreciation on right-of-use asset	1,340	-	1,340	874	-	874
Depreciation on investment properties (Note 28)	1,142	-	1,142	-	-	-
Amortisation of intangible asset (Note 7)	3,113	-	3,113	3,039	-	3,039
Total depreciation and amortisation	90,990	549	91,539	85,088	613	85,701

Segment assets and liabilities are as follows:

	Three-month period ended 31 March 2025 (unaudited)			Three-month period ended 31 March 2024 (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
Segment assets	11,299,488	110,218	11,409,706	10,613,905	107,348	10,721,253
Investment in joint venture	307	-	307	307	-	307
Total assets	11,299,795	110,218	11,410,013	10,614,212	107,348	10,721,560
Segment liabilities	8,316,477	12,709	8,329,186	7,651,090	18,396	7,669,486
Total liabilities	8,316,477	12,709	8,329,186	7,651,090	18,396	7,669,486

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

18 Operating segments (continued)

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

	Three-month period ended 31 March 2025 (unaudited)			Three-month period ended 31 March 2024 (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	144,986	-	144,986	152,466	13	152,479

Geographic information

The Group's revenues, profits and assets completely relate to its operations in Dubai, UAE only. 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	
	31 March 2025 (unaudited) AED'000	31 March 2024 (unaudited) AED'000	31 March 2025 (unaudited) AED'000	31 December 2024 (audited) AED'000
United Arab Emirates	539,959	537,720	8,872,544	8,823,595

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

19 Cost of sales

	Three-month period ended 31 March	
	2025	2024
	AED'000 Unaudited	AED'000 Unaudited
Utilities cost	166,102	155,903
Depreciation on property, plant and equipment (Note 6)	83,767	80,033
Repairs and maintenance	13,567	7,526
Staff costs (Note 21)	12,044	10,529
Amortisation of intangible asset (Note 7)	3,113	3,039
Materials	787	288
Depreciation on right-of-use asset	331	20
Others	11,052	9,332
	<u>290,763</u>	<u>266,670</u>

20 General and administrative expenses

	Three-month period ended 31 March	
	2025	2024
	AED'000 Unaudited	AED'000 Unaudited
Staff costs (Note 21)	45,562	44,101
Depreciation on property, plant and equipment (Note 6)	2,177	1,755
Board of directors' remuneration	1,470	1,450
Consultancy	1,470	1,245
Communication expenses	1,368	1,279
Depreciation on investment properties	1,142	-
Depreciation on right-of-use assets	1,009	854
Advertising and marketing expenses	802	886
Business travel	203	1,276
Rent	128	64
Others	5,560	5,919
	<u>60,891</u>	<u>58,829</u>

21 Staff costs

	Three-month period ended 31 March	
	2025	2024
	AED'000 Unaudited	AED'000 Unaudited
Salaries	37,739	35,008
Staff benefits	17,312	17,510
End of service benefits	2,555	2,112
	<u>57,606</u>	<u>54,630</u>
Staff costs have been charged to:		
Cost of sales (Note 19)	12,044	10,529
General and administrative expenses (Note 20)	45,562	44,101
	<u>57,606</u>	<u>54,630</u>

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

22 Guarantees

As at 31 March 2025, the Group had no outstanding bank guarantees (31 December 2024: Nil) and AED 298 thousand letters of credits (31 December 2024: Nil), which were issued by the Group's bankers in the normal course of business.

23 Commitments

Capital commitments

As at 31 March 2025, the Group has project commitments of AED 679,226 thousand (31 December 2024: AED 726,784 thousand) for projects-in-progress. These commitments represent the value of contracts issued as of 31 March 2025, net of invoices recorded and accruals made as of that date.

24 Earning per share

	31 March 2025 AED'000 Unaudited	31 March 2024 AED'000 Unaudited
Profit attributable to the ordinary equity holders of the Company	142,971	163,361
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	10,000,000	10,000,000
Basic and diluted earnings per share (AED)	0.0143	0.0163

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:

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

25 Fair value measurement (continued)

<i>31 March 2025</i>	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	56,726	-	-	56,726
Financial assets at fair value through profit or loss	-	30,761	-	30,761
	<u>56,726</u>	<u>30,761</u>	<u>-</u>	<u>87,487</u>
<i>31 December 2024</i>	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	55,709	-	-	55,709
Financial assets at fair value through profit or loss	-	25,466	-	25,466
	<u>55,709</u>	<u>25,466</u>	<u>-</u>	<u>81,175</u>

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:

	Three-month period ended 31 March	
	2025 AED'000 Unaudited	2024 AED'000 Unaudited
Current tax	13,963	16,008
Deferred tax	286	286
Income tax expense for the period	<u>14,249</u>	<u>16,294</u>

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

27 Income tax expense (continued)

Income tax expense is recognised during the three-month period ended 31 March 2025 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 31 March 2025, the Group has current tax liabilities of AED 102,821 thousand (31 December 2024: 88,953 thousand) and deferred tax assets of AED 15,925 thousand (31 December 2024: AED 16,228 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% (2024: 9%). A reconciliation between the expected and the actual tax charge is provided below:

	31 March 2025 AED'000 Unaudited	31 March 2024 AED'000 Unaudited
Profit before tax	159,068	181,798
Profit before tax at statutory rate of 9%	14,316	16,362
Income which is exempt from taxation	(67)	(68)
Income tax expense	14,249	16,294

The effective tax rate as of 31 March 2025 8.9% (2024: 8.9%).

(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 statement.

Further, AED 17 thousand (2024: AED 66 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.

28 Investment properties

	31 March 2025 AED'000 Unaudited	31 Dec 2024 AED'000 Audited
At 1 January	118,015	85,645
Additions	25,686	-
Transfers from property, plant and equipment (Note 6)	-	32,370
Depreciation during the period (Note 20)	(1,142)	-
At 31 March / December	142,559	118,015